

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1992

NINETY-NINTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 15, 1992

The House of Representatives convened at 12:00 noon 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	Kinkel	Olsen, S.	Skoglund
Anderson, I.	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, R.	Girard	Koppendrayner	Olson, K.	Solberg
Anderson, R. H.	Goodno	Krambeer	Omman	Sparby
Battaglia	Greenfield	Krinkie	Onnen	Stanis
Bauerly	Gruenes	Krueger	Orenstein	Steensma
Beard	Gutknecht	Lasley	Orfield	Sviggum
Begich	Hanson	Leppik	Osthoﬀ	Swenson
Bertram	Hartle	Lieder	Ostrom	Thompson
Bettermann	Hasskamp	Limmer	Ozment	Tompkins
Bishop	Haukoos	Lourey	Pauly	Trimble
Blatz	Hausman	Lynch	Pellow	Tunheim
Bodahl	Heir	Macklin	Pelowski	Uphus
Boo	Henry	Mariani	Peterson	Valento
Brown	Hufnagle	Marsh	Pugh	Vanasek
Carlson	Hugoson	McEachern	Reding	Vellenga
Carruthers	Jacobs	McGuire	Rest	Wagenius
Clark	Janezich	McPherson	Rice	Waltman
Cooper	Jaros	Milbert	Rodosovich	Weaver
Dauner	Jefferson	Morrison	Rukavina	Wejman
Davids	Jennings	Munger	Runbeck	Welker
Dawkins	Johnson, A.	Murphy	Sarna	Welle
Dempsey	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dille	Johnson, V.	Nelson, S.	Schreiber	Winter
Dorn	Kahn	Newinski	Seaberg	Spk. Long
Erhardt	Kalis	O'Connor	Segal	
Farrell	Kelso	Ogren	Simoneau	

A quorum was present.

Frerichs was excused until 2:10 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Lynch moved that further reading of the Journal be dispensed

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

Anderson, R., was excused while in conference.

REPORTS OF CHIEF CLERK

S. F. No. 695 and H. F. No. 804, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Morrison moved that the rules be so far suspended that S. F. No. 695 be substituted for H. F. No. 804 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2103 and H. F. No. 2867, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Simoneau moved that the rules be so far suspended that S. F. No. 2103 be substituted for H. F. No. 2867 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2107 and H. F. No. 1952, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Rukavina moved that the rules be so far suspended that S. F. No. 2107 be substituted for H. F. No. 1952 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2144 and H. F. No. 2191, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Simoneau moved that the rules be so far suspended that S. F. No. 2144 be substituted for H. F. No. 2191 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2376 and H. F. No. 2544, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Reding moved that the rules be so far suspended that S. F. No. 2376 be substituted for H. F. No. 2544 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2418 and H. F. No. 2226, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

O'Connor moved that the rules be so far suspended that S. F. No. 2418 be substituted for H. F. No. 2226 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2432 and H. F. No. 2855, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Sparby moved that the rules be so far suspended that S. F. No. 2432 be substituted for H. F. No. 2855 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2463 and H. F. No. 2688, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Skoglund moved that the rules be so far suspended that S. F. No. 2463 be substituted for H. F. No. 2688 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2509 and H. F. No. 2723, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Heir moved that the rules be so far suspended that S. F. No. 2509 be substituted for H. F. No. 2723 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2662 and H. F. No. 2950, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Dawkins moved that the rules be so far suspended that S. F. No. 2662 be substituted for H. F. No. 2950 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2732 and H. F. No. 2050, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Bishop moved that the rules be so far suspended that S. F. No. 2732 be substituted for H. F. No. 2050 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2746 and H. F. No. 2813, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Milbert moved that S. F. No. 2746 be substituted for H. F. No. 2813 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2750 and H. F. No. 2018, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Farrell moved that the rules be so far suspended that S. F. No. 2750 be substituted for H. F. No. 2018 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2781 and H. F. No. 3020, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Steensma moved that S. F. No. 2781 be substituted for H. F. No. 3020 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Welle from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 3042, A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors of a noncontroversial nature; amending Minnesota Statutes 1991 Supplement, section 302A.402, subdivision 3.

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

The report was adopted.

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

S. F. No. 2011, A bill for an act relating to waters; granting sheriffs power to bar vehicles from unsafe ice; eliminating the appeal to the commissioner of natural resources from a sheriff's decision; amending Minnesota Statutes 1990, section 86B.121; proposing coding for new law in Minnesota Statutes, chapter 86B.

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 3042 was read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 695, 2103, 2107, 2144, 2376, 2418, 2432, 2463, 2509, 2662, 2732, 2746, 2750, 2781 and 2011 were read for the second time.

**INTRODUCTION AND FIRST READING
OF HOUSE BILLS**

The following House Files were introduced:

McGuire introduced:

H. F. No. 3047, A bill for an act relating to alcoholic beverages; requiring registration numbers on beer kegs; requiring information on beer keg sales to be recorded and kept; proposing coding for new law in Minnesota Statutes, chapter 340A.

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

Lasley introduced:

H. F. No. 3048, A bill for an act relating to education; excluding commercial and industrial property from the tax base referendum levies are spread against; creating a statewide equalization property tax on commercial and industrial property; requiring existing referendum levies to be reauthorized; eliminating caps on referendum revenue; expanding the number of dates on which a referendum levy may be held; appropriating funds to equalize debt service levies; amending Minnesota Statutes 1991 Supplement, sections 124A.03, subdivisions 2, 2a, and by adding a subdivision; and 124A.22, subdivision 2; proposing coding for new law in chapters 124; and 124D; repealing Minnesota Statutes 1991 Supplement, section 124A.03, subdivisions 1c and 1d.

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

Jennings, Hartle, Munger and Vanasek introduced:

H. F. No. 3049, A bill for an act relating to highways; regulating storage of highway salt; proposing coding for new law in Minnesota Statutes, chapter 160.

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

Wenzel, Bertram, Dille, Omann and Brown introduced:

H. F. No. 3050, A bill for an act relating to agriculture; establishing liability for damage to livestock and crops from stray voltage; providing for the burden of proof in an action alleging damage to livestock and crops; proposing coding for new law in Minnesota Statutes, chapter 216B.

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

Hasskamp, McGuire, Swenson, Limmer and Segal introduced:

H. F. No. 3051, A bill for an act relating to the program of aid to families with dependent children; requiring caretakers to participate in early childhood family education programs, to the extent permissible under federal law; amending Minnesota Statutes 1990, section 256.736, subdivision 10; and Minnesota Statutes 1991 Supplement, section 256.035, subdivision 6c.

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

Bertram and Osthoff introduced:

H. F. No. 3052, A bill for an act relating to gambling; proposing an amendment to the Minnesota Constitution to create a department of lottery and gaming to operate the state lottery and license and regulate gambling activities in licensed on-sale alcoholic beverage establishments.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

HOUSE ADVISORIES

The following House Advisory was introduced:

Winter, Segal and Dorn introduced:

H. A. No. 51, A proposal to study regional permit and licensing centers.

The advisory was referred to the Committee on Economic Development.

MESSAGES FROM THE SENATE

The following messages were 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. 2106, A bill for an act relating to financial institutions; currency exchanges; imposing distance limitations and operating restrictions; requiring local approval of licenses; amending Minnesota Statutes 1990, sections 53A.02; 53A.04; and 53A.05.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Trimble moved that the House concur in the Senate amendments to H. F. No. 2106 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2106, A bill for an act relating to financial institutions; currency exchanges; imposing distance limitations and operating restrictions; requiring local approval of licenses; amending Minnesota Statutes 1990, sections 8.31, subdivision 1; 53A.02; 53A.03; 53A.04; 53A.05; and 53A.08; proposing coding for new law in Minnesota Statutes, chapter 53A; repealing Minnesota Statutes 1990, section 53A.14.

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

The question was taken on the repassage of the bill and the roll was called. There were 119 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Abrams	Bishop	Dauner	Greenfield	Jacobs
Anderson, I.	Bodahl	Dawkins	Gutknecht	Janezich
Anderson, R. H.	Boo	Dille	Hanson	Jaros
Battaglia	Brown	Dorn	Hartle	Jefferson
Bauerly	Carlson	Erhardt	Hasskamp	Jennings
Beard	Carruthers	Farrell	Hausman	Johnson, A.
Begich	Clark	Frederick	Heir	Johnson, R.
Bertram	Cooper	Garcia	Henry	Johnson, V.

Kahn	Marsh	Omann	Rukavina	Thompson
Kalis	McEachern	Onnen	Runbeck	Tompkins
Kelso	McGuire	Orenstein	Sarna	Trimble
Kinkel	McPherson	Orfield	Schafer	Tunheim
Knickerbocker	Milbert	Osthoff	Schreiber	Uphus
Koppendrayner	Morrison	Ostrom	Seaberg	Vanasek
Krambeer	Munger	Ozment	Segal	Vellenga
Krueger	Murphy	Pauly	Simoneau	Wagenius
Lasley	Nelson, K.	Pellow	Skoglund	Waltman
Leppik	Nelson, S.	Pelowski	Smith	Weaver
Lieder	Newinski	Peterson	Solberg	Wejcman
Limmer	O'Connor	Pugh	Sparby	Welle
Lourey	Ogren	Reding	Stanis	Wenzel
Lynch	Olsen, S.	Rest	Steensma	Winter
Macklin	Olson, E.	Rice	Sviggum	Spk. Long
Mariani	Olson, K.	Rodosovich	Swenson	

Those who voted in the negative were:

Bettermann	Dempsey	Gruenes	Hugoson
Blatz	Girard	Haukoos	Valento
Davids	Goodno	Hufnagle	Welker

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

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. 1957, A bill for an act relating to elected officials; restricting compensation for local elected officials; providing for terms for Cook county hospital district board members; amending Minnesota Statutes 1990, section 43A.17, by adding a subdivision; and Laws 1989, chapter 211, section 8, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Battaglia moved that the House concur in the Senate amendments to H. F. No. 1957 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1957, A bill for an act relating to local government; clarifying the duties of the county highway engineer; restricting compensation for local elected officials; providing for terms for Cook county hospital district board members; amending Minnesota Statutes 1990, sections 43A.17, by adding a subdivision; 163.07, subdivision 1; and Laws 1989, chapter 211, section 8, subdivision 3.

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

The question was taken on the repassage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Simoneau was excused while in conference.

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. 2586, A bill for an act providing for a study of the civic and cultural functions of downtown Saint Paul.

PATRICK E. FLAHAVEN, Secretary of the Senate

Trimble moved that the House refuse to concur in the Senate amendments to H. F. No. 2586, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House

requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Madam Speaker:

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

S. F. No. 2136.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2136

A bill for an act relating to labor; protecting interests of employees following railroad acquisitions; imposing a penalty; amending Minnesota Statutes 1990, sections 222.86, subdivision 3; 222.87, by adding a subdivision; and 222.88.

April 13, 1992

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2136, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment.

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

Senate Conferees: TED A. MONDALE AND SAM G. SOLON.

House Conferees: JIM FARRELL AND PAT BEARD.

Farrell moved that the report of the Conference Committee on S. F. No. 2136 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2136, A bill for an act relating to labor; protecting interests of employees following railroad acquisitions; imposing a penalty; amending Minnesota Statutes 1990, sections 222.86, subdivision 3; 222.87, by adding a subdivision; and 222.88.

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

The question was taken on the repassage of the bill and the roll was called. There were 68 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Hasskamp	Lieder	Orenstein	Steensma
Battaglia	Hausman	Mariani	Orfield	Thompson
Bauerly	Jacobs	McEachern	Osthoff	Trimble
Beard	Janezich	McGuire	Pugh	Tunheim
Begich	Jaros	Milbert	Reding	Vanasek
Bodahl	Jefferson	Munger	Rest	Vellenga
Carlson	Jennings	Murphy	Rice	Wagenius
Carruthers	Johnson, A.	Nelson, K.	Rodosovich	Wejcman
Clark	Johnson, R.	Nelson, S.	Rukavina	Welle
Dawkins	Kahn	Newinski	Sarna	Wenzel
Farrell	Kelso	O'Connor	Segal	Winter
Garcia	Kinkel	Ogren	Skoglund	Spk. Long
Greenfield	Krueger	Olson, E.	Solberg	
Hanson	Lasley	Olson, K.	Sparby	

Those who voted in the negative were:

Abrams	Erhardt	Knickerbocker	Omann	Stanius
Anderson, R. H.	Frederick	Koppendrayser	Onnen	Sviggum
Bertram	Girard	Krambeer	Ostrom	Swenson
Bettermann	Goodno	Krinkie	Ozment	Tompkins
Bishop	Gruenes	Leppik	Pauly	Uphus
Blatz	Gutknecht	Limmer	Pellow	Valento
Boo	Hartle	Lourey	Pelowski	Waltman
Brown	Haukoos	Lynch	Peterson	Weaver
Dauner	Heir	Macklin	Runbeck	Welker
Davids	Henry	Marsh	Schafer	
Dempsey	Hufnagle	McPherson	Schreiber	
Dille	Hugoson	Morrison	Seaberg	
Dorn	Johnson, V.	Olsen, S.	Smith	

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

Madam Speaker:

I hereby announce the adoption by the Senate of the following Senate Concurrent Resolution, herewith transmitted:

Senate Concurrent Resolution No. 11, A senate concurrent resolution urging certain committees of the Senate and the House of

Representatives to conduct an evaluation of funding for community action agency programs.

PATRICK E. FLAHAVEN, Secretary of the Senate

The concurrent resolution was referred to the Committee on Health and Human Services.

Dempsey moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON 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 6; 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.

April 15, 1992

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 2940, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2940 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
AIDS TO LOCAL GOVERNMENTS

Section 1. Minnesota Statutes 1991 Supplement, section 16A.711, subdivision 4, is amended to read:

Subd. 4. [GENERAL FUND ADVANCES.] If the money in the trust fund is insufficient to make payments on the dates provided by law, but the commissioner estimates receipts for the ~~fiscal year~~ biennium will be sufficient, the commissioner shall advance money from the general fund to the trust fund necessary to make the payments. On or before the close of the biennium the trust shall repay the advances ~~with interest, calculated at the rate of earnings on invested treasurer's cash,~~ to the general fund.

Sec. 2. Minnesota Statutes 1991 Supplement, section 16A.711, is amended by adding a subdivision to read:

Subd. 5. [ADJUSTMENTS FOR LOCAL GOVERNMENT TRUST FUND REVENUES.] For the second fiscal year of each biennium, the commissioner of revenue shall make adjustments in aid amounts so that the anticipated total obligations of the local government trust fund are equal to anticipated total revenues.

In the event that anticipated total obligations of the trust fund exceed anticipated total revenues, each jurisdiction's aid will be reduced as provided under section 477A.0132. For fiscal year 1993 only, if reductions are necessary in an amount greater than \$6,700,000, the additional reduction for the shortfall beyond \$6,700,000 will be applied only to aids under section 477A.013.

In the event that anticipated total obligations of the trust fund are less than anticipated total revenues, aid amounts for the following programs will be proportionately increased to bring anticipated total expenditures into conformance with anticipated total revenues:

(1) local government aid and equalization aid under section 477A.013;

(2) community social services aid under section 256E.06; and

(3) county criminal justice aid under section 477A.0121.

If the commissioner estimates further aid adjustments are necessary after aid amounts have already been certified, but before all aid amounts have been paid, all remaining aid payments will be increased or decreased proportionately.

Sec. 3. [16A.712] [LOCAL GOVERNMENT TRUST; APPROPRIATIONS IN FISCAL YEAR 1993 AND SUBSEQUENT YEARS.]

(a) The amounts necessary to make the following payments in fiscal year 1993 and subsequent years are appropriated from the local government trust fund to the commissioner of revenue unless otherwise specified:

(1) attached machinery aid to counties under section 273.138;

(2) in fiscal year 1993 only, supplemental homestead credit under section 273.1391. The school district's supplemental homestead credit shall be appropriated to the commissioner of education;

(3) \$560,000 in fiscal year 1993 and \$300,000 annually in fiscal years 1994 and 1995 for tax administration;

(4) \$105,000 annually to the commissioner of finance in fiscal years 1993, 1994, and 1995 to administer the trust fund;

(5) \$25,000 annually to the advisory commission on intergovernmental relations in fiscal years 1993, 1994, and 1995 to pay nonlegislative members' per diem expenses and such other expenses as the commission deems appropriate;

(6) \$350,000 in fiscal year 1993 and \$1,200,000 annually in fiscal years 1994 and 1995 to the intergovernmental information systems advisory council to develop a local government financial reporting system, with the participation and ongoing oversight of the legislative commission on planning and fiscal policy; and

(7) in fiscal year 1993 only, the transition credit under section 273.1398, subdivision 5, and the disparity reduction credit under section 273.1398, subdivision 4, for school districts. The school districts' transition credit and disparity reduction credit shall be appropriated to the commissioner of education.

(b) In addition, the legislature shall appropriate the rest of the trust fund receipts for fiscal year 1993 and subsequent years to finance intergovernmental aid formulas or programs prescribed by law.

Sec. 4. [207A.10] [REIMBURSEMENT OF ELECTION EXPENSES.]

Subdivision 1. [DUTIES OF SECRETARY OF STATE.] The secretary of state shall reimburse the counties and municipalities for expenses incurred in the administration of the presidential primary from the funds appropriated by the legislature for this purpose, as provided in this section. Up to \$7,500 of the appropriation for reimbursement of election expenses may be retained by the secretary of state to administer the reimbursement program.

Subd. 2. [REIMBURSABLE EXPENSES.] The following expenses are eligible for reimbursement: salaries of election judges; postage for absentee ballots; preparation of polling places, in an amount not to exceed \$25 per polling place; preparation of electronic voting systems or lever voting machines, in an amount not to exceed \$50 per precinct; compensation of county canvassing board members; and compensation for temporary staff or overtime payments.

Subd. 3. [CERTIFICATION OF COSTS.] The county auditor shall certify to the secretary of state the costs incurred by the county for the presidential primary. The municipal clerk shall certify to the secretary of state the costs incurred by the municipality for the presidential primary. If the total amount certified by all units for temporary staff and overtime payments exceeds \$480,000, the secretary of state shall reduce those amounts so that they do not exceed \$480,000. The secretary of state shall provide each county and municipality with the appropriate forms for this certification. The secretary of state may require that the county auditor or municipal clerk provide documentation of actual expenditures made for the presidential primary. The certification of costs must be submitted to the secretary of state no later than 60 days after the presidential primary. No reimbursement of expenses must be made unless the certification of costs has been submitted as provided in this subdivision.

Subd. 4. [APPORTIONMENT OF REIMBURSEMENTS.] If the total amount of requests for reimbursement of expenses exceeds the total amount appropriated to the secretary of state for this purpose, the secretary of state shall proportionately reduce the reimbursements so that they do not exceed the amount appropriated.

Sec. 5. Minnesota Statutes 1991 Supplement, section 256.025, subdivision 3, is amended to read:

Subd. 3. [PAYMENT METHODS.] (a) Beginning July 1, 1991, the state will reimburse counties for the county share of county agency expenditures for benefits and services distributed under subdivision 2 and funded by the human services account established under section 273.1392, except as follows:

(1) beginning July 1, 1992, the county shall pay 25 percent of the costs of the growth in emergency general assistance payments which exceed expenditures during the base year of calendar year 1990;

—(2) beginning July 1, 1992, the county shall pay 25 percent of the costs of the growth in eligible general assistance negotiated rate payments which exceed expenditures during the base year of calendar year 1990;

(3) beginning July 1, 1992, the county shall pay 15 percent of the costs of the growth in Minnesota supplemental aid negotiated rate payments made which exceed expenditures during the base year of calendar year 1990;

(4) beginning July 1, 1992, the county shall pay 50 percent of the nonfederal portion of the growth in emergency assistance payments made which exceed expenditures during the base year of calendar year 1990.

(b) Payments under subdivision 4 are only for client benefits and services distributed under subdivision 2 and do not include reimbursement for county administrative expenses.

(c) The state and the county agencies shall pay for assistance programs as follows:

(1) Where the state issues payments for the programs, the county shall monthly advance to the state, as required by the department of human services, the portion of program costs not met by federal and state funds. The advance shall be an estimate that is based on actual expenditures from the prior period and that is sufficient to compensate for the county share of disbursements as well as state and federal shares of recoveries;

(2) Where the county agencies issue payments for the programs, the state shall monthly advance to counties all federal funds available for those programs together with an amount of state funds equal to the state share of expenditures; and

(3) Payments made under this paragraph are subject to section 256.017. Adjustment of any overestimate or underestimate in advances shall be made by the state agency in any succeeding month.

Sec. 6. Minnesota Statutes 1991 Supplement, section 256.025, subdivision 4, is amended to read:

Subd. 4. [PAYMENT SCHEDULE.] Except as provided for in subdivision 3, beginning July 1, 1991, the state will reimburse counties, according to the following payment schedule, for the county share of county agency expenditures for the programs specified in subdivision 2.

(a) Beginning July 1, 1991, the state will reimburse or pay the county share of county agency expenditures according to the report-

ing cycle as established by the commissioner, for the programs identified in subdivision 2. Payments for the period of January 1 through July 31, for calendar years 1991, 1992, and 1993 shall be made on or before July 10 in each of those years. Payments for the period August through December for calendar years 1991, 1992, and 1993 shall be made on or before the third of each month thereafter through December 31 in each of those years.

(b) Payment for 1/24 of the base amount and the January 1994 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before January 3, 1994. For the period of February 1, 1994, through July 31, 1994, payment of the base amount shall be made on or before July 10, 1994, and payment of the growth amount over the base amount shall be made on or before ~~the third of each month~~ July 10, 1994. Payments for the period August 1994 through December 1994 shall be made on or before the third of each month thereafter through December 31, 1994.

(c) Payment for the county share of county agency expenditures during January 1995 shall be made on or before January 3, 1995. Payment for 1/24 of the base amount and the February 1995 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before February 3, 1995. For the period of March 1, 1995, through July 31, 1995, payment of the base amount shall be made on or before July 10, 1995, and payment of the growth amount over the base amount shall be made on or before ~~the third of each month~~ July 10, 1995. Payments for the period August 1995 through December 1995 shall be made on or before the third of each month thereafter through December 31, 1995.

(d) Monthly payments for the county share of county agency expenditures from January 1996 through February 1996 shall be made on or before the third of each month through February 1996. Payment for 1/24 of the base amount and the March 1996 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before March 1996. For the period of April 1, 1996, through July 31, 1996, payment of the base amount shall be made on or before July 10, 1996, and payment of the growth amount over the base amount shall be made on or before ~~the third of each month~~ July 10, 1996. Payments for the period August 1996 through December 1996 shall be made on or before the third of each month thereafter through December 31, 1996.

(e) Monthly payments for the county share of county agency expenditures from January 1997 through March 1997 shall be made on or before the third of each month through March 1997. Payment for 1/24 of the base amount and the April 1997 county share of county agency expenditures growth amount for the programs iden-

tified in subdivision 2 shall be made on or before April 3, 1997. For the period of May 1, 1997, through July 31, 1997, payment of the base amount shall be made on or before July 10, 1997, and payment of the growth amount over the base amount shall be made on or before ~~the third of each month~~ July 10, 1997. Payments for the period August 1997 through December 1997 shall be made on or before the third of each month thereafter through December 31, 1997.

(f) Monthly payments for the county share of county agency expenditures from January 1998 through April 1998 shall be made on or before the third of each month through April 1998. Payment for 1/24 of the base amount and the May 1998 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before May 3, 1998. For the period of June 1, 1998, through July 31, 1998, payment of the base amount shall be made on or before July 10, 1998, and payment of the growth amount over the base amount shall be made on or before ~~the third of each month~~ July 10, 1998. Payments for the period August 1998 through December 1998 shall be made on or before the third of each month thereafter through December 31, 1998.

(g) Monthly payments for the county share of county agency expenditures from January 1999 through May 1999 shall be made on or before the third of each month through May 1999. Payment for 1/24 of the base amount and the June 1999 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before June 3, 1999. ~~For the period of June 1, 1999, through July 31, 1999, payment shall be made on or before July 10, 1999.~~ Payments for the period August July 1999 through December 1999 shall be made on or before the third of each month thereafter through December 31, 1999.

(h) Effective January 1, 2000, monthly payments for the county share of county agency expenditures shall be made subsequent to the first of each month.

Payments under this subdivision are subject to the provisions of section 256.017.

Sec. 7. Minnesota Statutes 1990, section 256E.06, is amended by adding a subdivision to read:

Subd. 11. [APPROPRIATION.] \$51,566,000 is appropriated from the local government trust fund in fiscal year 1993 and \$53,113,000 annually in fiscal years 1994 and thereafter to the commissioner of human services for payment of aid under this section. Notwithstanding subdivisions 1 and 2, the increased appropriation available in fiscal year 1994 and thereafter shall be used to increase each county's aid proportionately over the aid received in calendar year 1992. For calendar year 1993 only, each county's aid will be adjusted

appropriately to reflect the increase that is dictated to occur in the second half of the calendar year.

Sec. 8. Minnesota Statutes 1991 Supplement, section 273.1398, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL HOMESTEAD AND AGRICULTURAL TRANSITION CREDIT GUARANTEE.] Beginning with taxes payable in 1990, each unique taxing jurisdiction may receive additional homestead and agricultural transition credit guarantee payments.

Each year, the commissioner shall determine the total education aids paid under chapters 124 and 124A, homestead and agricultural credit aid and disparity reduction aid paid under this section, local government aid to cities, counties, and towns paid under chapter 477A, and human services aids, including, for aids paid in 1991 and thereafter, the amount paid under subdivision 5b, paid to counties for each taxing jurisdiction. The commissioner shall apportion each governmental unit's aids to each school district portion of each city and town based upon the proportion that each school district portion of each city and town's tax capacity bears to the total tax capacity of the local governmental unit. For purposes of this subdivision, "governmental unit" includes counties, cities, towns, and school districts, and excludes special taxing districts.

If the amount determined is less than the amount of homestead credit and agricultural credit received by all properties for taxes payable in 1989 in the school district portion of each city or town, the difference will be additional homestead and agricultural transition credit guarantee payments for that school district portion of the city or town in the following taxes payable year. The additional credit amount shall proportionately reduce the local tax rates of all governmental units levying taxes within that school district portion of the city or town in the following year. The commissioner shall certify the amounts of additional credits determined under this subdivision to the county auditor at the time provided in subdivision 6. For aid payable in 1992 and subsequent years, the aid payable under this subdivision shall be reduced by any reductions required in the current year and permanent reductions required in previous years under section 477A.0132.

Sec. 9. Minnesota Statutes 1991 Supplement, section 273.1398, subdivision 7, is amended to read:

Subd. 7. [APPROPRIATION.] (a) An amount sufficient to pay the aids and credits provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity, except aid provided under subdivisions 4 and 5 for fiscal year 1993 only, is annually appropriated from the general fund to the commissioner of ~~revenue~~ education. An amount sufficient to pay the aids and credits provided under this section for

counties, cities, towns, and special taxing districts, except as provided under paragraph (b), is annually appropriated from the local government trust fund to the commissioner of revenue. A jurisdiction's aid amount may be increased or decreased based on any prior year adjustments for homestead credit or other property tax credit or aid programs.

(b) An amount sufficient to pay the aid provided under subdivision 5a is appropriated four percent from the local government trust fund and 96 percent from the general fund in fiscal year 1993 and entirely from the general fund in fiscal year 1994 and thereafter.

Sec. 10. Minnesota Statutes 1990, section 274.20, subdivision 4, is amended to read:

Subd. 4. [APPROPRIATION.] There is annually appropriated from the general fund to the commissioner of ~~revenue~~ education a sum sufficient to pay the aids provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity. There is annually appropriated from the local government trust fund to the commissioner of revenue a sum sufficient to pay the aids provided under this section to counties, cities, towns, and special taxing districts.

Sec. 11. Minnesota Statutes 1990, section 290A.23, is amended to read:

290A.23 [APPROPRIATION.]

Subdivision 1. [RENTERS CREDIT AND TARGETING.] There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments required by this chapter under section 290A.04, subdivisions 2a and 2h.

Subd. 2. [HOMEOWNERS PROPERTY TAX REFUND.] There is appropriated from the local government trust fund to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivision 2.

Sec. 12. Minnesota Statutes 1990, section 299C.18, is amended to read:

299C.18 [REPORTS.]

Biennially, on or before November 15, in each even-numbered year the superintendent shall submit to the governor and the legislature a detailed report of the operations of the bureau, of information about crime and the handling of crimes and criminals by state and local officials collected by the bureau, and the superintendent's

interpretations of the information, with comments and recommendations. The data contained in the report on Part I offenses cleared by arrest, as defined by the United States Department of Justice, shall be collected and tabulated geographically at least on a county-by-county basis. In such reports the superintendent shall, from time to time, include recommendations to the legislature for dealing with crime and criminals and information as to conditions and methods in other states in reference thereto, and shall furnish a copy of such report to each member of the legislature.

Sec. 13. Minnesota Statutes 1991 Supplement, section 477A.012, subdivision 6, is amended to read:

Subd. 6. [AID OFFSET FOR 1992 COURT AND PUBLIC DEFENDER COSTS.] (a) There shall be deducted from the payment to a county under this section an amount equal to the cost of jury fees and, in the case of a county located in the third or sixth judicial district, of public defense services in juvenile and misdemeanor cases, to the extent those costs are assumed by the state for the fiscal year beginning on July 1, 1992. The amount of the deduction is computed as provided in this subdivision.

(b) By June 30, 1991, the supreme court shall determine and certify to the department of revenue for each county, except counties located in the eighth judicial district, the cost for each county of jury fees during the fiscal year beginning on July 1, 1992.

(c) By June 30, 1991, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county in the third or sixth judicial district of the cost of the state-financed public defense services in juvenile and misdemeanor cases in the third or sixth judicial district during the fiscal year beginning on July 1, 1992.

(d) One-half of the amount computed under paragraphs (b) and (c) for each county shall be deducted from each local government aid payment to the county under section 477A.015 in 1992 and each subsequent year. If the amount computed under paragraph (b) exceeds the amount payable to a county under subdivision 1, the excess shall be deducted from the aid payable to the county under section 273.1398, subdivision 2, and then, if necessary, from the disparity reduction aid under section 273.1398, subdivision 3. No payments shall be made from the local government trust fund to the general fund for county aid reductions under subdivisions 3, 4, and 6.

Sec. 14. [477A.0121] [COUNTY CRIMINAL JUSTICE AID.]

Subdivision 1. [PURPOSE.] County criminal justice aid is intended to reduce the reliance of county criminal justice and corrections programs and associated costs on local property taxes.

County criminal justice aids must be used to pay expenses associated with criminal justice activities including law enforcement, criminal adjudication, and corrections.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following definitions apply:

(1) "population" means the population according to the most recent federal census, or according to the state demographer's most recent estimate if it has been issued subsequent to the most recent federal census; and

(2) "Part I crimes" means the total number of Part I crimes reported for each county by the department of public safety for the most recent year available. By July 1 of each year the commissioner of public safety shall certify to the commissioner of revenue the number of Part I crimes reported for each county.

Subd. 3. [FORMULA.] Each calendar year, the commissioner of revenue shall distribute county criminal justice aid to each county in an amount determined according to the following formula:

(1) one-half shall be distributed to each county in the same proportion that the county's population is to the population of all counties in the state; and

(2) one-half shall be distributed to each county in the same proportion that the county's Part I crimes are to the total Part I crimes for all counties in the state.

Subd. 4. [PUBLIC DEFENDER COSTS.] Each calendar year, four percent of the total appropriation for this section shall be retained by the commissioner of revenue to make reimbursements to the commissioner of finance for payments made under section 611.27. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be carried over and distributed as additional county criminal justice aid in the following year.

Subd. 5. [PAYMENT DATES.] The aid amounts for each calendar year shall be paid as provided in section 477A.015.

Subd. 6. [REPORT.] By March 15 of each year following the year in which criminal justice aids are received, each county must file a report with the commissioner of revenue describing how criminal justice aids were spent, and demonstrating that they were used for criminal justice purposes.

Sec. 15. Minnesota Statutes 1991 Supplement, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. [TOWNS.] In calendar year 1990, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to 106 percent of the amount received in 1989 under this subdivision. In calendar year years 1991 and subsequent years 1992, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in the previous year under this subdivision less any permanent reductions made under section 477A.0132. In 1993 and thereafter, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in 1992 before any nonpermanent reductions made under section 477A.0132 plus \$1 per capita based on the town's population.

Sec. 16. Minnesota Statutes 1991 Supplement, section 477A.013, subdivision 3, is amended to read:

Subd. 3. [CITY AID DISTRIBUTION.] In 1989, a city whose initial aid is greater than \$0 will receive the following aid increases in addition to an amount equal to the local government aid it received in 1988 under Minnesota Statutes 1987 Supplement, section 477A.013:

(1) for a city whose expenditure/unlimited aid ratio is at least 1.5, two percent of city revenue;

(2) for a city whose expenditure/unlimited aid ratio is at least 1.4 but less than 1.5, 2.5 percent of city revenue;

(3) for a city whose expenditure/unlimited aid ratio is at least 1.3 but less than 1.4, three percent of city revenue;

(4) for a city whose expenditure/unlimited aid ratio is at least 1.2 but less than 1.3, four percent of city revenue;

(5) for a city whose expenditure/unlimited aid ratio is at least 1.1 but less than 1.2, five percent of city revenue;

(6) for a city whose expenditure/unlimited aid ratio is at least 1.05 but less than 1.1, six percent of city revenue;

(7) for a city whose expenditure/unlimited aid ratio is at least 1.0 but less than 1.05, seven percent of city revenue;

(8) for a city whose expenditure/unlimited aid ratio is at least .95 but less than 1.0, 7.5 percent of city revenue;

(9) for a city whose expenditure/unlimited aid ratio is at least .75 but less than .95, 8.5 percent of city revenue; and

(10) for a city whose expenditure/unlimited aid ratio is less than .75, nine percent of city revenue.

In 1990, a city whose initial aid is greater than \$0 will receive an amount equal to the aid it received under this section in the year prior to that for which aids are being calculated plus an aid increase equal to 50 percent of the rates listed in clauses (1) to (10) multiplied by city revenue.

In 1991 and subsequent years 1992, a city will receive an amount equal to the local government aid it received under this section in the previous year, less any permanent reductions made under section 477A.0132.

In 1993 and thereafter, a city will receive an amount equal to 103 percent of the local government aid it received under this section in 1992 before any nonpermanent reductions made under section 477A.0132.

For aids payable in 1990, a city's aid increase under this subdivision is limited to the lesser of (1) 20 percent of its levy for taxes payable in the year prior to that for which aids are being calculated, or (2) its initial aid amount, or (3) 15 percent of the total local government aid amount received under this section in the previous year, provided that no city will receive an increase that is less than two percent of its 1989 local government aid for aids payable in 1990.

A city whose initial aid is \$0 will receive in 1990 an amount equal to 102 percent of the local government aid it received in 1989 under Minnesota Statutes 1988, section 477A.013. For purposes of this subdivision, the term "local government aid" does not include equalization aid amounts under subdivision 5.

Sec. 17. Minnesota Statutes 1990, section 477A.013, subdivision 5, is amended to read:

Subd. 5. [EQUALIZATION AID.] A city is eligible for equalization aid equal to the aid amount received under this subdivision in 1990 after the adjustments, if any, under subdivisions 6 and 7, plus an equalization aid increase equal to the product of (i) a city's average levy for the three immediately preceding years less the disparity reduction aids allocated to the city pursuant to section 273.1398, subdivision 3, for the year prior to the aid distribution, and less the equalization aid it received under this section in the year prior to that for which the aid is being calculated, (ii) .30, and (iii) one minus the ratio of the net tax capacity per capita to 900. The equalization aid increase under this section is limited to 12 percent of the total

aid the city received under this section in the prior year. The aid under this section cannot be less than zero. For the purposes of this subdivision, "levy" includes a city's levy on fiscal disparities distribution under section 473F.08, subdivision 3, paragraph (a).

If the amount ~~allocated under section 477A.03, subdivision 1,~~ appropriated is insufficient to pay the aid amounts calculated under this subdivision, the commissioner of revenue shall first proportionately reduce the equalization aid increase for each city so that the sum of the equalization aid amounts paid under this subdivision equals the amount ~~allocated in section 477A.03, subdivision 1~~ appropriated. If the equalization aid increase is reduced to zero and the amount ~~allocated under section 477A.03, subdivision 1,~~ appropriated is still insufficient to pay the aid amounts under this subdivision, the remaining amount of equalization aid for each city will be reduced proportionately so that the sum of the aid paid under this subdivision equals the amount ~~allocated in section 477A.03, subdivision 1~~ appropriated.

Sec. 18. Minnesota Statutes 1991 Supplement, section 477A.0132, is amended to read:

477A.0132 [AID REDUCTIONS TO LOCAL GOVERNMENTS.]

Subdivision 1. [AFFECTED LOCAL GOVERNMENTS.] The following permanent and nonpermanent reductions shall be made in aids paid to the following local units of government:

(a) ~~For aids payable in 1990, there shall be a permanent reduction in aids to counties and cities of \$28,000,000.~~

(b) ~~For aids payable on July 20, 1991, there shall be a nonpermanent reduction in aid payments to counties, cities, towns, and special taxing districts of \$50,000,000.~~

(c) ~~For aids payable on December 15, 1991, there shall be a nonpermanent reduction in aids to counties, cities, towns, and special taxing districts of \$35,000,000. For purposes of this reduction, hospital districts are not considered special taxing districts.~~

(d) For aids payable in 1992, there shall be a permanent reduction in aids to counties, cities, and special taxing districts of \$86,000,000. For purposes of this reduction, hospital districts are not considered special taxing districts.

(e) ~~For (b)~~ Aid reductions required under section 477A.014, ~~subdivision 1a~~ 16A.711, subdivision 5, there shall be a nonpermanent ~~reduction~~ reductions in aids to counties, cities, towns, and special taxing districts equal to the difference between the aid amounts certified to be paid and the amount ~~appropriated under~~

Laws 1991, chapter 291, article 2, section 3, of the appropriation to pay the aids.

Subd. 2. [CALCULATION OF AID REDUCTION.] The aid reduction to each local government as provided under subdivision 1 will be equal to the product of the reduction percentage and its reduction base. The reduction base is defined as the following:

(a) For subdivision 1, clause (a), the reduction base is equal to the adjusted revenue base for ~~1991~~ 1992.

(b) ~~For subdivision 1, clause (b), the reduction base is equal to the revenue base for 1992.~~

(c) ~~For subdivision 1, clause (c), the reduction base is equal to the adjusted revenue base for 1992.~~

(d) ~~For subdivision 1, clause (d), the reduction base is equal to the adjusted revenue base for 1992.~~

(e) ~~For subdivision 1, clause (e), the reduction base is equal to the adjusted revenue base for the year in which the aid payment is to be made.~~

Subd. 3. [ORDER OF AID REDUCTIONS.] The aid reduction to a local government as calculated under subdivisions 1 and 2, is first applied to its local government aid under sections 477A.012 and 477A.013 excluding aid under section 477A.013, subdivision 5; then, if necessary, to its equalization aid under section 477A.013, subdivision 5; then if necessary, to its homestead and agricultural credit aid under section 273.1398, subdivision 2; and then, if necessary, to its disparity reduction aid under section 273.1398, subdivision 3; and then, if necessary, to its ~~homestead and agricultural transition credit guarantee~~ under section 273.1398, subdivision 5. No aid payment may be less than \$0. Aid reductions under this section in any given year shall be divided equally between the July 20 and December 15 aid payments unless specified otherwise in ~~subdivision 1.~~

Sec. 19. Minnesota Statutes 1991 Supplement, section 477A.03, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL APPROPRIATION.] A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the local government trust fund to the commissioner of revenue. For aids payable in ~~1991~~ 1993 and thereafter, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to ~~\$19,485,684~~ \$20,011,000.

In 1993 and subsequent years, \$8,400,000 per year is appropriated

from the local government trust fund to make payments under section 477A.0121.

Sec. 20. [CITY OF ALDEN; LOCAL GOVERNMENT AID.]

For aid payments in 1993 and thereafter, local government aid to the city of Alden, Freeborn county, as determined under Minnesota Statutes, sections 477A.013 and 477A.0132, is increased by \$838. These amounts reimburse the city for state aid decreases attributable to an error in the city's 1990 levy, payable in 1991.

If local government aid provisions are enacted in 1992 or thereafter which do not use the city's 1990 levy as a base year to determine local government aids, this section does not apply to those aids.

The commissioner of revenue shall pay the local government aid under this section from the amounts appropriated to the commissioner by law from the local government trust fund for payment of local government aid. For purposes of any proportional increases or decreases in local government aid under Minnesota Statutes, section 16A.711, due to the amount of funds in the local government trust fund, payments under this section must be included in local government aid payable to the city of Alden.

Sec. 21. [LOCAL APPROVAL; EFFECTIVE DATE.]

Section 20 is effective the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Alden.

Sec. 22. [AID ADJUSTMENT.]

The amount by which any county's homestead and agricultural credit aid offset exceeded its actual public defender levy for 1991 shall be permanently added back to the county's homestead and agricultural credit aid base for aids paid in 1993. Counties may apply for an aid adjustment on a form prescribed by the commissioner of revenue by July 1, 1992. The aggregate amount of all adjustments shall not exceed \$500,000. If the sum of all counties aid adjustments exceeds this amount, the commissioner shall proportionately reduce all adjustment amounts so that the total is \$500,000.

Sec. 23. [APPROPRIATION CANCELLATION.]

Any fiscal year 1993 appropriation from the general fund enacted prior to enactment of this act to pay community social services aids under Minnesota Statutes, section 256E.06, is canceled.

Sec. 24. [APPROPRIATION.]

(a) The sum of \$978,000 is appropriated from the general fund to the commissioner of human services in fiscal year 1993 for the state takeover of the growth of the income maintenance aids under section 5.

(b) The sum of \$2,483,375 is appropriated from the general fund to the secretary of state in fiscal year 1992 for the purposes authorized in section 4. If any amount certified under section 4 remain unpaid on July 1, 1992, a sum sufficient to pay the remaining aids is carried forward to fiscal year 1993 provided the total appropriation does not exceed \$2,483,375.

Sec. 25. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall change references to the homestead and agricultural credit guarantee to transition credit wherever the terms appear in Minnesota Statutes.

Sec. 26. [REPEALER.]

Minnesota Statutes 1991 Supplement, section 16A.711, subdivision 3; and Laws 1991, chapter 291, article 2, section 3, is repealed.

Sec. 27. [EFFECTIVE DATE.]

Sections 4 and 24, paragraph (b), are effective the day following final enactment. Sections 1, 11, and 13 are effective July 1, 1993. Section 10 is effective July 1, 1994. Section 14 is effective for aids payable in 1993 and thereafter.

ARTICLE 2

PROPERTY TAXES

Section 1. Minnesota Statutes 1991 Supplement, section 47.209, is amended to read:

47.209 [MANUFACTURED HOME FINANCING; PROPERTY TAX ESCROW COLLECTION REQUIREMENT.]

Subdivision 1. [APPLICABILITY.] This section applies to any agreement entered into after December 31, 1991 1992, for the financing or refinancing of a purchase of a manufactured home shall require that the lender maintain an escrow account for deposit of payments for property taxes payable on the manufactured home, and that the borrower make the required payments. As used in this section and section 277.17, "lender" includes a state bank and trust company, national banking association, state or federally chartered savings and loan association, mortgage bank, mutual savings bank,

insurance company, credit union, or a dealer as defined in section 327B.01, subdivision 7, ~~who~~ that enters into an agreement for financing or refinancing a purchase of a manufactured home.

Subd. 2. [CONDITION OF FINANCING AGREEMENT.] Each agreement must contain a statement that it is a condition of the agreement that the borrower must agree to pay all taxes on the manufactured home when due.

Subd. 3. [COLLECTION OF DELINQUENT TAXES.] Within 30 days of receipt of a notice of delinquency from a county under section 277.17, the lender must notify the mortgagor that the tax must be paid in full no later than 60 days from the date of issuance of the notice. The notice must inform the mortgagor that if the tax is not paid by that date, the lender may pay the delinquent tax, together with any penalty and interest then due, in full to the county. The notice may inform the mortgagor of the lender's option to begin foreclosure proceedings. The county may only request payment and collection of taxes that have been delinquent for no longer than one year under this section. The county must notify the lender if the owner of the manufactured home pays the delinquent taxes at any time during the 60 days after the notice has been issued.

Sec. 2. Minnesota Statutes 1990, section 103B.241, is amended to read:

103B.241 [LEVY LEVIES.]

Subdivision 1. [WATERSHED PLANS.] A levy to pay the increased costs to a local government unit or watershed management organization of implementing sections 103B.231 and 103B.235 or to pay costs of improvements and maintenance of improvements identified in an approved and adopted plan shall be in addition to any other taxes authorized by law. Notwithstanding any provision to the contrary in chapter 103D, a watershed district may levy a tax sufficient to pay the increased costs to the district of implementing sections 103B.231 and 103B.235. The proceeds of any tax levied under this section shall be deposited in a separate fund and expended only for the purposes authorized by this section. Watershed management organizations and local government units may accumulate the proceeds of levies as an alternative to issuing bonds to finance improvements. The amount authorized under this section and levied by a governmental subdivision is not exempt from sections 275.50 to 275.56.

Subd. 2. [PRIORITY PROGRAMS; SOIL AND WATER CONSERVATION DISTRICTS.] A county may levy amounts necessary to pay the reasonable increased costs to soil and water conservation districts of administering and implementing priority programs identified in an approved and adopted plan.

Sec. 3. Minnesota Statutes 1990, section 103B.255, is amended by adding a subdivision to read:

Subd. 13. [PROPERTY TAX LEVIES.] A metropolitan county may levy amounts necessary to administer and implement an approved and adopted groundwater plan. A county may levy amounts necessary to pay the reasonable increased costs to soil and water conservation districts and watershed management organizations of administering and implementing priority programs identified in the county's groundwater plan.

Sec. 4. Minnesota Statutes 1990, section 103B.335, is amended to read:

103B.335 [TAX; EXEMPTION FROM PER CAPITA LEVY LIMIT.]

Subdivision 1. [LOCAL WATER PLANNING AND MANAGEMENT.] The governing body of any county, municipality, or township may levy a tax in an amount required to implement sections 103B.301 to 103B.355. The amount of the levy up to 0.01813 percent of taxable market value is exempt from the per capita levy limit under section 275.11.

Subd. 2. [PRIORITY PROGRAMS; CONSERVATION AND WATERSHED DISTRICTS.] A county may levy amounts necessary to pay the reasonable increased costs to soil and water conservation districts and watershed districts of administering and implementing priority programs identified in an approved and adopted plan.

Sec. 5. Minnesota Statutes 1990, section 124.2131, subdivision 1, is amended to read:

Subdivision 1. [ADJUSTED GROSS TAX CAPACITY.] (a) [COMPUTATION.] The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine an aggregate equalized gross tax capacity and an aggregate equalized net tax capacity for the various classes of taxable property in each school district, which tax capacity shall be designated as the adjusted gross tax capacity and the adjusted net tax capacity, respectively. The department of revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted gross tax capacity and the adjusted net tax capacity. On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of adjusted gross tax capacities and adjusted net tax capaci-

ties. On or before April 15 annually, the department of revenue shall file its final report on the adjusted gross tax capacities and adjusted net tax capacities established by the previous year's assessment with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

(b) [METHODODOLOGY.] In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota administrative procedure act.

(c) [AGRICULTURAL LANDS.] For purposes of determining the adjusted gross tax capacity and adjusted net tax capacity of agricultural lands for the calculation of adjusted gross tax capacities and adjusted net tax capacities, the market value of agricultural lands shall be the price for which the property would sell in an arms length transaction.

(d) [FORCED SALES.] The commissioner may include forced sales in the assessment/sales ratio studies if it is determined by the commissioner that these forced sales indicate true market value.

Sec. 6. Minnesota Statutes 1990, section 270B.12, is amended by adding a subdivision to read:

Subd. 8. [COUNTY ASSESSORS.] The commissioner may disclose names and social security numbers of individuals who have applied for both homestead classification under section 273.13 and a property tax refund as a renter under chapter 290A for the purpose of and to the extent necessary to administer section 290A.25.

Sec. 7. Minnesota Statutes 1990, section 271.06, subdivision 7, is amended to read:

Subd. 7. [RULES.] (a) The rules of evidence and civil procedure for the district court of Minnesota shall govern the procedures in the tax court, where practicable. The tax court may adopt rules under chapter 14. The rules in effect on January 1, 1989, apply until superseded.

(b) Notwithstanding paragraph (a), information, including income and expense figures, verified net rentable areas, and anticipated income and expenses, for income-producing property which is not provided to the county assessor at least 45 days before any hearing under this chapter, is not admissible except if necessary to prevent undue hardship or when the failure to provide it was due to the unavailability of the evidence at that time.

(c) Notwithstanding paragraph (a) and provided that the information as contained in paragraph (b) is timely submitted to the county assessor, the county assessor shall furnish the petitioner at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. The petitioner shall furnish to the county assessor at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. An appraisal of the petitioner's property done by or for the county or by or for the petitioner shall not be admissible as evidence if the provisions within this paragraph are not met.

Sec. 8. Minnesota Statutes 1991 Supplement, section 271.21, subdivision 6, is amended to read:

Subd. 6. (a) The hearing in the small claims division shall be informal and without a jury. The judge may hear any testimony and receive any evidence the judge deems necessary or desirable for a just determination of the case except as provided in paragraph (b). Sales ratio studies published by the department of revenue may be admissible as a public record without foundation. All testimony shall be given under oath. A party may appear personally or may be represented or accompanied by an attorney. No transcript of the proceedings shall be kept.

~~(b) Information, including income and expense figures, verified net rentable areas, and anticipated income and expenses, for income-producing property which is not provided to the county assessor at least 30 days before any hearing under this chapter, is not admissible except if necessary to prevent undue hardship or when the failure to provide it was due to the unavailability of the evidence at that time.~~

Sec. 9. Minnesota Statutes 1991 Supplement, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) all public burying grounds;
- (2) all public schoolhouses;

- (3) all public hospitals;
- (4) all academies, colleges, and universities, and all seminaries of learning;
- (5) all churches, church property, and houses of worship;
- (6) institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clauses (1), (2), and (3), or paragraph (d);
- (7) all public property exclusively used for any public purpose;
- (8) except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

- (a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;
- (b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;
- (c) personal property defined in section 272.03, subdivision 2, clause (3);
- (d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;
- (e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 274.19, subdivision 8, paragraph (f); and
- (f) flight property as defined in section 270.071.
- (9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating

under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 18; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural

resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this

paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to ~~parents and children who are receiving AFDC or parents of children who are temporarily in foster care~~ individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least ~~six~~ three months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) ~~It is sponsored by an organization that has received a grant under either section 256.7365 for the biennium ending June 30, 1989, or section 462A.07, subdivision 15, for the biennium ending June 30, 1991, for the purposes of providing the services in items (i) to (iv).~~ (vi) It is sponsored owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by an organization that is one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through

December 31, 1987. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1991, and used as an electric power source.

(22) Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C.

(23) Photovoltaic devices, as defined in article 8, section 1, installed after January 1, 1992, and used to produce or store electric power.

(24) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used for an ice arena or ice rink, and used primarily for youth and high school programs.

Sec. 10. Minnesota Statutes 1990, section 272.115, is amended to read:

272.115 {CERTIFICATE OF VALUE; FILING.}

Subdivision 1. ~~Except as provided in subdivision 1a, whenever any real estate is sold on or after January 1, 1978, for a consideration in excess of \$1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located within 30 days of the sale. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate.~~

Subd. 1a. Whenever any real estate, a portion or all of which is classified as homestead under chapter 273 is sold or transferred on or after January 1, 1993, whether by warranty deed, quitclaim deed, contract for deed, or any other method of sale or transfer, the grantor, grantee, or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located within 30 days of the sale or transfer.

Subd. 2. The certificate of value shall require such facts and information as may be determined by the commissioner to be reasonably necessary in the administration of the state education aid formulas. The form of the certificate of value shall be prescribed by the department of revenue which shall provide an adequate supply of forms to each county auditor.

Subd. 3. The county auditor shall transmit two true copies of the certificate of value to the assessor who shall insert the most recent market value and when available, the year of original construction of each parcel of property on both copies and shall transmit one copy to the department of revenue. Upon the request of a city council located within the county, a copy of each certificate of value for property located in that city shall be made available to the governing body of the city. The assessor shall remove the homestead classification for the following assessment year from a property which is sold or transferred, unless the grantee or the person to whom the property is transferred completes a homestead application under section 273.124, subdivision 13, and qualifies for homestead status.

Subd. 4. ~~No real estate sold or transferred on or after January 1, 1978, for which a certificate of value is required pursuant to 1993, under subdivision 1a shall be classified as a homestead, unless a~~

certificate of value has been filed with the county auditor in accordance with this section.

This subdivision shall apply to any real estate taxes that are payable the year or years following the sale or transfer of the property.

Sec. 11. Minnesota Statutes 1990, section 273.11, is amended by adding a subdivision to read:

Subd. 12. [NEIGHBORHOOD LAND TRUSTS.] (a) A neighborhood land trust, as defined under chapter 462A, is (i) a community-based nonprofit corporation organized under chapter 317A, which qualifies for tax exempt status under 501(c)(3), or (ii) a "city" as defined in section 462C.02, subdivision 6, which has received funding from the Minnesota housing finance agency for purposes of the neighborhood land trust program. The Minnesota housing finance agency shall set the criteria for neighborhood land trusts.

(b) All occupants of a neighborhood land trust building must have a family income of less than 80 percent of the greater of (1) the state median income, or (2) the area or county median income, as most recently determined by the department of housing and urban development. Before the neighborhood land trust can rent or sell a unit to an applicant, the neighborhood land trust shall verify to the satisfaction of the administering agency or the city that the family incomes of each person or family applying for a unit in the neighborhood land trust building is within the income criteria provided in this paragraph. The administering agency or the city shall verify to the satisfaction of the county assessor that the occupant meets the income criteria under this paragraph. The property tax benefits under paragraph (c) shall be granted only to property owned or rented by persons or families within the qualifying income limits. The family income criteria and verification is only necessary at the time of initial occupancy in the property.

(c) A unit which is owned by the occupant and used as a homestead by the occupant qualifies for homestead treatment as class 1a under section 273.13, subdivision 22. A unit which is rented by the occupant and used as a homestead by the occupant shall be class 4a or 4b property, under section 273.13, subdivision 25, whichever is applicable. Any remaining portion of the property not used for residential purposes shall be classified by the assessor in the appropriate class based upon the use of that portion of the property owned by the neighborhood land trust. The land upon which the building is located shall be assessed at the same class rate as the units within the building, provided that if the building contains some units assessed as class 1a and some units assessed as class 4a or 4b, the market value of the land will be assessed in the same proportions as the value of the building.

Sec. 12. Minnesota Statutes 1990, section 273.11, is amended by adding a subdivision to read:

Subd. 13. [VALUATION OF INCOME-PRODUCING PROPERTY.] Beginning with the 1995 assessment, only accredited assessors or senior accredited assessors may value income-producing property for ad valorem tax purposes. "Income-producing property" as used in this subdivision means the taxable property in class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal recreational property not used for commercial purposes, and class 4d in section 273.13, subdivision 25; and class 5 in section 273.13, subdivision 31.

Sec. 13. Minnesota Statutes 1991 Supplement, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

The assessor shall require proof, by affidavit or otherwise as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) ~~In the case of property owned by a married couple in joint tenancy or tenancy in common, the assessor must not deny home-~~

stead treatment in whole or in part if only one of the spouses is occupying the property and the other spouse is absent due to divorce or separation, or is a resident of a nursing home or a boarding care facility.

(d) If an individual is purchasing property with the intent of claiming it as a homestead, and is required by the terms of the financing agreement to have a relative shown on the deed as a coowner, the assessor shall allow a full homestead classification. Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph, "relative" means a parent, stepparent, child, stepchild, spouse, grandparent, grandchild, brother, sister, uncle, or aunt. This relationship may be by blood or marriage. Property that was classified as seasonal recreational residential property at the time when treatment under this paragraph would first apply shall continue to be classified as seasonal recreational residential property for the first two assessment years beginning after the date when the relative of the owner occupies the property as a homestead; this delay also applies to property that, in the absence of this paragraph, would have been classified as seasonal recreational residential property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph.

(e) In the case of property owned and formerly occupied by two or more persons in joint tenancy or tenancy in common, when those persons are related to each other as parents and children or as stepparents and stepchildren, and when one or more of the owners ceases to occupy the property, the assessor shall continue to allow a full homestead classification as long as at least one of the owners continues to occupy the property for purposes of a homestead. This paragraph applies only to single family residential property.

Sec. 14. Minnesota Statutes 1991 Supplement, section 273.124, subdivision 6, is amended to read:

Subd. 6. [LEASEHOLD COOPERATIVES.] When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the

members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the social security numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale;

(d) the cooperative must meet one of the following criteria with respect to the income of its members: (1) a minimum of 75 percent of members must have incomes at or less than 80 percent of area median income, (2) a minimum of 40 percent of the cooperative association's members must have incomes at or less than 60 percent of area median gross income, or (3) a minimum of 20 percent of members must have incomes at or less than 50 percent of area median income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal Revenue Code of 1986, as amended through December 31, 1991. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership, and "median income" means the St. Paul-Minneapolis metropolitan area median income as determined by the United States Department of Housing and Urban Development;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed; and

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision;

(i) the public financing received must be from at least one of the following sources:

(1) tax increment financing proceeds used for the acquisition or rehabilitation of the building or interest rate writedowns relating to the acquisition of the building;

(2) government issued bonds exempt from taxes under section 103 of the Internal Revenue Code of 1986, as amended through December 31, 1991, the proceeds of which are used for the acquisition or rehabilitation of the building;

(3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act;

(4) rental housing program funds under Section 8 of the United States Housing Act of 1937 or the market rate family graduated payment mortgage program funds administered by the Minnesota

housing finance agency that are used for the acquisition or rehabilitation of the building;

(5) low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1991;

(6) public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from (i) federal community development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued under chapter 474A; or

(7) other rental housing program funds provided by the Minnesota housing finance agency for the acquisition or rehabilitation of the building;

(j) at the time of the initial request for homestead classification or of any transfer of ownership of the property, the governing body of the municipality in which the property is located must hold a public hearing and make the following findings:

(1) that the granting of the homestead treatment of the apartment's units will facilitate safe, clean, affordable housing for the cooperative members that would otherwise not be available absent the homestead designation;

(2) that the owner has presented information satisfactory to the governing body showing that the savings garnered from the homestead designation of the units will be used to reduce tenant's rents or provide a level of furnishing or maintenance not possible absent the designation; and

(3) that the requirements of paragraphs (b), (d), and (i) have been met.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

Sec. 15. Minnesota Statutes 1991 Supplement, section 273.124, subdivision 9, is amended to read:

Subd. 9. [HOMESTEAD ESTABLISHED AFTER ASSESSMENT DATE.] Any property that was not used for the purpose of a homestead on the assessment date, but which was used for the

purpose of a homestead by June 1 of a year, constitutes class 1 or class 2a.

Any taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor ~~pursuant to~~ under section 273.063, in writing, prior to June 15 of the year of occupancy in order to qualify under this subdivision. The assessor must not deny full homestead treatment to a property that is partially homesteaded on January 2 but occupied for the purpose of a full homestead by June 1 of a year.

The county assessor and the county auditor may make the necessary changes on their assessment and tax records to provide for proper homestead classification as provided in this subdivision.

If homestead classification has not been requested as of December 15, the assessor will classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, regardless of whether or not the notification has been timely filed, may be entitled to receive homestead classification by proper application as provided in section 270.07 or 375.192.

The county assessor shall publish in a newspaper of general circulation within the county no later than June 1 of each year a notice informing the public of the requirement to file an application for homestead prior to June 15.

Sec. 16. Minnesota Statutes 1991 Supplement, section 273.124, subdivision 13, is amended to read:

Subd. 13. [SOCIAL SECURITY NUMBER REQUIRED FOR HOMESTEAD APPLICATION.] On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners of the property and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

Every four years after the initial homestead application has been filed under this subdivision, a county shall mail a homestead application to the owner of each parcel of property to verify the continued eligibility for homestead status for all properties classi-

fied as homestead within the county in the prior year's assessment. The homestead application and procedures shall be done in the same manner as contained in this subdivision for the 1993 homestead application.

On the homestead application each owner shall disclose the location of any other residential property in the state in which the owner holds full or partial ownership and for which homestead status has been granted or has been applied for at the time of the application. Each owner must also disclose the name and social security number of any relative occupying a property qualifying as a homestead under section 273.124, subdivision 1, paragraph (c). Failure to disclose the information required under this paragraph may result in the imposition of the penalty provided under this subdivision.

Every property owner applying for homestead classification must furnish to the county assessor ~~that owner's~~ the social security number of each person who is listed as an owner of the property listed on the homestead application. If the social security number is not provided, the county assessor shall classify the property as nonhomestead. The social security numbers of the property owners are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue.

If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under section 273.124, subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The social security number of each relative occupying the property and the social security number of each owner of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy.

The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the county within 30 days that the property has been sold, transferred, or that the owner or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

If the initial homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as non-homestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner applying for homestead classification under this subdivision.

If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, and the supplemental homestead credit under section 273.1391. The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 50 100 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes.

Any amount of homestead benefits recovered by the county from the property owner ~~must be transmitted to the commissioner by the end of each calendar quarter~~ shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The total amount of penalty collected must be deposited in the county general fund.

~~The commissioner will provide suggested homestead applications to each county.~~ If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 17. Minnesota Statutes 1991 Supplement, section 273.13, subdivision 22, is amended to read:

Subd. 22. [CLASS 1.] (a) Except as provided in subdivision 23, real estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$72,000 of market value of class 1a property has a net class rate of one percent of its market value and a gross class rate of 2.17 percent of its market value. For taxes payable in 1992, the market value of class 1a property that exceeds \$72,000 but does not exceed \$115,000 has a class rate of two percent of its market value; and the market value of class 1a property that exceeds \$115,000 has a class rate of 2.5 percent of its market value. For taxes payable in 1993 and thereafter, the market value of class 1a property that exceeds \$72,000 has a class rate of two percent.

(b) Class 1b property includes real estate or manufactured homes used for the purposes of a homestead by

(1) any blind person, if the blind person is the owner thereof or if the blind person and the blind person's spouse are the sole owners thereof; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's

disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total income from

(A) aid from any state as a result of that disability; or

(B) supplemental security income for the disabled; or

(C) workers' compensation based on a finding of total and permanent disability; or

(D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or

(E) aid under the Federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; or

(4) any person who is permanently and totally disabled and whose household income as defined in section 290A.03, subdivision 5, is 150 percent or less of the federal poverty level.

Property is classified and assessed under clause (4) only if the government agency or income-providing source certifies, upon the request of the property owner, that the property owner satisfies the disability requirements of this subdivision.

Property is classified and assessed pursuant to clause (1) only if the commissioner of jobs and training certifies to the assessor that the owner of the property satisfies the requirements of this subdivision.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$32,000 market value of class 1b property has a net class rate of .45 percent of its market value and a gross class rate of .87 percent of its market value. The remaining market value of class 1b property has a gross or net class rate using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 225 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title to the homestead is held by the corporation or partnership. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used ~~or available for use~~ for residential occupancy and a fee is charged for residential occupancy. Class 1c property has a class rate of ~~.8 percent of the first \$32,000 of market value and one percent of market value in excess of \$32,000 for taxes payable in 1992, and one percent of total market value for taxes payable in 1993~~ and thereafter with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.

Sec. 18. Minnesota Statutes 1991 Supplement, section 273.13, subdivision 25, as amended by Laws 1992, chapter 363, article 1, section 12, subdivision 1, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a class rate of 3.5 percent of market value for taxes payable in 1992, and 3.4 percent of market value for taxes payable in 1993 and thereafter.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency and financed by a direct federal loan or federally insured loan made pursuant to Title II of the Act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules adopted by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan.

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited to a term of 15 years.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be

based on the normal approach to value using normal unrestricted rents unless the owner of the property elects to have the property assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for valuation under Laws 1991, chapter 291, article 1, section 55. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units. This clause applies only to the property of a nonprofit or limited dividend entity.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics:

(a) it is a nonprofit corporation organized under chapter 317A;

(b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws;

(c) it limits membership with voting rights to residents of the designated community; and

(d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause,

property is devoted to a commercial purpose on a specific day if any portion of the property is used, ~~or available for use~~ for residential occupancy, and a fee is charged for residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The first \$100,000 of the market value of the remainder of the cabins or units and a proportionate share of the land on which they are located shall have a class rate of three percent. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the second year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the

public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

(8) manufactured home parks as defined in section 327.14, subdivision 3.

Class 4c property has a class rate of 2.3 percent of market value, except that (i) seasonal residential recreational property not used for commercial purposes under clause (5) has a class rate of 2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter, the first \$72,000 of market value has a class rate of two percent and the market value that exceeds \$72,000 has a class rate of 2.5 percent, and (ii) manufactured home parks assessed under clause (8) have a class rate of two percent for taxes payable in 1993 only.

(d) Class 4d property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the Farmers Home Administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the Farmers Home Administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to

January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. For property for which application is made for 4c or 4d classification for taxes payable in 1994 and thereafter, and which was not classified 4c or 4d for taxes payable in 1993, 4c or 4d classification is available only for those units meeting the requirements of section 273.1318.

Classification under this clause is only available to property of a nonprofit or limited dividend entity.

(2) For taxes payable in 1992, 1993 and 1994, only, buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the Federal National Mortgage Association, provided the occupant's income is no greater than 60 percent of the county or area median income, adjusted for family size and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) For taxes payable in 1992, 1993 and 1994, only, federally acquired buildings under four units and appurtenances, together with the land upon which they are located that is leased to a nonprofit corporation organized under chapter 317A that qualifies for tax exempt status under United States Code, title 26, section 501(c), or a housing and redevelopment authority authorized under sections 469.001 to 469.047; the purpose of the lease must be to allow the nonprofit corporation to provide transitional housing for homeless persons under the program established in Code of Federal Regulations, title 55, section 49489. As used in this clause, "transitional housing" has the meaning given in section 268.38, subdivision 1, except that the two-year restriction does not apply. If the property is purchased from the federal government by the nonprofit corporation for the purpose of continuing to provide transitional housing after the expiration of the lease, the property shall continue to be eligible for this classification. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the county assessor to determine qualification under this clause. Property qualifying under this clause in 1992, 1993, or 1994 continues to receive a two percent class rate until the five-year lease has expired provided that the property continues to be used for the purposes as described in this clause. Qualifying buildings and appurtenances, together with the land upon which they are located,

leased for a period of up to five years by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a housing and redevelopment authority authorized under sections 469.001 to 469.047, provided the occupant's income is no greater than 80 percent of the county or area median income, adjusted for family size and the building consists of two or less dwelling units. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. The administering agency shall verify the occupants income eligibility and certify to the county assessor that the occupant meets the income criteria under this paragraph. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. For purposes of this section, "qualifying buildings and appurtenances" shall be defined as one or two unit residential buildings which are unoccupied and have been abandoned and boarded for at least six months.

Class 4d property has a class rate of two percent of market value.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (3); paragraph (c), clause (1), (2), (3), or (4), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 19. [273.1318] [CLASS 4C LOW-INCOME HOUSING; ELIGIBLE UNITS.]

Subdivision 1. [INCOME LIMITATION.] (a) Subject to the exception in paragraph (b), for a building for which application is made for class 4c for taxes payable in 1994 and thereafter, and which was not class 4c for taxes payable in 1993, only those units occupied by a household whose income is 100 percent or less of the county or area median income adjusted for family size as determined by the department of housing and urban development are eligible for class 4c.

(b) For a building for which application is made for class 4c for taxes payable in 1994 and thereafter, and which was not class 4c for taxes payable in 1993, but for which a formal application was received by a local, state, or federal agency for financing, refinancing, or insurance before July 1, 1992, the income limit is 100 percent or less of county or area median income not adjusted for family size as determined by the department of housing and urban development.

Subd. 2. [ANNUAL DETERMINATION.] With regard to build-

ings, the construction of which had been commenced after December 31, 1982; or the project of which the building was a part was approved by the governing body of the municipality in which it is located subsequent to June 29, 1983; or financing of the project had been approved by a federal or state agency subsequent to June 29, 1983, a governmental agency providing financing or mortgage insurance for a building qualifying for class 4c or 4d or other entity must annually review income records maintained by the owner of the property to determine the units that qualify for a class 4c or 4d rate under this section. The income records must reflect household income at the commencement of the tenancy, and thereafter, when household composition changes. If the entity is not a governmental agency, the entity must be approved by the department of revenue. The agency or other entity shall report to the assessor responsible for assessing the property at the time and in the manner required by the assessor. The income records must be made available to the assessor. The assessor shall determine the units that qualify for a class 4c or 4d rate.

Sec. 20. Minnesota Statutes 1990, section 274.19, subdivision 8, is amended to read:

Subd. 8. [MANUFACTURED HOMES; SECTIONAL STRUCTURES.] (a) In this section, "manufactured home" means a structure transportable in one or more sections, which is built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and contains the plumbing, heating, air conditioning, and electrical systems in it. "Manufactured home" includes any accessory structure that is an addition or supplement to the manufactured home and, when installed, becomes a part of the manufactured home.

(b) A manufactured home that meets each of the following criteria must be valued and assessed as an improvement to real property, the appropriate real property classification applies, and the valuation is subject to review and the taxes payable in the manner provided for real property:

(1) the owner of the unit holds title to the land on which it is situated;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured home building code in sections 327.31 to 327.34, and rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(c) A manufactured home that meets each of the following criteria must be assessed at the rate provided by the appropriate real property classification but must be treated as personal property, and the valuation is subject to review and the taxes payable in the manner provided in this section:

(1) the owner of the unit is a lessee of the land under the terms of a lease;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured homes building code contained in sections 327.31 to 327.34, and the rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(d) Sectional structures must be valued and assessed as an improvement to real property if the owner of the structure holds title to the land on which it is located or is a qualifying lessee of the land under section 273.19. In this paragraph "sectional structure" means a building or structural unit that has been in whole or substantial part manufactured or constructed at an off-site location to be wholly or partially assembled on-site alone or with other units and attached to a permanent foundation.

(e) The commissioner of revenue may adopt rules under the administrative procedure act to establish additional criteria for the classification of manufactured homes and sectional structures under this subdivision.

(f) A storage shed, deck, or similar improvement constructed on property that is leased or rented as a site for a manufactured home, sectional structure, park trailer, or travel trailer is taxable as provided in this section. The property is taxable as personal property to the lessee of the site if it is not owned by the owner of the site. The property is taxable as real estate if it is owned by the owner of the site. As a condition of permitting the owner of the manufactured home, sectional structure, park trailer, or travel trailer to construct improvements on the leased or rented site, the owner of the site must obtain the permanent home address of the lessee or user of the site. The site owner must provide the name and address to the assessor upon request.

Sec. 21. Minnesota Statutes 1991 Supplement, section 275.125, subdivision 6j, is amended to read:

Subd. 6j. [LEVY FOR CRIME RELATED COSTS.] For taxes levied

in 1991 and subsequent years, payable in 1992 ~~only and subsequent years~~, each school district may make a levy on all taxable property located within the school district for the purposes specified in this subdivision. The maximum amount which may be levied for all costs under this subdivision shall be equal to \$1 multiplied by the population of the school district. For purposes of this subdivision, "population" of the school district means the same as contained in section 275.14. The proceeds of the levy must be used for reimbursing the cities and counties who contract with the school district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison services in the district's middle and secondary schools; and (2) ~~to teach drug abuse resistance education curricula~~ pay the costs for a drug abuse prevention program as defined in Minnesota Statutes 1991 Supplement, section 609.101, subdivision 3, paragraph (f) in the elementary schools; and (3) ~~to pay the costs incurred for the salaries and benefits of peace officers and sheriffs whose primary responsibilities are to investigate controlled substance crimes under chapter 152.~~ The school district must initially attempt to contract for these services with the police department of each city or the sheriff's department of the county within the school district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this subdivision is not included in determining the school district's levy limitations and must be disregarded in computing any overall levy limitations under sections 275.50 to 275.56 of the participating cities or counties.

Sec. 22. Minnesota Statutes 1991 Supplement, section 275.61, is amended to read:

275.61 [REFERENDUM LEVY; MARKET VALUE.]

For local governmental subdivisions other than school districts, any levy, including the issuance of debt obligations payable in whole or in part from property taxes, required to be approved and approved by the voters at a general or special election for taxes payable in 1993 and thereafter, shall be levied against the market value of all taxable property within the governmental subdivision. Any levy amount subject to the requirements of this section shall be certified separately to the county auditor under section 275.07.

The ballot shall state the maximum amount of the increased levy as a percentage of market value and the amount that will be raised by the new referendum tax rate in the first year it is to be levied.

Sec. 23. Minnesota Statutes 1991 Supplement, section 277.17, is amended to read:

277.17 [ESCROW REQUIREMENT FOR DELINQUENCIES ON MANUFACTURED HOMES.]

Subdivision 1. [CERTIFICATION TO MANUFACTURED HOME OWNER.] On or before October 15 of each year, the county auditor shall send a letter to each owner of a manufactured home for which the personal property taxes due on August 31 are delinquent as of September 30. On or before December 31 of each year, the county auditor shall send a letter to each owner of a manufactured home for which the taxes due on August 31 were not delinquent but the personal property taxes due on November 15 are delinquent as of December 15. The letter must inform the owner that due to the delinquency, if the delinquent taxes are not paid in full within 90 days of the date of issuance of the notice one of the following may occur:

(1) the owner will may be required under state law to begin making monthly payments of delinquent property taxes, and ~~that~~ the property taxes will also be escrowed for payment of property taxes the following year; or

(2) the county will notify the lender of the tax delinquency and request the lender to initiate the process provided under section 47.209. The form and content of the notice to the owner shall be specified by the commissioner of revenue.

Subd. 2. [ESTABLISHMENT OF TAX ESCROW ACCOUNTS.] The county auditor ~~must~~ may establish a tax escrow account for delinquent property taxes for ~~each~~ an owner ~~receiving a letter who receives a notice under subdivision 1~~ if the county does not initiate the process provided under section 47.209. If an escrow account is established for an owner who receives a notice regarding taxes due August 31, the owner must pay an additional amount each month equal to ten percent of the delinquent personal property taxes, penalties, and interest due, plus ten percent of the tax payable in the following calendar year. If the owner fails to pay the tax due on November 15, the additional amount of tax due but unpaid will be added to the delinquent property taxes payable by installment under this section. If an escrow account is established for an owner who receives a notice regarding taxes due November 15, the owner must pay an additional amount each month equal to 15 percent of the delinquent taxes, penalties, and interest due, plus 12 percent of the tax payable in the following calendar year.

Subd. 3. [COUNTY ESCROW.] Within 30 days of receipt of a ~~letter~~ notice from the county auditor under subdivision ~~1~~ 2, the owner must make the first monthly payment under subdivision 2 to the county auditor. The commissioner of revenue shall prescribe the procedures to be used for monthly collections of the delinquent and current tax payments. If an owner is making the payments at the time required under this section, no action may be taken under

section 277.20 with respect to the manufactured home for which the property taxes are being paid into the escrow account.

Sec. 24. Minnesota Statutes 1991 Supplement, section 278.05, subdivision 6, is amended to read:

Subd. 6. [EXCLUSION OF CERTAIN EVIDENCE.] (a) Information, including income and expense figures, verified net rentable areas, and anticipated income and expenses, for income-producing property which is not provided to the county assessor at least 30 45 days before any hearing under this chapter, is not admissible except if necessary to prevent undue hardship or when the failure to provide it was due to the unavailability of the evidence at that time.

(b) Provided that the information as contained in paragraph (a) is timely submitted to the county assessor, the county assessor shall furnish the petitioner at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. The petitioner shall furnish to the county assessor at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. An appraisal of the petitioner's property done by or for the county or by or for the petitioner shall not be admissible as evidence if the provisions within this paragraph are not met.

Sec. 25. Minnesota Statutes 1991 Supplement, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The penalty shall be at a rate of three two percent on homestead property and seven percent until May 31 and four percent on June 1. The penalty on nonhomestead property shall be at a rate of four percent until May 31 and eight percent on June 1. This penalty shall not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead

and nonhomestead property, on the first day of each month beginning July 1, up to and including October 1 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of ~~four~~ two percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November an additional penalty of four percent shall accrue and on the first day of December following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following.

This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding \$50, payments may be made in installments as provided in this subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year the payment is made. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Sec. 26. Minnesota Statutes 1991 Supplement, section 281.17, is amended to read:

281.17 [PERIOD FOR REDEMPTION.]

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22; (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a); or (c) seasonal recreational land as defined in section 273.13, subdivision 22, paragraph (c), 23, paragraph (c), or 25, paragraph (c), clause (5), for which the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is three years from the date of sale. The period of redemption for all lands located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, except (1) homesteaded lands as defined in section 273.13, subdivision 22, and (2) for periods of redemption beginning after June 30, 1991, but before July 1, 1996, lands located in the Loring Park targeted neighborhood on which a notice of lis pendens has been served, and sold to the state at a tax judgment sale is one year from the date of sale.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale, except that the period of redemption for nonhomesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (b), shall be two years from the date of sale if at that time that property is owned by a person who owns one or more parcels of property on which taxes are delinquent, and (1) the aggregate tax capacity of that property exceeds five percent of the total tax capacity of the school district in which the property is located, or (2) the delinquent taxes are more than 25 percent of the prior year's school district levy.

Sec. 27. Minnesota Statutes 1990, section 282.01, subdivision 7, is amended to read:

Subd. 7. [SALES, WHEN COMMENCED, HOW LAND OFFERED FOR SALE.] The sale herein provided for shall commence at such time as the county board of the county wherein such parcels lie, shall direct. The county auditor shall offer the parcels of land in order in which they appear in the notice of sale, and shall sell them to the highest bidder, but not for a less sum than the appraised value, until all of the parcels of land shall have been offered, and thereafter shall sell any remaining parcels to anyone offering to pay the appraised value thereof, except that if the person could have repurchased a parcel of property under section 282.012 or 282.241, that person shall not be allowed to purchase that same parcel of

property at the sale under this subdivision unless approved by the county board. Said sale shall continue until all such parcels are sold or until the county board shall order a reappraisal or shall withdraw any or all such parcels from sale. Such list of lands may be added to and the added lands may be sold at any time by publishing the descriptions and appraised values of such parcels of land as shall have become forfeited and classified as nonconservation since the commencement of any prior sale or such parcels as shall have been reappraised, or such parcels as shall have been reclassified as nonconservation or such other parcels as are subject to sale but were omitted from the existing list for any reason in the same manner as hereinafter provided for the publication of the original list, provided that any parcels added to such list shall first be offered for sale to the highest bidder before they are sold at appraised value. All parcels of land not offered for immediate sale, as well as parcels of such lands as are offered and not immediately sold shall continue to be held in trust by the state for the taxing districts interested in each of said parcels, under the supervision of the county board, and such parcels may be used for public purposes until sold, as the county board may direct.

Sec. 28. Minnesota Statutes 1990, section 282.012, is amended to read:

282.012 [PRIOR OWNER MAY PURCHASE; CONDITIONS.]

At any time not less than least one week prior to before the date of such sale, the person who was the owner of any included parcel at the time when it forfeited to the state for nonpayment of taxes, or the person's heirs, successors or assigns or any person to whom the right to pay taxes on such lands was given by statute, mortgage, or other agreement, may purchase such the parcel at. The purchase price is the greater of (1) the appraised value thereof, of the parcel, or (2) the sum of all delinquent taxes and assessments, computed under section 282.251, together with penalties, interest, and costs, that accrued or would have accrued if the parcel had not forfeited to the state. The purchaser's title and right to be is conditioned upon the primary use as designated by the resolution of the county board. The right of such the purchaser to purchase shall be evidenced by the purchaser's duly verified written application showing the qualifications as hereinabove prescribed required by this section and filed with the county auditor.

Sec. 29. Minnesota Statutes 1990, section 282.241, is amended to read:

282.241 [REPURCHASE AFTER FORFEITURE FOR TAXES.]

The owner at the time of forfeiture, or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes was given by statute, mortgage, or other agreement, may repurchase any

parcel of land claimed by the state to be forfeited to the state for taxes unless ~~prior to before~~ the time repurchase is made ~~such the~~ parcel ~~shall have been is~~ sold under installment payments, or otherwise, by the state as provided by law, or is under mineral prospecting permit or lease, or proceedings have been commenced by the state or any of its political subdivisions or by the United States to condemn such parcel of land. ~~Said The~~ parcel of land may be repurchased for a ~~sum equal to the aggregate. The repurchase price is the greater of (1) the appraised value of the parcel, or (2) the sum of all delinquent taxes and assessments computed as provided by under section 282.251, together with penalties, interest, and costs, which did that accrued or would have accrued if such the~~ parcel of land had not forfeited to the state. Except for property which was homesteaded on the date of forfeiture, such repurchase shall be permitted during one year only from the date of forfeiture, and in any case only after the adoption of a resolution by the board of county commissioners determining that thereby undue hardship or injustice resulting from the forfeiture will be corrected, or that permitting such repurchase will promote the use of such lands that will best serve the public interest. If the county board has good cause to believe that a repurchase installment payment plan for a particular parcel is unnecessary and not in the public interest, the county board may require as a condition of repurchase that the entire repurchase price be paid at the time of repurchase. A repurchase shall be subject to any easement, lease, or other encumbrance granted by the state prior thereto, and if said land is located within a restricted area established by any county under Laws 1939, chapter 340, such repurchase shall not be permitted unless said resolution with respect thereto is adopted by the unanimous vote of the board of county commissioners.

Sec. 30. Minnesota Statutes 1991 Supplement, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than ~~ten~~ 12 percent over the net property taxes payable in the prior year on the same property that is owned by the same owner in both years, and the amount of that increase is \$40 or more for taxes payable in 1990 and 1991, \$60 or more for taxes payable in 1992, \$80 or more for taxes payable in 1993, and \$100 or more for taxes payable in 1994, a claimant who is a homeowner shall be allowed an additional refund equal to the sum of (1) 75 percent of the first \$250 of the amount of the increase over ~~ten percent for taxes payable in 1990 and 1991, 75 percent of the first \$275 of the amount of the increase over ten percent for taxes payable in 1992, 75 percent of the first \$300 of the amount of the increase over ten~~ the greater of 12 percent of the prior year's net property taxes payable or \$80 for taxes payable in 1993, and 75 percent of the first \$325 of the amount of the increase over ~~ten percent the greater of 12 percent of the prior year's net property taxes payable or \$100 for taxes payable in 1994, and (2) 90 percent of the amount of the increase over ten percent plus~~

~~\$250 for taxes payable in 1990 and 1991, 90 percent of the amount of the increase over ten percent plus \$275 for taxes payable in 1992, 90 percent of the amount of the increase over ten percent plus \$300 for taxes payable in 1993, and 90 percent of the amount of the increase over ten percent plus \$325 for taxes payable in 1994. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes.~~

In the case of refunds for property taxes payable in 1993 and thereafter, the maximum refund allowed under this subdivision is \$1,500.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable after reductions made under sections 273.13, subdivisions 22 and 23; 273.135; 273.1391; and 273.42, subdivision 2, and any other state paid property tax credits and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivision 2 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

~~On or before December 1, 1990, and December 1 of each of the following three years 1993, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in the following year. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1991, 1993, or 1994 exceed the following amounts for the taxes payable year designated \$5,500,000, the commissioner shall increase the dollar \$100 amount of tax increase which must occur before a taxpayer qualifies for a refund, and increase by an equal amount the \$100 threshold used in determining the amount of the refund, so that the estimated total refund claims do not exceed the appropriation limit \$5,500,000.~~

Taxes payable in:

Appropriation limit

1991

\$13,000,000

1993

\$ 6,000,000

1994

\$ 5,500,000

The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.

Sec. 31. [290A.25] [VERIFICATION OF SOCIAL SECURITY NUMBERS.]

Annually, the commissioner of revenue shall furnish a list to the county assessor containing the names and social security numbers of persons who have applied for both homestead classification under section 273.13 and a property tax refund as a renter under this chapter.

Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was improperly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that has been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, and the taconite homestead credit under section 273.1391. The county auditor shall send a notice to the owners of the property, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes.

Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The total amount of penalty collected must be deposited in the county general fund.

Sec. 32. Minnesota Statutes 1990, section 327C.01, is amended by adding a subdivision to read:

Subd. 9a. [RESIDENT ASSOCIATION.] "Resident association" means an organization that has the written permission of the owners of at least 51 percent of the manufactured homes in the park to represent them, and which is organized for the purpose of resolving matters relating to living conditions in the manufactured home park.

Sec. 33. Minnesota Statutes 1990, section 327C.12, is amended to read:

327C.12 [RETALIATORY CONDUCT PROHIBITED.]

A park owner may not increase rent, decrease services, alter an existing rental agreement or seek to recover possession or threaten such action in whole or in part as a penalty for a resident's:

(a) good faith complaint to the park owner or to a government agency or official; ~~or~~

(b) good faith attempt to exercise rights or remedies pursuant to state or federal law. In any proceeding in which retaliatory conduct is alleged, the burden of proving otherwise shall be on the park owner if the owner's challenged action began within 90 days after the resident engaged in any of the activities protected by this section. If the challenged action began more than 90 days after the resident engaged in the protected activity, the party claiming retaliation must make a prima facie case. The park owner must then prove otherwise; or

(c) joining and participating in the activities of a resident association as defined under section 327C.01, subdivision 9a.

Sec. 34. Minnesota Statutes 1991 Supplement, section 375.192, subdivision 2, is amended to read:

Subd. 2. Upon written application by the owner of the property, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. The county board may also grant the abatement of penalties for taxes paid within 30 days of the due date, regardless of the classification of the property. The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12. The application must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board. If the application is for abatement of penalty or interest, the application must be approved by the county treasurer and county auditor. No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. Before taking action on any reduction or abatement where the reduction of taxes, costs, penalties, and interest exceed \$10,000, the county board shall give 20 days' notice to the school board and the municipality in which the property is

located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction. If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.

An appeal may not be taken to the tax court from any order of the county board made in the exercise of the discretionary authority granted in this section.

The county auditor shall notify the commissioner of revenue of all abatements resulting from the erroneous classification of real property, for tax purposes, as nonhomestead property. For the abatements relating to the current year's tax processed through June 30, the auditor shall notify the commissioner on or before July 31 of that same year of all abatement applications granted. For the abatements relating to the current year's tax processed after June 30 through the balance of the year, the auditor shall notify the commissioner on or before the following January 31 of all applications granted. The county auditor shall submit a form containing the social security number of the applicant and such other information the commissioner prescribes.

Sec. 35. Minnesota Statutes 1990, section 381.12, subdivision 2, is amended to read:

Subd. 2. [EXPENSE, TAX LEVY.] ~~For the purpose of defraying the expense incurred, or to be incurred in the preservation and restoration of monuments under this section, The county board of any county may levy a tax upon all the taxable property in the county for the purpose of defraying the expense incurred, or to be incurred for:~~

(1) the preservation and restoration of monuments under this section;

(2) the preservation or establishment of control monuments for mapping activities;

(3) the modernization of county land records through the use of parcel-based land management systems; or

(4) the establishment of geographic (GIS), land (LIS), management (MIS) information systems.

Sec. 36. Minnesota Statutes 1990, section 473.388, subdivision 4, is amended to read:

Subd. 4. [FINANCIAL ASSISTANCE.] The board may grant the

requested financial assistance if it determines that the proposed service is consistent with the approved implementation plan and is intended to replace the service to the applying city or town or combination thereof by the transit commission and that the proposed service will meet the needs of the applicant at least as efficiently and effectively as the existing service.

The amount of assistance which the board may provide under this section may not exceed the sum of:

(a) the portion of the available local transit funds which the applicant proposes to use to subsidize the proposed service; and

(b) an amount of financial assistance bearing an identical proportional relationship to the amount under clause (a) as the total amount of financial assistance to the transit commission bears to the total amount of taxes collected by the board under section 473.446. The board shall pay the amount to be provided to the recipient from the assistance the board would otherwise pay to the transit commission.

For purposes of this section "available local transit funds" means 90 percent of the tax revenues which would accrue to the board from the tax it levies under section 473.446 in the applicant city or town or combination thereof.

For purposes of this section, "tax revenues" in the city or town means the sum of the following:

(1) the nondebt spread levy, which is the total of the taxes extended by application of the local tax rate for nondebt purposes on the taxable net tax capacity;

(2) the portion of the fiscal disparity distribution levy under section 473F.08, subdivision 3, attributable to nondebt purposes; and

(3) the portion of the homestead credit and agricultural credit aid and disparity reduction aid amounts under section 273.1398, subdivisions 2 and 3, attributable to nondebt purposes.

Tax revenues do not include the state feathering reimbursement under section 473.446.

Sec. 37. Minnesota Statutes 1990, section 473.711, subdivision 2, is amended to read:

Subd. 2. The metropolitan mosquito control commission shall prepare an annual budget. The budget may provide for expenditures in an amount not exceeding the property tax levy limitation determined in this subdivision. The commission may levy a tax on

all taxable property in the district as defined in section 473.702 to provide funds for the purposes of sections 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined in this subdivision. A participating county may agree to levy an additional tax to be used by the commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and commission's taxes may not exceed the county's proportionate share of the property tax levy limitation determined under this subdivision based on the ratio of its total net tax capacity to the total net tax capacity of the entire district as adjusted by section 270.12, subdivision 3. The auditor of each county in the district shall add the amount of the levy made by the district to other taxes of the county for collection by the county treasurer with other taxes. When collected, the county treasurer shall make settlement of the tax with the district in the same manner as other taxes are distributed to political subdivisions. No county shall levy any tax for mosquito, disease vectoring tick, and black gnat (*Simuliidae*) control except under sections 473.701 to 473.716. The levy shall be in addition to other taxes authorized by law and shall be disregarded in the calculation of limits on taxes imposed by chapter 275.

The property tax levied by the metropolitan mosquito control commission shall not exceed the following amount for the years specified:

(a) for taxes payable in 1988, the product of six-tenths on one mill multiplied by the total assessed valuation of all taxable property located within the district as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(b) for taxes payable in 1989, the product of (1) the commission's property tax levy limitation for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the district divided by the assessment year 1987 total market valuation of all taxable property located within the district; ~~and~~

(c) for taxes payable in 1990, 1991, and subsequent years 1992, the product of (1) the commission's property tax levy limitation for the previous year determined under this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the district for the current assessment year divided by the total market valuation of all taxable property located within the district for the previous assessment year;

(d) for taxes payable in 1993, the product of (1) the commission's certified property tax levy for the previous year determined under this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property

located within the district for the current assessment year divided by the total market valuation of all taxable property located within the district for the previous assessment year; and

(e) for taxes payable in 1994 and subsequent years, the product of (1) the commission's property tax levy limitation for the previous year determined under this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the district for the current assessment year divided by the total market valuation of all taxable property located within the district for the previous assessment year.

For the purpose of determining the commission's property tax levy limitation for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

Sec. 38. Minnesota Statutes 1990, section 473.714, is amended to read:

473.714 [COMPENSATION OF COMMISSIONERS.]

Subdivision 1. [COMPENSATION.] Except as provided in subdivision 2, each commissioner, including the officers of the commission shall be reimbursed for actual and necessary expenses incurred in the performance of duties. The chair shall be paid a per diem for attending meetings, monthly, executive, and special, and each commissioner shall be paid a per diem for attending meetings, monthly, executive, and special, which per diem shall be established by the commission; such expense reimbursement and per diem notwithstanding any other funds which such commissioners may receive from any other public body. A commissioner who receives a per diem from the commissioner's county shall not be paid a per diem for the same day by the commission for attending meetings of the commission. The annual budget of the commission shall provide as a separate account anticipated expenditures for per diem, travel and associated expenses for the chair and members, and compensation or reimbursement shall be made to the chair or members only when budgeted.

Subd. 2. [CERTAIN COMMISSIONERS.] A commissioner whose annual public salary is \$25,000 or more shall only be reimbursed for expenses related to travel.

Sec. 39. [473F.001] [CITATION.]

This chapter shall be cited as the "Charles R. Weaver metropolitan revenue distribution act."

Sec. 40. Minnesota Statutes 1990, section 473H.10, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF TAX; STATE REIMBURSEMENT.]
(a) After having determined the market value of all land valued according to subdivision 2, the assessor shall compute the ~~gross~~ net tax capacity of those properties by applying the appropriate class rates. When computing the rate of tax pursuant to section 275.08, the county auditor shall include the ~~gross~~ net tax capacity of land as provided in this clause.

(b) The county auditor shall compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the ~~gross~~ net tax capacity times the total local tax rate for all purposes as provided in clause (a).

(c) The county auditor shall then compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the net tax capacity times the total local tax rate for all purposes as provided in clause (a), subtracting \$1.50 per acre of land in the preserve.

(d) The county auditor shall then compute the maximum ad valorem property tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the ~~gross~~ net tax capacity times 105 percent of the previous year's statewide average local tax rate levied on property located within townships for all purposes.

~~(d) (e) The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause (b) or (c) or (d), whichever is less. If the gross tax in clause (e) is less than the gross tax in clause (b), The state shall reimburse the taxing jurisdictions for the amount of the difference between the net tax determined under this clause and the gross tax in clause (b). Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.~~

The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner of revenue on or before June 1 the total amount of tax lost to the county and taxing jurisdictions located within the county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county

conservation account. Payment shall be made by the state on December 15 to each of the affected taxing jurisdictions, other than school districts, in the same proportion that the ad valorem tax is distributed if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the Minnesota conservation fund under section 40A.151 to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision. If the amount available in the Minnesota conservation fund is insufficient, the balance that is needed is appropriated from the general fund.

Sec. 41. Minnesota Statutes 1990, section 488A.20, subdivision 4, is amended to read:

Subd. 4. [DISPOSITION OF FINES, FEES AND OTHER MON- EYS; ACCOUNTS.] (a) Except as otherwise provided herein and except as otherwise provided by law, the administrator shall pay to the Ramsey county treasurer all fines and penalties collected by the administrator, all fees collected for administrator's services, all sums forfeited to the court as hereinafter provided, and all other moneys received by the administrator.

(b) The administrator of court shall for each fine or penalty, provide the county treasurer with the name of the municipality or other subdivision of government where the offense was committed and the total amount of the fines or penalties collected for each such municipality or other subdivision of government.

(c) The state of Minnesota and any governmental subdivision within the jurisdictional area of the municipal court herein established may present cases for hearing before said municipal court. In the event the court takes jurisdiction of a prosecution for the violation of a statute or ordinance by the state or a governmental subdivision other than a city or town in Ramsey county, all fines, penalties and forfeitures collected shall be paid over to the county treasurer except where a different disposition is provided by law, and the following fees shall be taxed to the state or governmental subdivision other than a city or town within Ramsey county which would be entitled to payment of the fines, forfeitures or penalties in any case, and shall be paid to the administrator of the court for disposing of the matter. The administrator shall deduct the fees from any fine collected for the state of Minnesota or a governmental subdivision other than a city or town within Ramsey County and transmit the balance in accordance with the law, and the deduction of the total of the fees each month from the total of all the fines collected is hereby expressly made an appropriation of funds for payment of the fees:

(1) In all cases where the defendant is brought into court and pleads guilty and is sentenced, or the matter is otherwise disposed of without a trial.....\$5

(2) In arraignments where the defendant waives a preliminary examination.....\$10

(3) In all other cases where the defendant stands trial or has a preliminary examination by the court.....\$15

(4) The court shall have the authority to waive the collection of fees in any particular case.

(d) At the beginning of the first day of any month, the amount in the hands of the administrator which is owing to any municipality or county shall not exceed \$5,000.

(e) On or before the last day of each month, the county treasurer shall pay over to the treasurer of the city of St. Paul two-thirds and to the treasurer of each other municipality or subdivision of government in Ramsey county one-half of all fines or penalties collected during the previous month from those imposed for offenses committed within such the treasurer's municipality or subdivision of government in violation of a statute, an ordinance, charter provision, rule or regulation of a city. All other fines and forfeitures and all fees and costs collected by the county municipal court shall be paid to the treasurer of Ramsey county who shall dispense the same as provided by law.

(f) Amounts represented by checks issued by the administrator or received by the administrator which have not cleared by the end of the month may be shown on the monthly account as having been paid or received, subject to adjustment on later monthly accounts.

(g) The administrator may receive negotiable instruments in payment of fines, penalties, fees, or other obligations as conditional payments, and is not held accountable therefor but if collection in cash is made and then only to the extent of the net collection after deduction of the necessary expense of collection.

Sec. 42. [REPAYMENT.]

The city of St. Paul shall repay to Ramsey county an amount equal to the difference between the payments it receives under section 488A.20, subdivision 4, from July 1, 1992, to December 31, 1992. That amount, plus interest, must be paid over 12 equal monthly installments beginning January 31, 1993. Interest will be accrued at the average rate of return for Ramsey county's portfolio of general investments as determined by the manager of the revenue division of the Ramsey county department of taxation and records administration, using the county's normal method of calculating investment earnings on monthly balances.

Sec. 43. Laws 1991, chapter 291, article 1, section 65, is amended to read:

Sec. 65. [EFFECTIVE DATE.]

Sections 1, 4, 35, 36, 57, 58, and 62 are effective the day following final enactment.

Sections 2, 3, 11, 15 to 22, 24, 26 to 28, 30, 37 to 49, and 63 are effective for taxes levied in 1991, payable in 1992, and thereafter.

Sections 5 and 6 are effective for referenda held after November 1, 1992, for taxes payable in 1993 and thereafter.

Sections 7 and 52 are effective July 1, 1991.

Sections 8, 9 and 31 are effective for appeals filed after July 31, 1991.

Section 10 is effective ~~only~~ for taxes payable in 1992, ~~1993, 1994, and 1995~~ and thereafter.

Sections 12 and 14 are effective for taxes payable in 1993 and thereafter, except the deletion of the language "or any single contiguous lot fronting on the same street" in sections 12 and 14 shall be effective for taxes payable in 1992 and thereafter.

Section 13 is effective the day following final enactment and applies to real property acquired after December 31, 1990.

Sections 23 and 25 are effective for taxes payable in 1993 and thereafter.

Section 29 is effective for referenda for taxes payable in 1993 and thereafter.

Sections 32 and 33 are effective for taxes deemed delinquent after December 31, 1991.

Sections 50 and 51 are effective for aids payable in 1991 and thereafter.

Section 53 is effective the day after the governing body of the city of Minneapolis complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 54 is effective for the 1991 and 1992 assessment year.

Section 59 is effective the day after the governing body of independent school district No. 325, Lakefield, complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 60 is effective the day after the governing body of independent school district No. 77, Mankato, complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 61 is effective the day after the governing body of independent school district No. 284, Wayzata, complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 44. [SPECIAL SERVICE DISTRICT; CITY OF HUTCHINSON.]

Subdivision 1. [SPECIAL SERVICES DEFINED.] For purposes of this section, "special services" means all services rendered or contracted for by the city of Hutchinson, including, but not limited to:

(1) the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) parking services rendered or contracted for by the city;

(3) development and promotional services rendered or contracted for by the city; and

(4) any other service or improvement provided by the city or development authority that is authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.] The governing body of the city of Hutchinson may adopt an ordinance establishing a special service district to be operated by the city of Hutchinson. Minnesota Statutes, chapter 428A, governs the establishment and operation of special service districts in the city.

Sec. 45. [DULUTH; TECHNICAL COLLEGE STUDENT HOUSING; PROPERTY TAX EXEMPTION.]

Subdivision 1. [EXEMPTION.] As provided in this section, qualified student housing at the Duluth technical college is exempt from ad valorem property taxation. In order to qualify for the exemption, the requirements in subdivisions 2 to 6 must be met.

Subd. 2. [FINDING OF NEED.] Before authorizing a project qualifying under this section, the state board of technical colleges must find (1) that an adequate supply of appropriate housing is not available to students of the technical college, (2) that there is significant demand for housing by students of the technical college,

and (3) that the private market is unable to satisfy this demand either at affordable prices or in a reasonable time.

Subd. 3. [LOCATED ON LEASED PUBLIC LAND.] The student housing must be located on land owned by the technical college, the school district, or the state board of technical colleges that is leased to a private or nonprofit entity. The lease must provide for nominal rent.

Subd. 4. [NEW OR REHABILITATED UNITS ONLY.] The qualified student housing must consist of dwelling units that either were constructed or substantially rehabilitated after the project is approved by the state board.

Subd. 5. [CONTRACT WITH DEVELOPER.] The state board must enter into a contract with the developer or landlord of the qualified student housing project. This contract must provide that the reduced costs of the development resulting from the property tax exemption and leased land at a nominal rent will be reflected in lower rents for student tenants. The contract must also provide a reasonable system of giving priority to students in renting the dwelling units. The contract may include any other provisions that the board determines to be reasonable and appropriate, including provisions to monitor or ensure that priority is given to students in renting, that the student rents reflect the lower costs, or that special services are available to student tenants.

Subd. 6. [MINIMUM STUDENT OCCUPANCY REQUIRED.] A student housing project qualifies for exemption under this section only if more than 50 percent of the units are occupied during the year by students of the technical college or other post-secondary institutions. For purposes of this section, a student must be enrolled in a certificate or degree program to qualify.

Subd. 7. [EXPIRATION.] This section applies to student housing approved by the state board before January 1, 1997. The property tax exemption for a student housing development is limited to 20 years from the date of first occupancy. This section expires January 1, 2018.

Subd. 8. [EFFECTIVE DATE.] This section is effective the day after the governing body of the city of Duluth complies with Minnesota Statutes, section 645.021, subdivision 3, and applies beginning for property taxes assessed in 1993, and payable in 1994.

Sec. 46. [THIEF RIVER FALLS; TECHNICAL COLLEGE STUDENT HOUSING; PROPERTY TAX EXEMPTION.]

Subdivision 1. [EXEMPTION.] As provided in this section, qualified student housing at the Thief River Falls technical college is

exempt from ad valorem property taxation. In order to qualify for the exemption, the requirements in subdivisions 2 to 6 must be met.

Subd. 2. [FINDING OF NEED.] Before authorizing a project qualifying under this section, the state board of technical colleges must find (1) that an adequate supply of appropriate housing is not available to students of the technical college, (2) that there is significant demand for housing by students of the technical college, and (3) that the private market is unable to satisfy this demand either at affordable prices or in a reasonable time.

Subd. 3. [LOCATED ON LEASED PUBLIC LAND.] The student housing must be located on land owned by the technical college, the school district, or the state board of technical colleges that is leased to a private or nonprofit entity. The lease must provide for nominal rent.

Subd. 4. [NEW OR REHABILITATED UNITS ONLY.] The qualified student housing must consist of dwelling units that either were constructed or substantially rehabilitated after the project is approved by the state board.

Subd. 5. [CONTRACT WITH DEVELOPER.] The state board must enter into a contract with the developer or landlord of the qualified student housing project. This contract must provide that the reduced costs of the development resulting from the property tax exemption and leased land at a nominal rent will be reflected in lower rents for student tenants. The contract must also provide a reasonable system of giving priority to students in renting the dwelling units. The contract may include any other provisions that the board determines to be reasonable and appropriate, including provisions to monitor or ensure that priority is given to students in renting, that the student rents reflect the lower costs, or that special services are available to student tenants.

Subd. 6. [MINIMUM STUDENT OCCUPANCY REQUIRED.] A student housing project qualifies for exemption under this section only if more than 50 percent of the units are occupied during the year by students of the technical college or other post-secondary institutions. For purposes of this section, a student must be enrolled in a certificate or degree program to qualify.

Subd. 7. [EXPIRATION.] This section applies to student housing approved by the state board before January 1, 1997. The property tax exemption for a student housing development is limited to 20 years from the date of first occupancy. This section expires January 1, 2018.

Subd. 8. [EFFECTIVE DATE.] This section is effective the day after the governing body of the city of Thief River Falls complies

with Minnesota Statutes, section 645.021, subdivision 3, and applies beginning for property taxes assessed in 1993, and payable in 1994.

Sec. 47. [PROPERTY ACQUIRED FROM ELECTRIC COOPERATIVE.]

Subdivision 1. [PROPERTY EXEMPTION.] Property owned by a cooperative association, as defined in Minnesota Statutes, section 273.40, that is purchased by a public utility, as defined in Minnesota Statutes, section 216B.02, remains exempt from property taxes, if the property:

(1) was exempt under Minnesota Statutes, section 272.02, subdivision 1, clause (18), or section 273.41 when it was owned by the cooperative association; and

(2) is located in St. Louis, Koochiching, Itasca, and Lake counties.

This exemption applies for three assessment years from the date of purchase. The tax under Minnesota Statutes, section 273.41, continues to apply during the three-year exemption period. The rates charged by the public utility must reflect the property tax exemption provided under this section.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective in St. Louis, Koochiching, Itasca, and Lake counties the day after the governing body of the county complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 48. [HENNEPIN COUNTY; PROPERTY TAX EXEMPTION.]

Subdivision 1. [EXEMPTION.] Notwithstanding the time requirements of Minnesota Statutes, section 272.02, subdivision 4, paragraph (b), for taxes levied in 1991, payable in 1992, the governing body of Hennepin county may grant a property tax exemption for property that (1) meets the requirements of exempt property under Minnesota Statutes, section 272.02, subdivision 4, paragraph (b), except for the July 1 date; (2) was an athletic facility classified as class 3 commercial and industrial property on January 2, 1991; and (3) was acquired during 1991 by a church.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of Hennepin county.

Sec. 49. [TRANSFERRING CLOSED ARMORIES.]

Notwithstanding Minnesota Statutes 1990, section 193.36, an armory that is mustered out of the service of the state and is closed

by the adjutant general between the effective date of this act and July 1, 1994, must be disposed of as provided in this act.

An armory subject to this section must be offered for sale to the municipality or county within which it is located for the price of \$1. In the event that both the municipality and the county desire to purchase the armory, the municipality must be given first priority to purchase the armory. If the municipality or county does not agree to purchase the armory after a reasonable opportunity, the adjutant general shall dispose of the property as provided in Minnesota Statutes 1990, section 193.36. The adjutant general shall dispose of any receipts from the sale of the property as provided in Minnesota Statutes 1990, section 193.36, subdivision 2.

Sec. 50. [PLANNING AND REMODELING GRANTS.]

\$25,000 for each armory sold or disposed of under this section is appropriated from the general fund to the department of military affairs for fiscal year 1993 for the purpose of providing grants to municipalities or counties that purchase closed armories under section 49. A grant of up to \$25,000 must be provided to each municipality or county purchasing an armory. These grants must be used by the municipality or county for preparing this property for any purpose deemed acceptable by the acquiring municipality or county. The commissioner of military affairs shall consult with representatives of the acquiring municipalities and counties in adopting rules for the distribution of the grants.

Sec. 51. [LIMITATION; LIABILITY.]

A municipality or county does not become responsible for responding to the presence of a hazardous substance or pollutant or contaminant in or on property associated with an armory under Minnesota Statutes, chapter 115B, solely because it takes ownership of an armory under sections 49 to 51.

Sec. 52. [WATERSHED DISTRICT LEVIES.]

(a) The Nine Mile Creek watershed district, the Riley-Purgatory Bluff Creek watershed district, the Minnehaha Creek watershed district, the Coon Creek watershed district, and the Lower Minnesota River watershed district may levy in 1992 and thereafter a tax not to exceed \$200,000 on property within the district for the administrative fund. The levy authorized under this section is in lieu of section 103D.905, subdivision 3. The administrative fund shall be used for the purposes contained in Minnesota Statutes, section 103D.905, subdivision 3. The board of managers shall make the levy for the administrative fund in accordance with Minnesota Statutes, section 103D.915.

(b) The Wild Rice watershed district may levy, for taxes payable in 1993, 1994, 1995, 1996, and 1997, an ad valorem tax not to exceed \$200,000 on property within the district for the administrative fund. The additional \$75,000 above the amount authorized in Minnesota Statutes, section 103D.905, subdivision 3, must be used for costs incurred in connection with cost-sharing projects with the United States Army Corps of Engineers. The board of managers shall make the levy for the administrative fund in accordance with Minnesota Statutes, section 103D.915.

Sec. 53. [CITY OF OTSEGO; EXCESS LEVY PENALTY ABATEMENT.]

The excess levy amount of \$63,707, levied in 1990, for taxes payable in 1991, by the city of Otsego, Wright county, is exempt from the penalties imposed under Minnesota Statutes, sections 275.51, subdivision 4, and 275.55.

This section is effective the day after approval by the Otsego city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 54. [STUDY OF SINGLE-USE PROPERTY.]

For the purposes of providing information to the legislature, the commissioner of revenue shall survey selected county assessors to obtain information on the number and types of single-use industrial real estate properties in the state. For purposes of the survey, the commissioner of revenue shall develop a definition of single-use industrial real estate property in consultation with the chairs of the house and senate tax committees and county assessors. The commissioner shall make a report on the findings of the survey to the chairs of the house and senate tax committees prior to the 1993 legislative session.

Sec. 55. [STUDY OF HOMESTEAD CLAIMS.]

The commissioner of revenue shall study alternative methods for identifying improper claims for homestead classification and the extent to which improper claims have been made. The commissioner shall report the findings to the chairs of the house and senate tax committees by January 1993.

Sec. 56. [STUDY ON ECONOMICS ON RENTAL HOUSING.]

The Minnesota housing finance agency, in cooperation with the department of revenue, shall study the effect of property tax policy on the economics of the long-term affordability of rental housing, maintenance of current rental housing stock, and the changing demographics of renters. The agency shall convene a task force of

representatives of interested groups to advise the agency on the study. The agency and the department shall use appropriate research resources, including the University of Minnesota. The agency shall report to the governor and the legislature by February 15, 1993.

Sec. 57. [STUDY OF VALUATION OF MANUFACTURED HOME PARKS.]

The department of revenue in consultation with the assessors and the house and senate tax staff shall study the valuation of manufactured home parks and shall make recommendations concerning the most equitable and efficient methods of valuation to the chairs of the house and senate tax committees by January 15, 1993.

Sec. 58. [REGIONAL TRANSIT BOARD AID.]

Notwithstanding Minnesota Statutes, section 473.446, subdivision 1, clause (3), for aids relating to taxes payable in 1992, no aid shall be paid to the regional transit board in 1992 for aid that was not used to reduce the levy extended against individual parcels as the result of a county auditor's error in taxes payable in 1992.

Aids payable to the regional transit board in 1993 under section 473.446 shall be adjusted to include the actual amount of aids not paid in 1992 under this section provided that the county auditor reduces property taxes payable in 1993 by this amount.

Sec. 59. Laws 1991, chapter 291, article 1, section 65, is amended to read:

Sec. 65. [EFFECTIVE DATE.]

Sections 1, 4, 28, 35, 36, 57, 58, and 62 are effective the day following final enactment.

Sections 2, 3, 11, 15 to 22, 24, 26 ~~to 28~~, 27, 30, 37 to 49, and 63 are effective for taxes levied in 1991, payable in 1992, and thereafter.

Sections 5 and 6 are effective for referenda held after November 1, 1992, for taxes payable in 1993 and thereafter.

Sections 7 and 52 are effective July 1, 1991.

Sections 8, 9 and 31 are effective for appeals filed after July 31, 1991.

Section 10 is effective only for taxes payable in 1992, 1993, 1994, and 1995.

Sections 12 and 14 are effective for taxes payable in 1993 and thereafter, except the deletion of the language "or any single contiguous lot fronting on the same street" in sections 12 and 14 shall be effective for taxes payable in 1992 and thereafter.

Section 13 is effective the day following final enactment and applies to real property acquired after December 31, 1990.

Sections 23 and 25 are effective for taxes payable in 1993 and thereafter.

Section 29 is effective for referenda for taxes payable in 1993 and thereafter, except that any city or county that conducted a referendum prior to May 1, 1992, and had publicly advertised to its property owners using levy amounts that, if adopted, reflect net tax capacity, is exempt from this provision with regards to that referendum. If the city or county intends to levy the tax on net tax capacity under section 29, it must certify to the commissioner of revenue the information necessary for the commissioner to determine that the requirements of this exception have been met.

Sections 32 and 33 are effective for taxes deemed delinquent after December 31, 1991.

Sections 50 and 51 are effective for aids payable in 1991 and thereafter.

Section 53 is effective the day after the governing body of the city of Minneapolis complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 54 is effective for the 1991 and 1992 assessment year.

Section 59 is effective the day after the governing body of independent school district No. 325, Lakefield, complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 60 is effective the day after the governing body of independent school district No. 77, Mankato, complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 61 is effective the day after the governing body of independent school district No. 284, Wayzata, complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 60. [REPEALER.]

(a) Minnesota Statutes 1991 Supplement, section 273.124, subdivision 15, is repealed.

(b) Minnesota Statutes 1991 Supplement, section 271.04, subdivision 2, is repealed.

(c) Laws 1991, chapter 291, article 15, section 9, is repealed.

Sec. 61. [EFFECTIVE DATES.]

Sections 2 to 4, 9, 13, 17, 18, 20, 25, 35, 36, 40, and 60, paragraph (a), are effective for property taxes levied in 1992, payable in 1993, and thereafter.

Section 5 is effective beginning with the 1992 sales ratio study.

Sections 6, 10, 11, 15, 16, 31, 45, and 46 are effective for property taxes levied in 1993, payable in 1994, and thereafter.

Sections 7, 8, 24 and 60, paragraph (b), are effective for hearings scheduled by the court after January 1, 1993.

Section 14 is effective the day following final enactment and applies to property taxes payable in 1993 and thereafter by property for which leasehold cooperative status had been claimed before or after the effective date.

Section 18 is effective for assessment year 1992 and thereafter, for taxes payable in 1993 and thereafter, provided that for the assessment year 1992, for taxes payable in 1993, the January 15, 1992, certification date in section 18 is extended to June 15, 1992.

Section 22 is effective for referenda for taxes payable in 1993 and thereafter.

Sections 27 to 29, 39, 43, 49 to 51, 54 to 58 and 60, paragraph (c), are effective the day following final enactment.

Section 34 is effective for abatements granted in 1992 and thereafter.

Sections 41 and 42 are effective for collections made July 1, 1992, and thereafter.

Section 59 is effective the day following final enactment and applies as provided in that section.

ARTICLE 3

PROPOSED AND FINAL TAX NOTICES

Section 1. Minnesota Statutes 1991 Supplement, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before ~~December~~ September 1, 1989, and October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government. The aids provided in subdivisions 2, 2b, 3, and 5 must be paid to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions, except that the first one-half payment of disparity reduction aid provided in subdivision 3 must be paid on or before August 31. The disparity reduction credit provided in subdivision 4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax.

Sec. 2. Minnesota Statutes 1991 Supplement, section 275.065, subdivision 1, is amended to read:

Subdivision 1. [PROPOSED LEVY.] Notwithstanding any law or charter to the contrary, on or before September 15, each taxing authority, other than a school district, shall adopt a proposed budget and each taxing authority shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year. If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 15, the city shall be deemed to have certified its levies for those taxing jurisdictions. For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts. The commissioner of revenue shall determine what constitutes a special taxing district for purposes of this section. Intermediate school districts that levy a tax under chapter 136D, joint powers boards established under sections 124.491 to 124.495, and common school districts No. 323, Franconia, and No. 815, Prinsburg, are special taxing districts for purposes of this section.

Sec. 3. Minnesota Statutes 1990, section 275.065, subdivision 1a, is amended to read:

Subd. 1a. [OVERLAPPING JURISDICTIONS.] In the case of a taxing authority lying in two or more counties, the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by September 20 for taxes levied in 1990, and thereafter, and the proposed local tax rate by September 5 for taxes levied in 1991, and thereafter, for counties containing a city of the first class. The home county auditor must estimate the levy or rate in preparing the notices required in subdivision 3, if the other county has not certified the appropriate information. If requested by the home county auditor, the other county auditor must furnish an estimate to the home county auditor.

Sec. 4. Minnesota Statutes 1991 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver on or before after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year as required in paragraph (d) or (e) and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail.

(d) Except as provided in paragraph (e), for taxes levied in 1990 and 1991, the notice must state by county, city or town, and school district:

(1) the total proposed or, for a town, final property tax levy for taxes payable the following year after reduction for state aid;

(2) the percentage increase or decrease from the actual property tax levy for taxes payable in the current year; and

(3) for counties, cities, and towns, the increase or decrease in population from the second previous calendar year to the immediately prior calendar year, and for school districts, the increase or

decrease in the number of pupils in average daily membership from the current school year to the immediately following school year as determined by the commissioner of education. The data used to determine the increase or decrease in population under this clause must be the data used for purposes of the population adjustment to the levy limit base of the county, city, or town under section 275.51, subdivision 6.

For notices which are not parcel-specific, the notice must also state a total percentage increase or decrease in the proposed levy, relative to the actual property tax levy for taxes payable in the current year for the county, city or town, and school district. The county auditor shall compute the total percentage increase or decrease as an average percentage change weighted in proportion to each taxing jurisdiction's proportion of the total levy.

For purposes of this paragraph, "proposed property taxes after reduction for state aid" means the taxing authority's levy certified under section 275.07, subdivision 1.

(c) In the case of a county containing a city of the first class, or taxing authority lying wholly within a county or counties containing a city of the first class, for taxes levied in 1991, and thereafter, and for all counties for taxes levied in 1992 and thereafter, The notice must state for each parcel:

(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.

~~(4)~~ (e) The notice must clearly state that the proposed or final taxes do not include the following:

- (1) special assessments;
- (2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;
- (3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;
- (4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and
- (5) any additional amount levied in lieu of a local sales and use tax, unless this amount is included in the proposed or final taxes.

~~(g)~~ (f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

- (1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or
- (2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 13 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 5. Minnesota Statutes 1990, section 275.065, subdivision 4, is amended to read:

Subd. 4. [COSTS.] If the reasonable cost of the county auditor's services and the cost of preparing and mailing the notice required in this section exceed the amount distributed to the county by the commissioner of revenue to administer this section, the taxing authority must reimburse the county for the excess cost. The excess cost must be apportioned between taxing jurisdictions as follows:

(1) one-third is allocated to the county;

(2) one-third is allocated to cities and towns within the county; and

(3) one-third is allocated to school districts within the county.

The amounts in clause (2) must be further apportioned among the cities and towns in the proportion that the population number of parcels in the city and town bears to the population number of parcels in all the cities and towns within the county. The amount in clause (3) must be further apportioned among the school districts in the proportion that the number of pupils parcels in the school district bears to the number of pupils parcels in all school districts within the county.

Sec. 6. Minnesota Statutes 1991 Supplement, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city that has a population of more than 1,000, county, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or, in the case of a school district, to review its current budget and proposed property taxes payable in the following year, at a public hearing. The notice must be published not less than two business days nor more than six business days before the hearing.

For a city that has a population of more than 1,000 but less than 2,500 the advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper; ~~and. The headlines first headline~~ in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 14-point, ~~and the second headline must be in a type no smaller than 12-point.~~ The text of the advertisement must be no smaller than ~~12-point~~ 10-point, except that the property tax amounts and percentages may be in ~~10-point~~ 9-point type.

For a city that has a population of 2,500 or more, a county or a school district, ~~the advertisement must be at least one-quarter page in size of a standard-size or a tabloid-size newspaper, and the headlines first headline~~ in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in

a type no smaller than 30-point, and the second headline must be in a type no smaller than 22-point. The text of the advertisement must be no smaller than ~~22-point~~ 14-point, except that the property tax amounts and percentages may be in ~~14-point~~ 12-point type.

The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

(b) The advertisement must be in the following form, except that the notice for a school district may include references to the current budget in regard to proposed property taxes.

“NOTICE OF
PROPOSED PROPERTY TAXES
(City/County/School District) of

The governing body of will soon hold budget hearings and vote on the property taxes for (city/county services that will be provided in 199___/school district services that will be provided in 199___ and 199___).

The property tax amounts below compare current (city/county/school district) property taxes and the property taxes that would be collected in 199___ if the budget now being considered is approved.

199___ Property Taxes	Proposed 199___ Property Taxes	199___ Increase or Decrease
\$.....	\$.....%

NOTICE OF PUBLIC HEARING:

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (city/county/school district) budget and property taxes, or in the case of a school district, its current budget and proposed property taxes, payable in the following year. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address).

A continuation of the hearing, if necessary, will be held on (Month/Day/Year) at (Time) at (Location, Address).

Written comments may be directed to (Address).”

(c) A city with a population of 1,000 or less must advertise by posted notice as defined in section 645.12, subdivision 1. The advertisement must be posted at the time provided in paragraph (a). It must be in the form required in paragraph (b).

(d) For purposes of this subdivision, the population of a city is the most recent population as determined by the state demographer under section ~~116K.04~~, subdivision 4 4A.02.

Sec. 7. Minnesota Statutes 1991 Supplement, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November ~~15~~ 29 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to review its current budget and adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124.82, subdivision 3, 124A.03, subdivision 2, or 124B.03, subdivision 2, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters under section 275.58 after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if

the amount is approved by the commissioner of revenue under subdivision 6a;

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified; and

(7) if not included in the certified levy, any additional amount levied pursuant to section 275.51, subdivision 7, paragraph (b).

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The governing body of a county shall hold its hearing on the first Tuesday in December each year. The county auditor shall provide for the coordination of hearing dates for all taxing authorities cities and school districts within the county.

~~By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with the county hearing dates or with those elected by or assigned to the counties and school districts in which the city is located.~~

The county hearing dates ~~so elected or assigned~~ and the city and school district hearing dates must be designated on the notices required under subdivision 3. The continuation dates need not be stated on the notices.

This subdivision does not apply to towns and special taxing districts.

Sec. 8. Minnesota Statutes 1990, section 275.125, subdivision 10, is amended to read:

Subd. 10. [CERTIFICATION OF LEVY LIMITATIONS.] By ~~August 15~~ September 1, the commissioner shall notify the school districts of their levy limits. The commissioner shall certify to the county auditors the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to subdivision 15 as well as adjustments to final pupil unit counts.

A school district may require the commissioner to review the certification and to present evidence in support of modification of the certification.

The county auditor shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may, at the discretion of the school district, be spread over two calendar years.

Sec. 9. [REPEALER.]

Minnesota Statutes 1990, section 275.065, subdivision 1b, is repealed.

Sec. 10. [EFFECTIVE DATE.]

Sections 2 to 9 are effective for taxes levied in 1992, payable in 1993, and thereafter. Section 1 is effective for aids paid in 1993 and thereafter.

ARTICLE 4

PROPERTY TAXES: ADMINISTRATIVE AND TECHNICAL

Section 1. Minnesota Statutes 1991 Supplement, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX RATE.] The commissioner of ~~revenue~~ shall establish the general education tax rate and ~~certify it to the commissioner of education~~ by July 1 of each year

for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate shall be the rate that raises \$916,000,000 for fiscal year 1993 and \$961,800,000 for fiscal year 1994 and later fiscal years. The general education tax rate ~~certified by the commissioner of revenue~~ may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified established.

Sec. 2. Minnesota Statutes 1990, section 270.075, subdivision 1, is amended to read:

Subdivision 1. The commissioner shall determine the rate of tax to be levied and collected against the net tax capacity as determined pursuant to section 270.074, subdivision 2, to generate revenues of ~~\$7,500,000 from taxes levied in assessment year 1987 and payable in 1988 and revenues of \$7,900,000 from taxes levied in 1988 and payable in 1989. Thereafter the legislature shall annually establish the amount of revenue to be generated from a tax on sufficient to fund the~~ airflight property tax portion of each year's state airport fund appropriation, as certified to the commissioner by the commissioner of transportation. The property tax portion of the state airport fund appropriation is the difference between the total fund appropriation and the estimated total fund revenues from other sources for the state fiscal year in which the tax is payable. If a levy amount has not been certified by September 1 of a levy year, the commissioner shall use the last previous certified amount to determine the rate of tax.

Sec. 3. Minnesota Statutes 1990, section 273.1104, subdivision 1, is amended to read:

Subdivision 1. The term value as applied to iron ore in sections 273.165, subdivision 2, and 273.13, subdivision 31, shall be deemed to be ~~three times~~ the present value of future income or the minimum value as established by the commissioner notwithstanding the provisions of section 273.11. The present value of future income shall be determined by the commissioner of revenue in accordance with professionally recognized mineral valuation practice and procedure. Nothing contained herein shall be construed as requiring any change in the method of determining present value of iron ore utilized by the commissioner prior to the enactment hereof or as limiting any remedy presently available to the taxpayer in connection with the commissioner's determination of present value, or precluding the commissioner from making subsequent changes in the present worth formula.

Sec. 4. Minnesota Statutes 1991 Supplement, section 273.13,

subdivision 25, as amended by Laws 1992, chapter 363, article 1, section 12, subdivision 1, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a class rate of 3.5 percent of market value for taxes payable in 1992, and 3.4 percent of market value for taxes payable in 1993 and thereafter.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act or the Minnesota housing finance agency law of 1971, as amended, or rules promulgated by the agency and financed by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules adopted by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construc-

tion or substantial rehabilitation, or for the original term of the loan.

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited to a term of 15 years.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents unless the owner of the property elects to have the property assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for valuation under Laws 1991, chapter 291, article 1, section 55. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units. This clause applies only to the property of a nonprofit or limited dividend entity.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income

family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics:

- (a) it is a nonprofit corporation organized under chapter 317A;
 - (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws;
 - (c) it limits membership with voting rights to residents of the designated community; and
 - (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and
- (5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used, or available for use for residential occupancy, and a fee is charged for residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts;
- (6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or

educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

(8) manufactured home parks as defined in section 327.14, subdivision 3.

Class 4c property has a class rate of 2.3 percent of market value, except that each parcel of seasonal residential recreational property not used for commercial purposes under clause (5) has a class rate of 2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter, the first \$72,000 of market value on each parcel has a class rate of two percent and the market value of each parcel that exceeds \$72,000 has a class rate of 2.5 percent.

(d) Class 4d property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the Farmers Home Administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the Farmers Home Administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. Classification under this clause is only available to property of a nonprofit or limited dividend entity.

(2) For taxes payable in 1992, 1993 and 1994, only, buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the Federal National Mortgage Association, provided the occupant's income is no greater than 60 percent of the county or area median income, adjusted for family size and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) For taxes payable in 1992, 1993 and 1994, only, federally acquired buildings under four units and appurtenances, together with the land upon which they are located that is leased to a nonprofit corporation organized under chapter 317A that qualifies for tax exempt status under United States Code, title 26, section 501(c), or a housing and redevelopment authority authorized under sections 469.001 to 469.047; the purpose of the lease must be to allow the nonprofit corporation to provide transitional housing for homeless persons under the program established in Code of Federal Regulations, title 55, section 55 Federal Register 49489. As used in this clause, "transitional housing" has the meaning given in section 268.38, subdivision 1, except that the two-year restriction does not apply. If the property is purchased from the federal government by the nonprofit corporation for the purpose of continuing to provide transitional housing after the expiration of the lease, the property shall continue to be eligible for this classification. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the county assessor to determine qualification under this clause. Property qualifying under this clause in 1992, 1993, or 1994 continues to receive a two percent class rate until the five-year lease has expired provided that the property continues to be used for the purposes as described in this clause.

Class 4d property has a class rate of two percent of market value.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (3); paragraph (c), clause (1), (2), (3), or (4), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 5. Minnesota Statutes 1991 Supplement, section 273.13, subdivision 33, is amended to read:

Subd. 33. [CLASSIFICATION OF UNIMPROVED PROPERTY.]
(a) Except as provided in paragraph (b), real property that is not improved with a structure and that is not used as part of a commercial or industrial activity must be classified and assessed according to its highest and best use permitted under the local zoning ordinance. If the ordinance permits more than one use, the land must be classified and assessed according to the highest and best use permitted under the ordinance. If no such ordinance exists, the assessor shall consider the most likely potential use of the vacant unimproved land based upon the use made of surrounding land or land in proximity to the vacant unimproved land.

(b) Real property that is not improved with a structure and is in commercial, industrial, or agricultural use under section 273.13, must be classified according to its actual use.

Sec. 6. Minnesota Statutes 1990, section 273.135, subdivision 2, is amended to read:

Subd. 2. For taxes payable in 1990 and subsequent years, The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the

effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(c) The maximum reduction of the tax is \$225.40 on property described in clause (a) and \$200.10 on property described in clause (b), for taxes payable in 1985. These maximum amounts shall increase by \$15 times the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

For the purposes of this subdivision, "homestead credit equivalency percentage" means one minus the ratio of the net class rate to the gross class rate applicable to the first ~~\$68,000~~ \$72,000 of the market value of residential homesteads, "effective tax rate" means tax divided by the market value of a property, and the "base year effective tax rate" means the payable 1988 tax on a property with an identical market value to that of the property receiving the credit in the current year after the application of the credits payable under Minnesota Statutes 1988, section 273.13, subdivisions 22 and 23, and this section, divided by the market value of the property.

Sec. 7. Minnesota Statutes 1990, section 273.1391, subdivision 2, is amended to read:

Subd. 2. ~~For taxes payable in 1990 and subsequent years,~~ The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the tax on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10. The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief

area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the tax, but not to exceed the maximums specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(c) The maximum reduction of the tax is \$200.10 for taxes payable in 1985. This maximum amount shall increase by \$15 multiplied by the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

For the purposes of this subdivision, "homestead credit equivalency percentage" means one minus the ratio of the net class rate to the gross class rate applicable to the first ~~\$68,000~~ \$72,000 of the market value of residential homesteads, and "effective tax rate" means tax divided by the market value of a property, and the "base year effective tax rate" means the payable 1988 tax on a property with an identical market value to that of the property receiving the credit in the current year after application of the credits payable under Minnesota Statutes 1988, section 273.13, subdivisions 22 and 23, and this section, divided by the market value of the property.

Sec. 8. Minnesota Statutes 1991 Supplement, section 273.1398, subdivision 7, is amended to read:

Subd. 7. [APPROPRIATION.] An amount sufficient to pay the aids and credits provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity is annually appropriated from the general fund to the commissioner of revenue education.

Sec. 9. Minnesota Statutes 1991 Supplement, section 273.1399, is amended to read:

273.1399 [REDUCTION IN STATE TAX INCREMENT FINANCING AID.]

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

(a) "Qualifying captured net tax capacity" means the following amounts:

(1) the captured net tax capacity of a new or the expanded part of

an existing economic development or soils condition tax increment financing district, other than a qualified manufacturing district, for which certification was requested after April 30, 1990;

(2) the captured net tax capacity of a qualified manufacturing district, multiplied by the following percentage based on the number of years that have elapsed since the ~~district was first certified (measured from January 2 immediately preceding certification~~ assessment year of the original net tax capacity). In no case may the final amounts be less than zero or greater than the total captured net tax capacity of the district:

Number of Years	Percentage
1	0
2	20
3	40
4	60
5	80
6 or more	100;

(3) the captured net tax capacity of a new or the expanded part of an existing tax increment financing district, other than an economic development or soils condition district, for which certification was requested after April 30, 1990, multiplied by the following percentage based on the number of years that have elapsed since the ~~district was first certified (measured from January 2 immediately preceding certification~~ assessment year of the original net tax capacity). In no case may the final amounts be less than zero or greater than the total captured net tax capacity of the district.

Number of years	Renewal and Renovation Districts	All other Districts
0 to 5	0	0
6	12.5	6.25
7	25	12.5
8	37.5	18.75
9	50	25
10	62.5	31.25
11	75	37.5
12	87.5	43.75
13	100	50
14	100	56.25
15	100	62.5
16	100	68.75
17	100	75
18	100	81.25
19	100	87.5
20	100	93.75
21 or more	100	100

In the case of a hazardous substance subdistrict, the number of years must be measured from the date of certification of the subdistrict for purposes of the additional captured net tax capacity resulting from the reduction in the subdistrict's or site's original net tax capacity.

(b) The terms defined in section 469.174 have the meanings given in that section.

(c) "Qualified manufacturing district" means an economic development district that qualifies under section 469.176, subdivision 4c, paragraph (a), without regard to clauses (2) and (4), for which certification was requested after June 30, 1991, located in a home rule charter or statutory city that (1) has a population under 10,000 according to the last federal census and (2) is wholly located outside of a metropolitan statistical area as determined by the United States Office of Management and Budget.

Subd. 2. [REPORTING.] The county auditor shall calculate the qualifying captured net tax capacity amount for each municipal part of each school district in the county and report the amounts to the commissioner of revenue at the time and in the manner prescribed by the commissioner.

Subd. 3. [CALCULATION OF EDUCATION AIDS.] For each school district containing qualifying captured net tax capacity, the commissioner of education shall compute a hypothetical state aid amount that would be paid to the school district if the qualifying captured net tax capacity were divided by the sales ratio and included in the school district's adjusted tax capacity for purposes of calculating equalized levies as defined in section 273.1398, subdivision 2a, and associated state aids. The commissioner of education shall notify the commissioner of revenue of the difference between the actual aid paid and the hypothetical aid amounts calculated for each school district, broken down by the municipality that approved the tax increment financing district containing the qualifying captured net tax capacity. The resulting amount is the reduction in state tax increment financing aid.

Subd. 4. [EQUALIZATION FACTOR.] The amount of the reduction in state tax increment financing aid equals the amount determined under subdivision 3 less

(1) 75 percent of the excess, if any, of the amount determined under subdivision 3, over

(2) .05 times the municipality's net tax capacity, divided by the sales ratio.

Subd. 5. [LOCAL GOVERNMENT AIDS; HOMESTEAD AND

AGRICULTURAL AID CALCULATIONS.] (a) The reduction in state tax increment financing aid for a municipality must be deducted first from the local government aids to be paid to the municipality. If the deduction exceeds the amount of the local government aid, the rest must be deducted from the homestead and agricultural credit aid to be paid to the municipality.

(b) The amount of qualifying captured net tax capacity must be included in adjusted net tax capacity for purposes of computing the local government aid of the municipality that approved the tax increment financing district.

Sec. 10. Minnesota Statutes 1990, section 274.20, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The term "total gross taxes" means the total gross taxes levied on manufactured homes assessed pursuant to section 274.19 in a unique taxing jurisdiction as defined in section 273.1398 before reduction by any credits for taxes in 1989. For aid payable in 1991 and subsequent years total gross taxes for 1989 shall be multiplied by the cost of living adjustment factor as defined in section 273.1398.

(b) "Local tax rate" means the total local tax rate for taxes payable in 1989 within a unique taxing jurisdiction.

(c) "Total net tax capacity" means the net tax capacities as defined in section 273.1398 of all manufactured homes assessed pursuant to section 274.19 except the market value used shall be for the assessment one year prior to that in which aid is payable.

(d) "Subtraction factor" means the product of (i) a unique taxing jurisdiction's local tax rate; (ii) its total net tax capacity; and (iii) 0.9767. "Current local tax rate" has the meaning given in section 273.1398, subdivision 1.

(b) "Growth adjustment factor" means the growth adjustment factor used in the calculation of homestead and agricultural credit aid for the payable year in which the manufactured home homestead and agricultural credit aid is payable.

(c) "Net tax capacity" means the product of (1) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1993 the class rate applicable to class 4a shall be 3.5 percent; and the class rate applicable to class 4b shall be 3.5 percent; and for aid payable in 1994 the class rate applicable to class 4b shall be 2.4 percent, and (2) estimated market values of manufactured homes assessed under section 274.19 for the assessment one year prior to that in which the aid is payable. "Total net tax capacity" means the net tax capacities for all manufactured homes within the

taxing district assessed under section 274.19. Net tax capacity cannot be less than zero.

(d) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the taxing district's current local tax rate. The net tax capacity adjustment cannot be less than zero.

(e) "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values of manufactured homes assessed under section 274.19 for the assessment one year prior to that in which the aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all manufactured homes within the taxing district assessed under section 274.19. Previous net tax capacity cannot be less than zero.

Sec. 11. Minnesota Statutes 1990, section 274.20, subdivision 2, is amended to read:

Subd. 2. [MANUFACTURED HOME HOMESTEAD AND AGRICULTURAL CREDIT AID.] For each calendar year, the manufactured home homestead and agricultural credit aid for each unique taxing jurisdiction equals total gross taxes minus the unique taxing jurisdiction's subtraction factor manufactured home homestead and agricultural credit aid determined under this subdivision for the preceding aid payable year times the growth adjustment factor for the jurisdiction plus the net tax capacity adjustment for the jurisdiction. The aid shall be allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bear to the total gross taxes. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment will not be made to any taxing jurisdiction that has ceased to levy a property tax.

Sec. 12. Minnesota Statutes 1991 Supplement, section 275.125, subdivision 5, is amended to read:

Subd. 5. [BASIC TRANSPORTATION LEVY.] Each year, a school district may levy for school transportation services an amount not to exceed the amount raised by the basic transportation tax rate times the adjusted net tax capacity of the district for the preceding year. The commissioner of revenue education shall establish the basic transportation tax rate and certify it to the commissioner of education by July 1 of each year for levies payable in the following year. The basic transportation tax rate shall be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation tax rate for transportation shall be the rate that raises \$64,300,000 for

fiscal year 1993 and \$68,000,000 for fiscal year 1994 and subsequent fiscal years. The basic transportation tax rate certified by the commissioner of revenue education must not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified.

Sec. 13. Minnesota Statutes 1991 Supplement, section 277.01, subdivision 1, is amended to read:

Subdivision 1. [DUE DATES; PENALTY.] Except as provided in this subdivision and subdivision 3, all unpaid personal property taxes shall be deemed delinquent on May 16 next after they become due or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, and thereupon a penalty of eight percent shall attach and be charged upon all such taxes. In the case of unpaid personal property taxes due and owing under section 272.01, subdivision 2, or 273.19, the first half shall become delinquent if not paid before May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, and ~~thereupon a penalty of eight percent shall attach on the unpaid first half;~~ and the second half shall become delinquent if not paid before October 16, ~~and thereupon a penalty of eight percent shall attach on the unpaid second half;~~ penalties for unpaid tax on such property are imposed under section 279.01, subdivision 1. This section shall not apply to property taxed under section 274.19, subdivision 8, paragraph (c).

A county may provide by resolution that in the case of a property owner that has multiple personal property tax statements with the aggregate taxes exceeding \$50, payments may be made in installments as provided in this subdivision.

Sec. 14. Minnesota Statutes 1991 Supplement, section 278.01, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving one copy of a petition for such determination upon the county auditor, one copy on the county attorney, one copy on the county treasurer, and three copies on the county assessor. ~~In counties where the office of county treasurer has been combined with the office of county auditor, the~~

petitioner must serve the number of copies required by the county. The petitioner must file the copies with proof of service, in the office of the court administrator of the district court before the 16th day of May of the year in which the tax becomes payable. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be forwarded by the assessor to the school board of the school district in which the property is located.

In counties where the office of county treasurer has been combined with the office of county auditor, the county may elect to require the petitioner to serve the number of copies as determined by the county. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A list of petitioned properties, including the name of the petitioner, the identification number of the property, and the estimated market value, shall be sent on or before the first day of July by the county auditor/treasurer to the school board of the school district in which the property is located.

For all counties, the petitioner must file the copies with proof of service, in the office of the court administrator of the district court before the 16th day of May of the year in which the tax becomes payable. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to May 16 of the year in which the taxes are payable.

Sec. 15. Minnesota Statutes 1990, section 278.02, is amended to read:

278.02 [PETITION MAY INCLUDE SEVERAL PARCELS.]

Such petition need not be in any particular form, but shall clearly identify the land involved, the assessment date, and shall set forth in concise language the claim, defense, or objection asserted. No petition shall include more than one assessment date. Several parcels of land in or upon which the petitioner has an estate, right, title, interest, or lien may be included in the same petition, but only if they are in the same city or town, except that contiguous property overlapping city or town boundaries may be included in one petition.

Sec. 16. Minnesota Statutes 1991 Supplement, section 279.03, subdivision 1a, is amended to read:

Subd. 1a. [RATE AFTER DECEMBER 31, 1990.] (a) Except as

provided in paragraph (b) ~~or (c)~~, interest on delinquent property taxes, penalties, and costs unpaid on or after January 1, 1991, shall be payable at the per annum rate determined in section 270.75, subdivision 5. If the rate so determined is less than ten percent, the rate of interest shall be ten percent. The maximum per annum rate shall be 14 percent if the rate specified under section 270.75, subdivision 5, exceeds 14 percent. The rate shall be subject to change on January 1 of each year.

(b) If a person is the owner of one or more parcels of property on which taxes are delinquent, and the aggregate tax capacity of that property exceeds five percent of the total tax capacity of the school district in which the property is located, interest on the delinquent property taxes, penalties, and costs unpaid after January 1, 1992, shall be payable at twice the rate determined under paragraph (a) for the year.

(c) If a person is the owner of one or more parcels of property on which taxes are delinquent, and the delinquent taxes are more than 25 percent of the prior year's school district levy, interest on the delinquent property taxes, penalties, and costs unpaid after January 1, 1992, shall be payable at twice the rate determined under paragraph (a) for the year.

Sec. 17. Minnesota Statutes 1990, section 279.37, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION INTO ONE ITEM.] Delinquent taxes upon any parcel of real estate may be composed into one item or amount by confession of judgment at any time prior to the forfeiture of the parcel of land to the state for taxes, for the aggregate amount of all the taxes, costs, penalties, and interest accrued against the parcel, as hereinafter provided. Taxes upon property which, for the previous year's assessment, was classified as ~~vacant land~~, mineral property, employment property, or commercial or industrial property shall ~~not only~~ be eligible to be composed into any confession of judgment ~~pursuant to~~ under this section ~~except~~ as provided in subdivision 1a. Delinquent taxes on unimproved land are eligible to be composed into a confession of judgment only if the land is classified as homestead, agricultural, or timberland in the previous year or is eligible for installment payment under subdivision 1a. The entire parcel is eligible for the ten-year installment plan as provided in subdivision 2 if 25 percent or more of the market value of the parcel is eligible for confession of judgment under this subdivision.

Sec. 18. Minnesota Statutes 1991 Supplement, section 281.17, is amended to read:

281.17 [PERIOD FOR REDEMPTION.]

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22; (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a); or (c) seasonal recreational land as defined in section 273.13, subdivision 22, paragraph (c), ~~23, paragraph (e),~~ or 25, paragraph (c), clause (5), for which the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is three years from the date of sale. The period of redemption for all lands located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, except homesteaded lands as defined in section 273.13, subdivision 22, and sold to the state at a tax judgment sale is one year from the date of sale.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale, except that the period of redemption for nonhomesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (b), shall be two years from the date of sale if at that time that property is owned by a person who owns one or more parcels of property on which taxes are delinquent, and ~~(1) the aggregate tax capacity of that property exceeds five percent of the total tax capacity of the school district in which the property is located, or (2) the delinquent taxes are more than 25 percent of the prior year's school district levy.~~

Sec. 19. Minnesota Statutes 1990, section 281.23, subdivision 8, is amended to read:

Subd. 8. [COST.] The cost of giving notice, as provided by subdivisions 2, 3, 5, and 6, shall be paid by the county. The county may recover costs incurred for posting, publishing, mailing, and serving the notice from the owner of the parcel that is the subject of the notice.

Sec. 20. Minnesota Statutes 1990, section 282.09, subdivision 1, is amended to read:

Subdivision 1. [MONEY PLACED IN FUND.] The county auditor and county treasurer shall place all money received through the operation of sections 282.01 to 282.13 in a fund to be known as the forfeited tax sale fund and all disbursements and costs shall be charged against that fund, when allowed by the county board. Members of the county board may be paid a per diem pursuant to section 375.055, subdivision 1, and reimbursed for their necessary

expenses, and may receive mileage as fixed by law. Compensation of a land commissioner and assistants, if a land commissioner is appointed, shall be in the amount determined by the county board. The county auditor shall receive 50 cents for each certificate of sale, each contract for deed and each lease executed by the auditor, and, in counties where no land commissioner is appointed, additional annual compensation, not exceeding \$300, as fixed by the county board. Compensation of any other clerical help that may be needed by the county auditor or land commissioner shall be in the amount determined by the county board. All compensation provided for herein shall be in addition to other compensation allowed by law. Fees so charged in addition to the fee imposed in section 282.014 shall be included in the annual settlement by the county auditor as hereinafter provided. On or before February 1 each year, the commissioner of revenue shall certify to the commissioner of finance, by counties, the total number of state deeds issued and reissued during the preceding calendar year for which such fees are charged and the total amount thereof. On or before March 1 each year, each county shall remit to the commissioner of revenue, from the forfeited tax sale fund, the aggregate amount of the fees imposed by section 282.014 in the preceding calendar year. The commissioner of revenue shall deposit the amounts received in the state treasury to the credit of the general fund. When disbursements are made from the fund for repairs, refunds, expenses of actions to quiet title, or any other purpose which particularly affects specific parcels of forfeited lands, the amount of such disbursements shall be charged to the account of the taxing districts interested in such parcels. The county auditor shall make an annual settlement of the net proceeds received from sales and rentals by the operation of sections 282.01 to 282.13, on the settlement day determined in section 276.09, for the preceding calendar year.

Sec. 21. Minnesota Statutes 1990, section 282.36, is amended to read:

282.36 [FEES PAYABLE ~~TO~~ BY REPURCHASER.]

Any person repurchasing land after forfeiture to the state for nonpayment of taxes under the provisions of a repurchase law shall at the time the certificate of repurchase is issued and recorded by the county auditor or before receiving quitclaim deed pursuant thereto, pay to the county treasurer a fee of \$3 in an amount equal to the fee provided in section 282.014. Fees so collected during any calendar year shall be credited to a special fund and, upon a warrant issued by the county auditor on or before March 1 of the year following, shall be remitted to the ~~state treasurer~~ commissioner of revenue and credited to the general fund. The commissioner of revenue shall, on or before February 1 in each year, certify to the ~~state treasurer~~ commissioner of finance the number of deeds issued during the preceding calendar year to which these fees apply, showing by counties the number of deeds so issued and the total fees due

therefor. This section shall not apply to repurchases made under any law enacted prior to January 1, 1945.

Sec. 22. Minnesota Statutes 1991 Supplement, section 375.192, subdivision 2, is amended to read:

Subd. 2. Upon written application by the owner of ~~the~~ any property, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. ~~The county board may also grant the abatement of penalties for taxes paid within 30 days of the due date, regardless of the classification of the property.~~ The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12. ~~The application~~ All applications must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board. ~~If, except that the part of the application which is for the abatement of penalty or interest, the application must be approved by the county treasurer and county auditor. Approval by the county or city assessor is not required for abatements of penalty or interest.~~ No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. Before taking action on any reduction or abatement where the reduction of taxes, costs, penalties, and interest exceed \$10,000, the county board shall give 20 days' notice to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction. If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.

An appeal may not be taken to the tax court from any order of the county board made in the exercise of the discretionary authority granted in this section.

Sec. 23. Minnesota Statutes 1991 Supplement, section 423A.02, subdivision 1a, is amended to read:

Subd. 1a. [SUPPLEMENTARY AMORTIZATION STATE AID.] In addition to the amortization state aid under subdivision 1, there is a distribution of supplementary amortization state aid among those local police and salaried firefighters relief associations municipalities that receive amortization state aid under subdivision 1. The

amount of the distribution is that proportion of the appropriation that the unfunded actuarial accrued liability of each relief association bears to the total unfunded actuarial accrued liabilities of all relief associations as reported in the most recent December 31, 1983, actuarial valuations of the relief associations receiving amortization state aid under subdivision 1. Money under this subdivision must be distributed to the relief associations at the same time that fire and police state aid is distributed under section 69.021.

Sec. 24. Minnesota Statutes 1990, section 469.177, subdivision 1a, is amended to read:

Subd. 1a. [ORIGINAL LOCAL TAX RATE.] At the time of the initial certification of the original net tax capacity for a tax increment financing district, the county auditor shall certify the original local tax rate that applies to the district. The original local tax rate is the sum of all the local tax rates that apply to a property in the district. The local tax rate to be certified is the rate in effect for the same taxes payable year applicable to the tax capacity values certified as the district's original tax capacity. ~~If the total local tax rate applicable to properties in the tax increment financing district varies, the local tax rate must be computed by determining the average total local tax rate in the district, weighted on the basis of net tax capacity.~~ The resulting tax capacity rate is the original local tax rate for the life of the district.

Sec. 25. Minnesota Statutes 1990, section 473.446, subdivision 1, is amended to read:

Subdivision 1. [TAXATION WITHIN TRANSIT TAXING DISTRICT.] For the purposes of sections 473.404 to 473.449 and the metropolitan transit system, except as otherwise provided in this subdivision, the regional transit board shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) an amount which shall be used for payment of the expenses of operating transit and paratransit service and to provide for payment of obligations issued by the commission under section 473.436, subdivision 6;

(b) an additional amount, if any, the board determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1985, to which property taxes under this section have been pledged; and

(c) an additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, including refunding bonds or other obligations issued or to be issued under section 473.39 by the council for purposes of acquisition and betterment of

property and other improvements of a capital nature and to which the council or board has specifically pledged tax levies under this clause.

The property tax levied by the regional transit board for general purposes under clause (a) must not exceed the following amount for the years specified:

(1) for taxes payable in 1988, the product of two mills multiplied by the total assessed valuation of all taxable property located within the metropolitan transit taxing district as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(2) for taxes payable in 1989, the product of (i) the regional transit board's property tax levy limitation for general purposes for the taxes payable year 1988 determined under clause (1) multiplied by (ii) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the metropolitan transit taxing district divided by the assessment year 1987 total market valuation of all taxable property located within the metropolitan transit taxing district; and

(3) for taxes payable in 1990 and subsequent years, the product of (i) the regional transit board's property tax levy limitation for general purposes for the previous year determined under this subdivision multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan transit taxing district for the current assessment year divided by the total market valuation of all taxable property located within the metropolitan transit taxing district for the previous assessment year.

For the purpose of determining the regional transit board's property tax levy limitation for general purposes for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan transit taxing district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive full-peak service and limited off-peak service by an amount equal to the tax levy that would be produced by applying a rate of ~~0.01209~~ 0.510 percent of market value net tax capacity on the property. The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive limited peak service by an amount equal to the tax levy that would be produced

by applying a rate of ~~0.01813~~ 0.765 percent of ~~market value~~ net tax capacity on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner shall review the certifications to determine their accuracy and may make changes in the certification as necessary or return a certification to the county auditor for corrections. The commissioner shall pay to the regional transit board the amounts certified by the county auditors on the dates provided in section 273.1398. There is annually appropriated from the general fund in the state treasury to the department of revenue the amounts necessary to make these payments.

For the purposes of this subdivision, "full-peak and limited off-peak service" means peak period regular route service, plus weekday midday regular route service at intervals longer than 60 minutes on the route with the greatest frequency; and "limited peak period service" means peak period regular route service only.

Sec. 26. [1989 POPULATION AND NUMBER OF HOUSEHOLDS DATA USED IN 1992 AID CALCULATIONS.]

Notwithstanding any law to the contrary, for the calculation of payable 1992 homestead and agricultural credit aid under Minnesota Statutes, section 273.1398, the 1989 population and number of households figure for governmental subdivisions not having annual estimates prepared by the metropolitan council is equal to the local unit's 1988 population or number of households figure as prepared by the state demographer, plus one-half the increase or minus one-half the decrease when compared to the corresponding figures according to the 1990 federal census.

Sec. 27. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall delete the first note after section 273.1398. The amendment to Minnesota Statutes, section 273.1398, subdivision 1, paragraph (j), made by Laws 1990, chapter 480, article 7, section 9, is of no effect.

Sec. 28. [REPEALER.]

Minnesota Statutes 1990, section 278.01, subdivision 2, is repealed.

Sec. 29. [EFFECTIVE DATES.]

Sections 1, 12, 14, 15, and 26 to 28 are effective the day following final enactment. Sections 2 and 25 are effective for taxes levied in

1989, payable in 1990, and thereafter, and for aids and credits payable in 1990 and thereafter. Sections 3, 4 to 7, and 13 are effective for taxes levied in 1992, payable in 1993, and thereafter. Section 8 is effective for aids payable after June 30, 1992. Section 9 is effective for school year 1992-1993 and for homestead and agricultural credit aid and local government aids for taxes payable in 1992, and thereafter. Sections 10 and 11 are effective for aids payable in 1992 and thereafter. Sections 16 to 18 are effective for taxes becoming delinquent after December 31, 1991. Section 19 is effective for costs incurred after June 30, 1992. Section 20 is effective July 1, 1982, and thereafter. Section 21 is effective June 1, 1990, and thereafter, provided further that no refunds of overpayments and no collection of underpayments will be made for fees paid prior to June 1, 1990. Section 22 is effective for abatements granted in 1992 and thereafter. Section 23 is effective for supplementary amortization state aid payable after June 30, 1991. Section 24 is effective for new tax increment financing districts for which the certification request is, or has been, filed with the county auditor after May 1, 1988, but does not apply to amendments adding geographic area to an existing district.

ARTICLE 5

LEVY LIMIT REPEAL

Section 1. Minnesota Statutes 1991 Supplement, section 4A.02, is amended to read:

4A.02 [STATE DEMOGRAPHER.]

The director shall appoint a state demographer. The demographer must be professionally competent in demography and must possess demonstrated ability based upon past performance. The demographer shall:

- (1) continuously gather and develop demographic data relevant to the state;
- (2) design and test methods of research and data collection;
- (3) periodically prepare population projections for the state and designated regions and periodically prepare projections for each county or other political subdivision of the state as necessary to carry out the purposes of this section;
- (4) review, comment on, and prepare analysis of population estimates and projections made by state agencies, political subdivisions, other states, federal agencies, or nongovernmental persons, institutions, or commissions;

(5) serve as the state liaison with the federal Bureau of the Census, coordinate state and federal demographic activities to the fullest extent possible, and aid the legislature in preparing a census data plan and form for each decennial census;

(6) compile an annual study of population estimates on the basis of county, regional, or other political or geographical subdivisions as necessary to carry out the purposes of this section and section 4A.03;

(7) by January 1 of each year, issue a report to the legislature containing an analysis of the demographic implications of the annual population study and population projections;

(8) prepare maps for all counties in the state, all municipalities with a population of 10,000 or more, and other municipalities as needed for census purposes, according to scale and detail recommended by the federal Bureau of the Census, with the maps of cities showing precinct boundaries; and

(9) prepare an estimate of population and of the number of households for each governmental subdivision for which the metropolitan council does not prepare an annual estimate, and convey the estimates to the governing body of each political subdivision by May 1 of each year; and.

~~(10) prepare an estimate of population and number of households for an area annexed by a governmental subdivision subject to levy limits under sections 275.50 to 275.56 if a municipal board order under section 414.01, subdivision 14, exists for the annexation and if the population of the annexed area is equal to at least 50 people or at least ten percent of the population of a governmental subdivision or unorganized territory that is losing area by the annexation.~~

~~An estimate under clause (10) must be an estimate of the population as of the date, within 12 months after the annexation occurs, for which a population estimate for the governmental subdivision is made either by the state demographer under clause (9) or by the metropolitan council.~~

Sec. 2. Minnesota Statutes 1990, section 103B.241, is amended to read:

103B.241 [LEVY.]

A levy to pay the increased costs to a local government unit or watershed management organization of implementing sections 103B.231 and 103B.235 or to pay costs of improvements and maintenance of improvements identified in an approved and adopted plan shall be in addition to any other taxes authorized by law. Notwithstanding any provision to the contrary in chapter 103D, a watershed

district may levy a tax sufficient to pay the increased costs to the district of implementing sections 103B.231 and 103B.235. The proceeds of any tax levied under this section shall be deposited in a separate fund and expended only for the purposes authorized by this section. Watershed management organizations and local government units may accumulate the proceeds of levies as an alternative to issuing bonds to finance improvements. ~~The amount authorized under this section and levied by a governmental subdivision is not exempt from sections 275.50 to 275.56.~~

Sec. 3. Minnesota Statutes 1990, section 103B.335, is amended to read:

103B.335 [TAX; EXEMPTION FROM PER CAPITA LEVY LIMIT LEVY AUTHORITY.]

The governing body of any county, municipality, or township may levy a tax in an amount required to implement sections 103B.301 to 103B.355. ~~The amount of the levy up to 0.01813 percent of taxable market value is exempt from the per capita levy limit under section 275.11.~~

Sec. 4. Minnesota Statutes 1990, section 103F.221, subdivision 3, is amended to read:

Subd. 3. [COMMISSIONER'S COST OF ADOPTING ORDINANCES.] The costs incurred by the commissioner in adopting the ordinances or rules for the municipality must be paid by the municipality and collected from the municipality in the same manner as costs are paid by a county and collected from a county under section 103F.215, subdivision 4. ~~The tax levied to pay the costs may be levied in excess of the per capita levy limitation imposed under section 275.11.~~

Sec. 5. Minnesota Statutes 1990, section 174.27, is amended to read:

174.27 [PUBLIC EMPLOYER COMMUTER VAN PROGRAMS.]

Any statutory or home rule charter city, county, school district, independent board or agency may acquire or lease commuter vans, enter into contracts with another public or private employer to acquire or lease such vans, or purchase such a service for the use of its employees. The governing body of any such city, county, or school district may by resolution establish a commuter van revolving fund to be used to acquire or lease commuter vans for the use of its employees. Any payments out of the fund shall be repaid to the fund out of revenues derived from the use by the employees of the city, county, or school district, of the vans so purchased or leased. For the purpose of establishing the fund any city, county, or school district is

authorized to make a one time levy not to exceed 0.00242 percent of taxable market value in excess of all taxing limitations ~~except the limitations imposed under sections 275.50 to 275.56~~, without affecting the amount or rate of taxes which may be levied by the city, county, or school district for other purposes or by any local governments in the area. Any city, county, or school district which establishes a commuter van acquisition program or contracts for this service is authorized to levy a tax not to exceed 0.00024 percent of taxable market value for the purpose of paying the administrative and promotional costs of the program which levy shall be in excess of all taxing limitations ~~except the limitations imposed under sections 275.50 to 275.56~~. The governing body of any city, county, or school district may by resolution terminate the commuter van revolving fund and use the funds for other purposes authorized by law.

Sec. 6. Minnesota Statutes 1991 Supplement, section 256E.05, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL DUTIES.] The commissioner shall also:

(a) Provide necessary forms and instructions to the counties for plan format and information;

(b) To the extent possible, coordinate other categorical social services grant applications and plans required of counties so that the applications and plans are included in and are consistent with the timetable and other requirements for the community social services plan in subdivision 2 and section 256E.09;

(c) Provide to the chair of each county board, in addition to notice required pursuant to sections 14.05 to 14.36, timely advance notice and a written summary of the fiscal impact of any proposed new rule or changes in existing rule which will have the effect of increasing county costs for community social services;

(d) Provide training, technical assistance, and other support services to county boards to assist in needs assessment, planning, implementing, and monitoring social services programs in the counties;

(e) Design and implement a method of monitoring and evaluating social services, including site visits that utilize quality control audits to assure county compliance with applicable standards, guidelines, and the county and state social services plans;

(f) Design and implement a system that uses corrective action procedures as established in subdivision 5 and a schedule of fines to ensure county compliance with statutes, rules, federal laws, and federal regulations governing community social services. In deter-

mining the amount of the fine, the commissioner may consider the number of community social services clients or applicants affected by the county's failure to comply with the law or rule, the severity of the noncompliance, the duration of the noncompliance, the resources allocated for the provision of the service in the community social services plan approved under section 256E.09, and the amount the county is levying for social services and income maintenance programs as reported under section ~~275.50~~ 275.60, subdivision 5 1, clause (2). Fines levied against a county under this subdivision must not exceed ten percent of the county's community social services allocation for the year in which the fines are levied;

(g) Design and implement an incentive program for the benefit of counties that perform at a level that consistently meets or exceeds the minimum standards in law and rule. Fines collected under paragraph (e) may be placed in an incentive fund and used for the benefit of counties that meet and exceed the minimum standards;

(h) Specify requirements for reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17), to account for aids distributed under section 256E.06, funds from Title XX of the Social Security Act distributed under Minnesota Statutes, section 256E.07, claims under Title IV-E of the Social Security Act, mental health funding, and other social services expenditures and activities; and

(i) Request waivers from federal programs as necessary to implement sections 256E.01 to 256E.12.

Sec. 7. Minnesota Statutes 1991 Supplement, section 256E.09, subdivision 6, is amended to read:

Subd. 6. [PLAN AMENDMENT.] After providing opportunity for public comment, the county may amend its plan. After approval of the amendment by the county board, the county shall submit to the commissioner its amendment and a statement signed by the county board or its designee that the county is in compliance with specified Minnesota Statutes. When certifying the amendment according to section 256E.05, subdivision 2, the commissioner shall consider: (1) the effect of the proposed amendment on efforts to prevent inappropriate or facilitate appropriate residential placements; and

(2) the resources allocated for the provision of services in the community social services plan approved under section 256E.09, and the amount the county is levying for social services and income maintenance programs as reported under section ~~275.50~~ 275.60, subdivision 5 1, clause (2).

Sec. 8. Minnesota Statutes 1991 Supplement, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to review its current budget and adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124.82, subdivision 3, 124A.03, subdivision 2, or 124B.03, subdivision 2, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters ~~under section 275.58~~ after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; and

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified; and

(7) ~~if not included in the certified levy, any additional amount levied pursuant to section 275.51, subdivision 7, paragraph (b).~~

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed.

During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The county auditor shall provide for the coordination of hearing dates for all taxing authorities within the county.

By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the counties and school districts in which the city is located.

The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.

This subdivision does not apply to towns and special taxing districts.

Sec. 9. Minnesota Statutes 1991 Supplement, section 275.125, subdivision 6j, is amended to read:

Subd. 6j. [LEVY FOR CRIME RELATED COSTS.] For taxes levied in 1991, payable in 1992 only, each school district may make a levy on all taxable property located within the school district for the purposes specified in this subdivision. The maximum amount which may be levied for all costs under this subdivision shall be equal to \$1

multiplied by the population of the school district. For purposes of this subdivision, "population" of the school district means the same as contained in section 275.14. The proceeds of the levy must be used for reimbursing the cities and counties who contract with the school district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison services in the district's middle and secondary schools, (2) to teach drug abuse resistance education curricula in the elementary schools, and (3) to pay the costs incurred for the salaries and benefits of peace officers and sheriffs whose primary responsibilities are to investigate controlled substance crimes under chapter 152. The school district must initially attempt to contract for these services with the police department of each city or the sheriff's department of the county within the school district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this subdivision is not included in determining the school district's levy limitations and ~~must be disregarded in computing any overall levy limitations under sections 275.50 to 275.56 of the participating cities or counties.~~

Sec. 10. [275.60] [TAX LEVIES; REPORT TO THE COMMISSIONER OF REVENUE.]

Subdivision 1. [REPORT ON TAXES LEVIED.] The commissioner of revenue shall establish procedures for the annual reporting of local government levies. Each local governmental unit shall submit a report to the commissioner by December 30 of the year in which the tax is levied. The report shall include, but is not limited to, information on the amount of the tax levied by the governmental unit for the following purposes:

(1) debt, which includes taxes levied for the purposes defined in Minnesota Statutes 1991 Supplement, section 275.50, subdivision 5, clauses (b), (c), (d), and (e);

(2) social services and related programs, which include taxes levied for the purposes defined in Minnesota Statutes 1991 Supplement, section 275.50, subdivision 5, clauses (a), (j), and (v);

(3) libraries, which include taxes levied for the purposes defined in Minnesota Statutes 1991 Supplement, section 275.50, subdivision 5, clause (n); and

(4) other levies, which include the taxes levied for all purposes not included in clause (1), (2), or (3).

Subd. 2. [LOCAL GOVERNMENTS REQUIRED TO REPORT.] For purposes of this section, "local governmental unit" means a

county, home rule charter or statutory city with a population greater than 2,500, a town with a population greater than 5,000, or a home rule charter or statutory city or town that receives a distribution from the taconite municipal aid account in the levy year.

Subd. 3. [POPULATION ESTIMATE.] For the purposes of this section, the population of a local governmental unit shall be that established by the last federal census, by a census taken under section 275.14, or by an estimate made by the metropolitan council or by the state demographer made under section 116K.04, subdivision 4, whichever is the most recent as to the stated date of count or estimate for the calendar year preceding the current levy year.

Subd. 4. [PENALTY FOR LATE REPORTING.] If a local government unit fails to submit the report required in subdivision 1 by January 30 of the year after the year in which the tax was levied, aid payments to the local governmental unit in the year after the year in which the tax was levied shall be reduced as follows:

(1) for a county, the aid amount under section 256E.06 shall be reduced by five percent; and

(2) for other local governmental units, the aid certified to be received under sections 477A.011 to 477A.014 shall be reduced by five percent.

Sec. 11. Minnesota Statutes 1990, section 383B.152, is amended to read:

383B.152 [BUILDING AND MAINTENANCE FUND.]

The county board may by resolution levy a tax to provide money which shall be kept in a fund known as the county reserve building and maintenance fund. Money in the fund shall be used solely for the construction, maintenance, and equipping of county buildings that are constructed or maintained by the board. The levy shall not be subject to any limit fixed by any other law ~~except the limitations imposed in sections 275.50 to 275.56~~ or by any board of tax levy or other corresponding body, but shall not exceed 0.02215 percent of taxable market value, less the amount required by chapter 475 to be levied in the year for the payment of the principal of and interest on all bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

Sec. 12. Minnesota Statutes 1990, section 398A.06, subdivision 2, is amended to read:

Subd. 2. [LOANS AND DONATIONS.] The municipality may lend or donate money to the authority and may levy taxes, appropriate money, and issue bonds for that purpose in the manner and within

the limitations prescribed by law, including but not limited to ~~chapters 275 and chapter 475.~~

Sec. 13. Minnesota Statutes 1990, section 469.107, subdivision 2, is amended to read:

Subd. 2. [REVERSE REFERENDUM.] A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The election must be held pursuant to the procedure specified in section 275.58 at a general or special election. Notice of the election must be given in the manner required by law. The notice must state the purpose and amount of the levy.

Sec. 14. Minnesota Statutes 1990, section 471.571, subdivision 2, is amended to read:

Subd. 2. [CREATION OF FUND, TAX LEVY.] The governing body of the city may create a permanent improvement and replacement fund to be maintained by an annual tax levy. The governing body may levy a tax in excess of any charter limitation ~~and in excess of the per capita limitation imposed under section 275.11~~ for the support of the permanent improvement and replacement fund, but not exceeding the following:

(a) In cities having a population of not more than 500 inhabitants, the lesser of \$20 per capita or 0.08059 percent of taxable market value;

(b) In cities having a population of more than 500 and less than 2500, the greater of \$12.50 per capita or \$10,000 but not exceeding 0.08059 percent of taxable market value;

(c) In cities having a population of more than 2500 inhabitants, the greater of \$10 per capita or \$31,500 but not exceeding 0.08059 percent of taxable market value.

Sec. 15. Minnesota Statutes 1990, section 473.711, subdivision 2, is amended to read:

Subd. 2. The metropolitan mosquito control commission shall prepare an annual budget. The budget may provide for expenditures in an amount not exceeding the property tax levy limitation determined in this subdivision. The commission may levy a tax on all taxable property in the district as defined in section 473.702 to provide funds for the purposes of sections 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined in this subdivision. A participating county may agree to levy an additional tax to be used by the commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and commission's taxes may not exceed the county's proportionate share of the property tax levy limitation determined under this subdivision based on the ratio of its total net tax capacity to the total net tax capacity of the entire district as adjusted by section 270.12, subdivision 3. The auditor of each county in the district shall add the amount of the levy made by the district to other taxes of the county for collection by the county treasurer with other taxes. When collected, the county treasurer shall make settlement of the tax with the district in the same manner as other taxes are distributed to political subdivisions. No county shall levy any tax for mosquito, disease vectoring tick, and black gnat (*Simuliidae*) control except under sections 473.701 to 473.716. The levy shall be in addition to other taxes authorized by law and shall be disregarded in the calculation of limits on taxes imposed by chapter 275.

The property tax levied by the metropolitan mosquito control commission shall not exceed the following amount for the years specified:

(a) for taxes payable in 1988, the product of six-tenths on one mill multiplied by the total assessed valuation of all taxable property located within the district as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(b) for taxes payable in 1989, the product of (1) the commission's property tax levy limitation for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the district divided by the assessment year 1987 total market valuation of all taxable property located within the district; and

(c) for taxes payable in 1990 and subsequent years, the product of (1) the commission's property tax levy limitation for the previous year determined under this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the district for the current

assessment year divided by the total market valuation of all taxable property located within the district for the previous assessment year.

For the purpose of determining the commission's property tax levy limitation for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

Sec. 16. Minnesota Statutes 1991 Supplement, section 477A.011, subdivision 27, is amended to read:

Subd. 27. [REVENUE BASE.] "Revenue base" means the amount levied for taxes payable in the previous year, including the levy on the fiscal disparity distribution under section 473F.08, subdivision 3, paragraph (a), and before reduction for the homestead and agricultural credit aid under section 273.1398, subdivision 2, equalization aid under section 477A.013, subdivision 5, and disparity reduction aid under section 273.1398, subdivision 3; plus the originally certified local government aid in the previous year under sections 477A.011, 477A.012, and 477A.013, except for 477A.013, subdivision 5; and the ~~estimated~~ taconite aids used to determine levy limits for taxes payable received in the previous year under section 275.51, subdivision 3; sections 298.28 and 298.282.

Sec. 17. Minnesota Statutes 1991 Supplement, section 477A.011, subdivision 29, is amended to read:

Subd. 29. [ADJUSTED REVENUE BASE.] "Adjusted revenue base" means revenue base as defined in subdivision 27 less the ~~special levy reported under section 275.50~~ 275.60, subdivision 5 1, clause (a) (2).

Sec. 18. [REPEALER.]

Minnesota Statutes 1990, section 134.342, subdivisions 2 and 4, are repealed.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 18 are effective for taxes levied in 1992, payable in 1993, and thereafter.

ARTICLE 6

INCOME, FRANCHISE, GROSS PREMIUMS TAXES

Section 1. Minnesota Statutes 1990, section 60A.15, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES.] (a) On or before April ~~15~~ 1, June ~~15~~ 1, and December ~~15~~ 1 of each year, every domestic and foreign company, including town and farmers' mutual insurance companies ~~and~~, domestic mutual insurance companies, ~~and~~ marine insurance companies, shall pay to the commissioner of revenue installments equal to one-third of the insurer's total estimated tax for the current year. Except as provided in paragraph (b), installments must be based on a sum equal to two percent of the premiums described in paragraph (c).

(b) For town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) writing life insurance, or (ii) whose total assets on December 31, 1989, exceeded \$1,600,000,000, the installments must be based on an amount equal to the following percentages of the premiums described in paragraph (c):

(1) for premiums paid after December 31, 1988, and before January 1, 1992, one percent; and

(2) for premiums paid after December 31, 1991, one-half of one percent.

(c) Installments under paragraph (a) or (b) are percentages of gross premiums less return premiums on all direct business received by the insurer in this state, or by its agents for it, in cash or otherwise, during such year; ~~excepting premiums written for marine insurance as specified in subdivision 6.~~

(d) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section, unless the total tax for the current tax year is \$500 or less.

Sec. 2. [60A.152] [INSURANCE PREMIUM TAX EQUIVALENT PAYMENT BY AUTOMOBILE RISK SELF-INSURERS.]

Subdivision 1. [DEFINITIONS.] (a) [APPLICATION.] For purposes of this section, the definitions in paragraphs (b) to (f) apply.

(b) [AUTOMOBILE RISKS.] "Automobile risks" means the risk of providing no-fault insurance under sections 65B.41 to 65B.71.

(c) [MOTOR VEHICLE.] "Motor vehicle" has the meaning given in section 65B.43, subdivision 2.

(d) [PERSON.] "Person" means an owner, as defined in section 65B.43, subdivision 4, but does not include the state or a political subdivision as defined in section 65B.43, subdivision 20.

(e) [SELF-INSURANCE.] "Self-insurance" means the condition of qualifying as a self-insurer by complying with section 65B.48, subdivisions 3 and 3a.

(f) [SELF-INSURER.] "Self-insurer" means a person who has arranged self-insurance for the automobile risks associated with the person's motor vehicle.

Subd. 2. [PREMIUM TAX AMOUNT.] Every self-insurer who owns, leases, or operates a motor vehicle required to be registered or licensed in this state or principally garaged in this state for at least two months in the applicable calendar year shall pay an annual amount for each vehicle of:

(1) \$15 for a private passenger vehicle as defined in section 65B.001, subdivision 3, or a utility vehicle as defined in section 65B.001, subdivision 4, not including a taxi; or

(2) \$25 for a taxi or any other self-insured vehicle not covered by clause (1).

The amount required under this subdivision is payable no later than July 1, annually, to the commissioner of revenue. A late payment penalty of \$10 a vehicle is assessed if the amount is not paid on or before July 1, and an additional amount equal to the original payment amount if the total amount is not paid until after December 1 of the same year. A self-insurer who is more than six months delinquent in paying the amount due must be referred to the commissioner of commerce for action, which may include revocation of the self-insured's self-insurer status.

Subd. 3. [DEPOSIT OF PAYMENT AMOUNT.] The amounts paid under subdivision 2 must be deposited in the general fund to the credit of the account from which the police state aid provided for in sections 69.011 to 69.051 is payable.

Subd. 4. [RULES AUTHORIZED.] The commissioner of revenue and the commissioner of commerce are authorized to make rules to permit the administration of this section.

Sec. 3. Minnesota Statutes 1990, section 289A.25, is amended by adding a subdivision to read:

Subd. 5a. [MODIFICATION TO INDIVIDUAL ESTIMATED TAX REQUIREMENTS.] (a) If an individual meets the requirements of section 6654(d)(1)(C) to (F), of the Internal Revenue Code, the amount of the required installments under subdivision 5 must be computed as provided in this subdivision. In determining the amount of the required installment, the following requirement is substituted for subdivision 5, clauses (2) and (3): “(2) the greater of (i) 100 percent of the tax shown on the return of the individual for the preceding taxable year, or (ii) 90 percent of the tax shown on the return for the current year, determined by taking into account the adjustments under section 6654(d)(1)(D) of the Internal Revenue Code.”

(b) Paragraph (a) does not apply for purposes of determining the amount of the first required installment in any taxable year under subdivision 3, paragraph (b). A reduction in an installment under this paragraph must be recaptured by increasing the amount of the first succeeding required installment by the amount of the reduction, unless the individual meets the requirements of paragraph (c).

(c) This subdivision does not apply to any required installment if the individual qualifies for an annualization exception as computed under section 6654(d)(1)(C)(iv) of the Internal Revenue Code. A reduction in an installment under this paragraph must be recaptured by increasing the amount of the first succeeding required installment (with respect to which the requirements of section 6654(d)(1)(C)(iv) are not met) by the amount of the reduction.

(d) All references to the Internal Revenue Code in this section are to the Internal Revenue Code of 1986, as amended through December 31, 1991. For purposes of meeting the requirements of or making adjustments under section 6654 of the Internal Revenue Code in this subdivision:

(1) for an individual who is not a Minnesota resident for the entire year, the terms “adjusted gross income” and “modified adjusted gross income” mean the Minnesota share of that income apportioned to Minnesota under section 290.06, subdivision 2c, paragraph (e); and

(2) “tax” means the sum of the taxes imposed by chapter 290 for a taxable year.

(e) This subdivision does not apply to individuals who compute and pay estimated taxes under subdivision 10.

(f) This subdivision does not apply to any taxable year beginning after December 31, 1996.

Sec. 4. Minnesota Statutes 1991 Supplement, section 289A.26, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM LIABILITY.] ~~A corporation, partnership, or trust~~ subject to taxation under chapter 290 (excluding section 290.92) or an entity subject to taxation under section 290.05, subdivision 3, must make payment of estimated tax for the taxable year if its tax liability so computed can reasonably be expected to exceed \$500, or in accordance with rules prescribed by the commissioner for an affiliated group of corporations electing to file one return as permitted under section 289A.08, subdivision 3.

Sec. 5. Minnesota Statutes 1990, section 289A.26, subdivision 3, is amended to read:

Subd. 3. [SHORT TAXABLE YEAR.] (a) ~~A corporation~~ An entity with a short taxable year of less than 12 months, but at least four months, must pay estimated tax in equal installments on or before the 15th day of the third, sixth, ninth, and final month of the short taxable year, to the extent applicable based on the number of months in the short taxable year.

(b) ~~A corporation~~ An entity is not required to make estimated tax payments for a short taxable year unless its tax liability before the first day of the last month of the taxable year can reasonably be expected to exceed \$500.

(c) No payment is required for a short taxable year of less than four months.

Sec. 6. Minnesota Statutes 1990, section 289A.26, subdivision 4, is amended to read:

Subd. 4. [UNDERPAYMENT OF ESTIMATED TAX.] If there is an underpayment of estimated tax by a corporation, partnership, or trust, there shall be added to the tax for the taxable year an amount determined at the rate in section 270.75 on the amount of the underpayment, determined under subdivision 5, for the period of the underpayment determined under subdivision 6. This subdivision does not apply in the first taxable year that a corporation is subject to the tax imposed under section 290.02.

Sec. 7. Minnesota Statutes 1991 Supplement, section 289A.26, subdivision 6, is amended to read:

Subd. 6. [PERIOD OF UNDERPAYMENT.] The period of the underpayment runs from the date the installment was required to be paid to the earlier of the following dates:

(1) the 15th day of the third month following the close of the taxable year for corporations, the 15th day of the fourth month following the close of the taxable year for partnerships or trusts, and

the 15th day of the fifth month following the close of the taxable year for entities subject to tax under section 290.05, subdivision 3; or

(2) with respect to any part of the underpayment, the date on which that part is paid. For purposes of this clause, a payment of estimated tax shall be credited against unpaid required installments in the order in which those installments are required to be paid.

Sec. 8. Minnesota Statutes 1990, section 289A.26, subdivision 7, is amended to read:

Subd. 7. [REQUIRED INSTALLMENTS.] (a) Except as otherwise provided in this subdivision, the amount of a required installment is 25 percent of the required annual payment.

(b) Except as otherwise provided in this subdivision, the term "required annual payment" means the lesser of:

(1) 90 percent of the tax shown on the return for the taxable year, or if no return is filed, 90 percent of the tax for that year; or

(ii) for tax years beginning after December 31, 1992, 95 percent of the tax shown on the return for the taxable year, or if no return is filed 95 percent of the tax for that year; or

(2) 100 percent of the tax shown on the return of the corporation entity for the preceding taxable year provided the return was for a full 12-month period, showed a liability, and was filed by the corporation entity.

(c) Except for determining the first required installment for any taxable year, paragraph (b), clause (2), does not apply in the case of a large corporation. The term "large corporation" means a corporation or any predecessor corporation that had taxable net income of \$1,000,000 or more for any taxable year during the testing period. The term "testing period" means the three taxable years immediately preceding the taxable year involved. A reduction allowed to a large corporation for the first installment that is allowed by applying paragraph (b), clause (2), must be recaptured by increasing the next required installment by the amount of the reduction.

(d) In the case of a required installment, if the corporation establishes that the annualized income installment is less than the amount determined in paragraph (a), the amount of the required installment is the annualized income installment and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing later required installments to the extent the reductions have not previously been recovered.

(e) The “annualized income installment” is the excess, if any, of:

(1) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the taxable income:

(i) for the first two months of the taxable year, in the case of the first required installment;

(ii) for the first two months or for the first five months of the taxable year, in the case of the second required installment;

(iii) for the first six months or for the first eight months of the taxable year, in the case of the third required installment; and

(iv) for the first nine months or for the first 11 months of the taxable year, in the case of the fourth required installment, over

(2) the aggregate amount of any prior required installments for the taxable year.

(3) For the purpose of this paragraph, the annualized income shall be computed by placing on an annualized basis the taxable income for the year up to the end of the month preceding the due date for the quarterly payment multiplied by 12 and dividing the resulting amount by the number of months in the taxable year (2, 5, 6, 8, 9, or 11 as the case may be) referred to in clause (1).

(4) The “applicable percentage” used in clause (1) is:

For the following
required installments:

The applicable
percentage is:

	<u>for tax years</u> <u>beginning in</u> <u>1992</u>		<u>for tax years</u> <u>beginning after</u> <u>December 31, 1992</u>
1st	22.5	23.25	23.75
2nd	45	46.5	47.5
3rd	67.5	69.75	71.25
4th	90	93	95

(f)(1) If this paragraph applies, the amount determined for any installment must be determined in the following manner:

(i) take the taxable income for the months during the taxable year preceding the filing month;

(ii) divide that amount by the base period percentage for the months during the taxable year preceding the filing month;

(iii) determine the tax on the amount determined under item (ii); and

(iv) multiply the tax computed under item (iii) by the base period percentage for the filing month and the months during the taxable year preceding the filing month.

(2) For purposes of this paragraph:

(i) the "base period percentage" for a period of months is the average percent that the taxable income for the corresponding months in each of the three preceding taxable years bears to the taxable income for the three preceding taxable years;

(ii) the term "filing month" means the month in which the installment is required to be paid;

(iii) this paragraph only applies if the base period percentage for any six consecutive months of the taxable year equals or exceeds 70 percent; and

(iv) the commissioner may provide by rule for the determination of the base period percentage in the case of reorganizations, new corporations, and other similar circumstances.

(3) In the case of a required installment determined under this paragraph, if the ~~corporation~~ entity determines that the installment is less than the amount determined in paragraph (a), the amount of the required installment is the amount determined under this paragraph and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing later required installments to the extent the reductions have not previously been recovered.

Sec. 9. Minnesota Statutes 1990, section 289A.26, subdivision 9, is amended to read:

Subd. 9. [FAILURE TO FILE AN ESTIMATE.] In the case of a ~~corporation~~ an entity that fails to file an estimated tax for a taxable year when one is required, the period of the underpayment runs from the four installment dates in subdivision 2 or 3, whichever applies, to the earlier of the periods in subdivision 6, clauses (1) and (2).

Sec. 10. Minnesota Statutes 1991 Supplement, section 289A.37, subdivision 1, is amended to read:

Subdivision 1. [ORDER OF ASSESSMENT; NOTICE AND DEMAND TO TAXPAYER.] (a) When a return has been filed and the commissioner determines that the tax disclosed by the return is

different than the tax determined by the examination, the commissioner shall send an order of assessment to the taxpayer. When no return has been filed, the commissioner may make a return for the taxpayer under section 289A.35 or may send an order of assessment under this subdivision. The order must explain the basis for the assessment and must explain the taxpayer's appeal rights. An order of assessment is final when made but may be reconsidered by the commissioner under section 289A.65.

(b) Amended The penalty under section 289A.60, subdivision 1, is not imposed if the amount of unpaid tax shown on the order must be paid to the commissioner: (1) within 60 days after notice of the amount and demand for its payment have been mailed to the taxpayer by the commissioner; or (2) if an administrative appeal is filed under section 289A.65 or a tax court appeal is filed under chapter 271, within 60 days following the final determination of the appeal.

Sec. 11. Minnesota Statutes 1991 Supplement, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(h) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after

December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, and the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

The Internal Revenue Code of 1986, as amended through Decem-

ber 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 12. Minnesota Statutes 1991 Supplement, section 290.05, subdivision 3, is amended to read:

Subd. 3. (a) An organization exempt from taxation under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent provided in the following provisions of the Internal Revenue Code:

(i) section 527 (dealing with political organizations);

(ii) section 528 (dealing with certain homeowners associations);

(iii) sections 511 to 515 (dealing with unrelated business income); and

(iv) section 521 (dealing with farmers' cooperatives); but

notwithstanding this subdivision, shall be considered an organization exempt from income tax for the purposes of any law which refers to organizations exempt from income taxes.

(b) The tax shall be imposed on the taxable income of political organizations or homeowner associations or the unrelated business taxable income, as defined in section 512 of the Internal Revenue Code, of organizations defined in section 511 of the Internal Revenue Code, provided that the tax is not imposed on:

(1) advertising revenues from a newspaper published by an organization described in section 501(c)(4) of the Internal Revenue Code; or

(2) revenues from lawful gambling authorized under chapter 349 that are expended for purposes that qualify for the deduction for charitable contributions under section 170 of the Internal Revenue Code of 1986, as amended through December 31, 1991, disregarding the limitation under section 170(b)(2), but only to the extent the contributions are not deductible in computing federal taxable income.

The tax shall be at the corporate rates. The tax shall only be imposed on income and deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted in computing

federal taxable income, the deductions contained in section 290.21 shall not be allowed in computing Minnesota taxable net income.

Sec. 13. Minnesota Statutes 1991 Supplement, section 290.06, subdivision 23, is amended to read:

Subd. 23. [REFUND OF CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to any political party. The maximum refund for an individual must not exceed \$50 and, for a married couple filing jointly, must not exceed \$100. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the party chair. A claim must be filed with the commissioner not sooner than ~~September~~ January 1 of the calendar year in which the contribution is made and no later than April 15 of the calendar year following the calendar year in which the contribution is made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution is made must include interest at the rate specified in section 270.76.

(b) No refund is allowed under this subdivision for a contribution to any candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322 or 10A.43;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25 or 10A.43; and

(3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditure of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major or minor party" includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

“Candidate” means a congressional candidate as defined in section 10A.41, subdivision 4, or a candidate as defined in section 10A.01, subdivision 5, except a candidate for judicial office.

“Contribution” means a gift of money.

(d) The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

Sec. 14. Minnesota Statutes 1990, section 290.0922, subdivision 2, is amended to read:

Subd. 2. [EXEMPTIONS.] The following entities are exempt from the tax imposed by this section:

(1) corporations exempt from tax under section 290.05 other than insurance companies exempt under subdivision 1, paragraph (d);

(2) real estate investment trusts;

(3) regulated investment companies or a fund thereof; and

(4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989; ~~and~~

(5) town and farmers' mutual insurance companies; and

(6) cooperatives organized under chapter 308A that provide housing exclusively to persons age 55 and over and are classified as homesteads under section 273.124, subdivision 3.

Entities not specifically exempted by this subdivision are subject to tax under this section, notwithstanding section 290.05.

Sec. 15. Minnesota Statutes 1990, section 290.9201, subdivision 11, is amended to read:

Subd. 11. [EXCEPTION FROM WITHHOLDING FOR PUBLIC SPEAKERS.] The provisions of subdivisions 7 and 8 shall not be effective for compensation paid to nonresident public speakers ~~before January 1, 1992~~, if the compensation paid to the speaker is less than \$2,000 or is only a payment of the speaker's expenses.

Sec. 16. Minnesota Statutes 1990, section 290.923, is amended by adding a subdivision to read:

Subd. 11. [EXEMPTION FROM DEDUCTION AND WITHHOLDING.] A person or entity whose shares or certificates of beneficial interest are traded on the New York Stock Exchange or publicly traded on any recognized stock exchange and which issues 1099 or K1 forms to its shareholders or certificate holders and provides the 1099 or K1 information to the department of revenue, is exempt from deduction and withholding under this section.

Sec. 17. Minnesota Statutes 1990, section 299F.21, subdivision 1, is amended to read:

Subdivision 1. [ESTIMATED INSTALLMENT PAYMENTS.] On or before April 15 1, June 15 1, and December 15 1 of each year, every licensed insurance company, including reciprocals or interinsurance exchanges, doing business in the state, excepting farmers' mutual fire insurance companies and township mutual fire insurance companies, shall pay to the commissioner of revenue installments equal to one-third of, a tax upon its fire premiums or assessments or both, based on a sum equal to one-half of one percent of the estimated fire premiums and assessments, less return premiums and dividends, on all direct business received by it in this state, or by its agents for it, in cash or otherwise, during the year, including premiums on policies covering fire risks only on automobiles, whether written under floater form or otherwise. In the case of a mutual company or reciprocal exchange the dividends or savings paid or credited to members in this state shall be construed to be return premiums. The money so received into the state treasury shall be credited to the general fund. A company that fails to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year is subject to the penalty and interest provided in this chapter, unless the total tax for the current tax year is \$500 or less.

Sec. 18. [TRANSITION RELIEF FOR CHANGE IN CORPORATE ESTIMATED TAX.]

For the purposes of computing the amount of underpayment of corporate estimated tax on installment payments due before June 1, 1992, 90 percent shall be substituted for 93 percent in Minnesota Statutes, section 289A.26, subdivision 7, paragraph (b), clause (1), and 22.5 percent shall be substituted for 23.25 percent in paragraph

(e), clause (4), if there is not an underpayment of estimated tax for the second installment due in calendar year 1992.

Sec. 19. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through December 31, 1991" for the words "Internal Revenue Code of 1986, as amended through December 31, 1990" or "Internal Revenue Code of 1986, as amended through January 30, 1991" where either phrase occurs in chapters 289A, 290, 290A, and 291, except for section 290.01, subdivision 19.

Sec. 20. [REPEALER.]

Minnesota Statutes 1990, section 60A.15, subdivision 6, is repealed.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 and 20 are effective for taxable years beginning after December 31, 1992, except that the date changes in section 1 are effective for payments due on or after December 1, 1992.

Section 2 is effective January 1, 1992.

Section 3 is effective for taxable years beginning after December 31, 1992.

Sections 4 to 7, and 9 are effective for taxable years beginning after June 1, 1992.

Sections 8 and 18 are effective for estimated tax payments for tax years beginning after December 31, 1991, except that the amendments changing the words "corporation" to "entity" are effective for taxable years beginning after June 1, 1992.

Sections 10 and 15 are effective the day following final enactment.

Sections 12 and 14 are effective for taxable years beginning after December 31, 1991.

Section 13 is effective for contributions made after the day of final enactment.

Section 16 is effective for taxable years beginning after December 31, 1989.

Section 17 is effective for payments due on or after December 31, 1992.

ARTICLE 7

STATE TAXES: ADMINISTRATIVE AND TECHNICAL

Section 1. [13.701] [TAX DATA; CLASSIFICATION AND DISCLOSURE.]

Classification and disclosure of tax data created, collected, or maintained under chapters 290, 290A, 291, and 297A by the department of revenue is governed by chapter 270B.

Sec. 2. Minnesota Statutes 1990, section 60A.19, subdivision 6, is amended to read:

Subd. 6. [RETALIATORY PROVISIONS.] (1) When by the laws of any other state or country any taxes, fines, deposits, penalties, licenses, or fees, other than assessments made by an insurance guaranty association or similar organization, in addition to or in excess of those imposed by the laws of this state upon foreign insurance companies and their agents doing business in this state, other than assessments made pursuant to section 60C.06 by an insurance guaranty association or similar organization organized under the laws of this state, are imposed on insurance companies of this state and their agents doing business in that state or country, or when any conditions precedent to the right to do business in that state are imposed by the laws thereof, beyond those imposed upon these foreign companies by the laws of this state, the same taxes, fines, deposits, penalties, licenses, fees, and conditions precedent shall be imposed upon every similar insurance company of that state or country and their agents doing or applying to do business in this state so long as these foreign laws remain in force. Special purpose obligations or assessments, or assessments imposed in connection with particular kinds of insurance, are not taxes, licenses, or fees as these terms are used in this section.

(2) In the event that a domestic insurance company, after complying with all reasonable laws and rulings of any other state or country, is refused permission by that state or country to transact business therein after the commissioner of commerce of Minnesota has determined that that company is solvent and properly managed and after the commissioner has so certified to the proper authority of that other state or country, then, and in every such case, the commissioner may forthwith suspend or cancel the certificate of authority of every insurance company organized under the laws of that other state or country to the extent that it insures, or seeks to insure, in this state against any of the risks or hazards which that domestic company seeks to insure against in that other state or

country. Without limiting the application of the foregoing provision, it is hereby determined that any law or ruling of any other state or country which prescribes to a Minnesota domestic insurance company the premium rate or rates for life insurance issued or to be issued outside that other state or country shall not be reasonable.

(3) This section does not apply to insurance companies organized or domiciled in a state or country, the laws of which do not impose retaliatory taxes, fines, deposits, penalties, licenses, or fees or which grant, on a reciprocal basis, exemptions from retaliatory taxes, fines, deposits, penalties, licenses, or fees to insurance companies domiciled in this state.

Sec. 3. Minnesota Statutes 1991 Supplement, section 270A.04, subdivision 2, is amended to read:

Subd. 2. Any debt owed to a claimant agency ~~shall must not~~ be submitted by the agency for collection under the procedure established by sections 270A.01 to 270A.12 ~~unless if (a) an alternative means of collection is pending and the debtor is complying with the terms of alternative means of collection, except that this limitation does not apply to debts owed resulting from a default in payment of child support or maintenance there is a written payment agreement between the debtor and the claimant agency in which revenue recapture is prohibited and the debtor is complying with the agreement,~~ (b) the collection attempt would result in a loss of federal funds, or (c) the agency is unable to supply the department with the necessary identifying information required by subdivision 3 or rules promulgated by the commissioner, or (d) the debt is barred by section 541.05.

Sec. 4. Minnesota Statutes 1990, section 270A.05, is amended to read:

270A.05 [MINIMUM SUM COLLECTIBLE.]

The minimum sum which a claimant agency may collect through use of the setoff procedure is ~~\$25~~ \$15.

Sec. 5. Minnesota Statutes 1990, section 270A.07, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION REQUIREMENT.] Any claimant agency, seeking collection of a debt through setoff against a refund due, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 270A.04, subdivision 3. ~~Where the notification is received before July 1, the notification shall be effective only to initiate set-off for claims against refunds that would be made in the same calendar year. Where the notification is received on or after~~

July 1, the notification is effective only to begin setoff for claims against refunds that would be made in the next calendar year.

The claimant agency shall submit to the commissioner the amount of \$3 per certification. The payment must accompany the certification. The claimant agency shall increase the amount of each debt certified by \$3 and this total amount is subject to recapture. If the total debt is not recaptured by the commissioner, the \$3 addition to the debt may be collected by the claimant agency from the debtor and must be considered an obligation of the debtor. The \$3 will not be refunded if the recapture is not accomplished.

For each setoff of a debt against a refund due, the commissioner shall charge a fee of \$10. The claimant agency may add the fee to the amount of the debt.

The claimant agency shall notify the commissioner when a debt has been satisfied or reduced by at least \$200 within 30 days after satisfaction or reduction.

Sec. 6. Minnesota Statutes 1990, section 270A.07, subdivision 2, is amended to read:

Subd. 2. [SETOFF PROCEDURES.] (a) The commissioner, upon receipt of notification, shall initiate procedures to detect any refunds otherwise payable to the debtor. When the commissioner determines that a refund is due to a debtor whose debt was submitted by a claimant agency, the commissioner shall first deduct the fee in subdivision 1 and then remit the refund or the amount claimed, whichever is less, to the agency. In transferring or remitting moneys to the claimant agency, the commissioner shall provide information indicating the amount applied against each debtor's obligation and the debtor's address listed on the tax return.

(b) The commissioner shall remit to the debtor the amount of any refund due in excess of the debt submitted for setoff by the claimant agency. Notice of the amount setoff and address of the claimant agency shall accompany any disbursement to the debtor of the balance of a refund.

Sec. 7. Minnesota Statutes 1991 Supplement, section 270A.08, subdivision 2, is amended to read:

Subd. 2. (a) This written notice shall clearly and with specificity set forth the basis for the claim to the refund including the name of the benefit program involved if the debt arises from a public assistance grant and the dates on which the debt was incurred and, further, shall advise the debtor of the claimant agency's intention to request setoff of the refund against the debt.

(b) The notice will also advise the debtor that ~~any the debt incurred more than six years from the date of the notice to the commissioner under section 270A.07, except for debts owed resulting from a default in payment of child support or maintenance, must not~~ can be setoff against a refund unless the time period allowed by law for collecting the debt has expired, and will advise the debtor of the right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the claimant agency, which request the agency must receive within 45 days of the mailing date of the original notice or of the corrected notice, as required by subdivision 1. If the debtor has not received the notice, the 45 days shall not commence until the debtor has received actual notice. The debtor shall have the burden of showing no notice and shall be entitled to a hearing on the issue of notice as well as on the merits.

Sec. 8. Minnesota Statutes 1990, section 270A.11, is amended to read:

270A.11 [DATA PRIVACY.]

Private and confidential data on individuals may be exchanged among the department, the claimant agency, and the debtor as necessary to accomplish and effectuate the intent of sections 270A.01 to 270A.12, as provided by section 13.05, subdivision 4, clause (b). The department may disclose to the claimant agency only the debtor's name, address, social security number and the amount of the refund, and in the case of a joint return, the name of the debtor's spouse. Any person employed by, or formerly employed by, a claimant agency who discloses any such information for any other purpose, shall be subject to the civil and criminal penalties of section 270B.18.

Sec. 9. Minnesota Statutes 1990, section 270B.01, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA TAX LAWS.] For purposes of this chapter only, "Minnesota tax laws" means the taxes administered by or paid to the commissioner under chapters 289A, 290, 290A, 291, and 297A, and includes any laws for the assessment, collection, and enforcement of those taxes.

Sec. 10. Minnesota Statutes 1991 Supplement, section 289A.20, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, MINING COMPANY, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES.] (a) Individual income, fiduciary, mining company, and corporate franchise taxes must be paid to the commissioner on or before the date the return must be filed under section 289A.18, subdivision 1, or the extended due date as provided in section 289A.19, unless an earlier date for payment is provided.

Notwithstanding any other law, a taxpayer whose unpaid liability for income or corporate franchise taxes, as reflected upon the return, is \$1 or less need not pay the tax.

~~A corporation required to make estimated tax payments by means of an electronic funds transfer must also make the payment with the return in accordance with section 289A.26, subdivision 2a.~~

(b) Entertainment taxes must be paid on or before the date the return must be filed under section 289A.18, subdivision 1.

Sec. 11. [289A.43] [PROHIBITION OF SUITS TO RESTRAIN ASSESSMENT OR COLLECTION.]

Except for the express procedures in this chapter, chapters 270 and 271, and any other tax statutes for contesting the assessment or collection of taxes, penalties, or interest administered by the commissioner of revenue, no suit to restrain assessment or collection, including a declaratory judgment action, can be maintained in any court by any person.

Sec. 12. Minnesota Statutes 1990, section 289A.50, subdivision 5, is amended to read:

Subd. 5. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT DEBTORS.] (a) If a court of this state finds that a person obligated to pay child support is delinquent in making payments, the amount of child support unpaid and owing, including attorney fees and costs incurred in ascertaining or collecting child support, must be withheld from a refund due the person under chapter 290. The public agency responsible for child support enforcement or the parent or guardian of a child for whom the support, attorney fees, and costs are owed may petition the district or county court for an order providing for the withholding of the amount of child support, attorney fees, and costs unpaid and owing as determined by court order. The person from whom the refund may be withheld must be notified of the petition under the rules of civil procedure before the issuance of an order under this subdivision. The order may be granted on a showing to the court that required support payments, attorney fees, and costs have not been paid when they were due.

(b) ~~On order of the court and on payment of \$3 to the commissioner,~~ the commissioner shall withhold the money from the refund due to the person obligated to pay the child support. The amount withheld shall be remitted to the public agency responsible for child support enforcement or to the parent or guardian petitioning on behalf of the child, after any delinquent tax obligations of the taxpayer owed to the revenue department have been satisfied and after deduction of the fee prescribed in section 270A.07, subdivision 1. An amount received by the responsible public agency or the petitioning parent or guardian in excess of the amount of public

assistance spent for the benefit of the child to be supported, or the amount of any support, attorney fees, and costs that had been the subject of the claim under this subdivision that has been paid by the taxpayer before the diversion of the refund, must be paid to the person entitled to the money. If the refund is based on a joint return, the part of the refund that must be paid to the petitioner is the proportion of the total refund that equals the proportion of the total federal adjusted gross income of the spouses that is the federal adjusted gross income of the spouse who is delinquent in making the child support payments.

(c) A petition filed under this subdivision remains in effect with respect to any refunds due under this section until the support money, attorney fees, and costs have been paid in full or the court orders the commissioner to discontinue withholding the money from the refund due the person obligated to pay the support, attorney fees, and costs. If a petition is filed under this subdivision and a claim is made under chapter 270A with respect to the individual's refund and notices of both are received before the time when payment of the refund is made on either claim, the claim relating to the liability that accrued first in time must be paid first. The amount of the refund remaining must then be applied to the other claim.

Sec. 13. Minnesota Statutes 1990, section 290.05, subdivision 4, is amended to read:

~~Subd. 4. (a) Corporations, individuals, estates, trusts or organizations claiming exemption under subdivision 2 shall furnish information concerning their exempt status under the Internal Revenue Code.~~

~~(b) Corporations, individuals, estates, trusts, and organizations shall file with the commissioner of revenue a copy of an annual report that is required to be filed with the Internal Revenue Service, no later than ten days after filing it with the Internal Revenue Service. An annual report required of a pension plan under sections 6057 to 6059 of the Internal Revenue Code of 1954, does not need to be filed with the commissioner.~~

(e) If the Internal Revenue Service revokes, cancels or suspends, in whole or part, the exempt status of any corporation, individual, estate, trust or organization referred to in paragraph (a), or if the amount of gross income, deductions, credits, items of tax preference or taxable income is changed or corrected by either the taxpayer or the Internal Revenue Service, or if the taxpayer consents to any extension of time for assessment of federal income taxes, the corporation, individual, estate, trust or organization shall notify the commissioner in writing of the action within 90 days after that date.

(d) (b) The periods of limitations contained in section 289A.42, subdivision 2, apply when there has been any action referred to in

paragraph (e) (a), notwithstanding any period of limitations to the contrary.

Sec. 14. Minnesota Statutes 1991 Supplement, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter equal to ten percent of the credit for which the individual is eligible under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1990.

For a nonresident, or part-year resident, or person who has earned income not subject to tax under this chapter, the credit determined under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1990, must be allocated based on the percentage of the total earned income of the claimant and the claimant's spouse that is derived from Minnesota sources calculated under section 290.06, subdivision 2c, paragraph (e).

For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income.

Sec. 15. Minnesota Statutes 1991 Supplement, section 290.091, subdivision 2, is amended to read:

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

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the Minnesota charitable contribution deduction and non-Minnesota charitable deductions to the extent they are included in federal alternative minimum taxable income under section 57(a)(6) of the Internal Revenue Code, and excluding the medical expense deduction;

(3) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); less the sum of

(i) interest income as defined in section 290.01, subdivision 19b, clause (1);

(ii) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2); and

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1989.

(c) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(d) "Tentative minimum tax" equals ~~six~~ seven percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(e) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(f) "Net minimum tax" means the minimum tax imposed by this section.

(g) "Minnesota charitable contribution deduction" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses (a) to (e).

Sec. 16. Minnesota Statutes 1990, section 290.091, subdivision 6, is amended to read:

Subd. 6. [CREDIT FOR PRIOR YEARS' LIABILITY.] (a) A credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for the taxable year of

(1) the regular tax, over

(2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

(b) The adjusted net minimum tax for a taxable year equals the lesser of the net minimum tax or the excess (if any) of

(1) the tentative minimum tax, over

(2) ~~six~~ seven percent of the sum of

(i) adjusted gross income as defined in section 62 of the Internal Revenue Code,

(ii) interest income as defined in section 290.01, subdivision 19a, clause (1),

(iii) interest on specified private activity bonds, as defined in section 57(a)(5) of the Internal Revenue Code, to the extent not included under clause (ii),

(iv) depletion as defined in section 57(a)(1) of the Internal Revenue Code, less

(v) the deductions provided in clauses (3)(i), (3)(ii), and (3)(iii) of subdivision 2, paragraph (a), and

(vi) the exemption amount determined under subdivision 3.

In the case of an individual who is not a Minnesota resident for the entire year, adjusted net minimum tax must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax must be multiplied by the fraction defined under subdivision 4, paragraph (b).

Sec. 17. Minnesota Statutes 1991 Supplement, section 290.0921, subdivision 8, is amended to read:

Subd. 8. [CARRYOVER CREDIT.] (a) A corporation is allowed a credit against qualified regular tax for qualified alternative minimum tax previously paid. The credit is allowable only if the corporation has no tax liability under this section for the taxable year and if the corporation has an alternative minimum tax credit carryover from a previous year. The credit allowable in a taxable year equals the lesser of

(1) the excess of the qualified regular tax for the taxable year over the amount computed under subdivision 1, ~~paragraph (a),~~ clause (1), for the taxable year or

(2) the carryover credit to the taxable year.

(b) For purposes of this subdivision, the following terms have the meanings given.

(1) "Qualified alternative minimum tax" equals the amount determined under subdivision 1 for the taxable year.

(2) "Qualified regular tax" means the tax imposed under section 290.06, subdivision 1.

(c) The qualified alternative minimum tax for a taxable year is an alternative minimum tax credit carryover to each of the taxable years succeeding the taxable year. The entire amount of the credit must be carried to the earliest taxable year to which the amount may be carried. Any unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year in which alternative minimum tax was paid.

(d) An acquiring corporation may carry over this credit from a transferor or distributor corporation in a corporate acquisition. The provisions of section 381 of the Internal Revenue Code apply in determining the amount of the carryover, if any.

Sec. 18. Minnesota Statutes 1991 Supplement, section 290.0922, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] (a) In addition to the tax imposed by this chapter without regard to this section, the franchise tax imposed on a corporation required to file under section ~~290.37~~ 289A.08, subdivision 3, other than a corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the taxable year includes a tax equal to the following amounts:

If the sum of the corporation's Minnesota property, payrolls, and sales or receipts is:

the tax equals:

less than \$500,000	\$0
\$ 500,000 to \$ 999,999	\$100
\$ 1,000,000 to \$ 4,999,999	\$300
\$ 5,000,000 to \$ 9,999,999	\$1,000
\$10,000,000 to \$19,999,999	\$2,000
\$20,000,000 or more	\$5,000

(b) A tax is imposed annually beginning in 1990 on a corporation required to file a return under section ~~290.41~~, subdivision 1 289A.12, subdivision 3, that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, and on a partnership

required to file a return under section ~~290.41, subdivision 1~~ 289A.12, subdivision 3, other than a partnership that derives over 80 percent of its income from farming. The tax imposed under this paragraph is due on or before the due date of the return for the taxpayer due under section ~~290.41, subdivision 1~~, for the calendar year following the calendar year in which the tax is imposed 289A.18, subdivision 1. The commissioner shall prescribe the return to be used for payment of this tax. The tax under this paragraph is equal to the following amounts:

If the sum of the S corporation's or partnership's Minnesota property, payrolls, and sales or receipts is:

the tax equals:

less than \$500,000	\$0
\$ 500,000 to \$ 999,999	\$100
\$ 1,000,000 to \$ 4,999,999	\$300
\$ 5,000,000 to \$ 9,999,999	\$1,000
\$10,000,000 to \$19,999,999	\$2,000
\$20,000,000 or more	\$5,000

Sec. 19. Minnesota Statutes 1990, section 290A.03, subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] (a) "Claimant" means a person, other than a dependent, who filed a claim authorized by this chapter and who was a resident of this state as provided in chapter 290 during the calendar year for which the claim for relief was filed.

(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.

(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long-term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.41, the medical assistance program pursuant to title XIX of the Social Security Act, or the general assistance medical care program pursuant to section 256D.03, subdivision 3. If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3, paragraphs (1) and (2), reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care program and the denominator of which is income

as defined in subdivision 3, paragraphs (1) and (2), plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter.

(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility or long-term residential facility for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home, intermediate care facility, or long-term residential facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is the income for the entire calendar year covered by the claim.

(e) In the case of a claim for rent constituting property taxes of a part-year Minnesota resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. If a homestead property owner was a part-year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

(f) If a homestead is occupied by two or more renters, who are not husband and wife, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be each renter's household income for purposes of computing the amount of credit to be allowed.

Sec. 20. Minnesota Statutes 1990, section 290A.19, is amended to read:

290A.19 [OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.]

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent constituting property tax to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before

February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

(b) The certificate of rent constituting property taxes must include the address of the property, including the county, and the property tax parcel identification number and any additional information that the commissioner determines is appropriate.

(c) If the owner or managing agent fails to provide the renter with a certificate of rent constituting property taxes, the commissioner shall allocate the net tax on the building to the unit on a square footage basis or other appropriate basis as the commissioner determines. The renter shall supply the commissioner with a statement from the county treasurer that gives the amount of property tax on the parcel, the address and property tax parcel identification number of the property, and the number of units in the building.

(d) By June 30, for taxes payable in 1990 and May 30 for taxes payable in 1991 and thereafter January 31 of the year following the year in which the rent was collected, each owner or managing agent shall report to the commissioner on a form prescribed by the commissioner the net tax pertaining to the rental residential part of the property, the total scheduled rent, and the fraction computed under section 290A.03, subdivision 11. A copy of the property tax statement for taxes payable in that year must be attached.

Sec. 21. Minnesota Statutes 1990, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of sections 297A.25, subdivision 42, and 297A.257 the tax on sales of capital equipment, and construction materials and supplies under section 297A.257, shall be imposed and collected as if the rate rates under section sections 297A.02, subdivision 1, and 297A.021 applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the exemption under section 297A.25, subdivision 42, or 297A.257 shall be paid to the purchaser. In the case of building materials qualifying under section 297A.257 where the tax was paid by a contractor, application must be made by the owner for the sales tax paid by all the contractors, subcontractors, and builders for the project. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.25, subdivision 42, or capital equipment or construction materials and supplies under section 297A.257. No more than two applications for

refunds may be filed under this subdivision in a calendar year. Unless otherwise specifically provided by this subdivision, the provisions of section 289A.40 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to make the refunds.

The amount to be refunded shall bear interest at the rate in section 270.76 from the date the refund claim is filed with the commissioner.

Sec. 22. Minnesota Statutes 1990, section 297A.15, subdivision 6, is amended to read:

Subd. 6. [REFUND; APPROPRIATION.] The tax on the gross receipts from the sale of items exempt under section 297A.25, subdivision 43, must be imposed and collected as if the sale were taxable and the ~~rate rates~~ under ~~section~~ sections 297A.02, subdivision 1, and 297A.021 applied.

Upon application by the owner of the homestead property on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the building materials and equipment must be paid to the homeowner. In the case of building materials in which the tax was paid by a contractor, application must be made by the homeowner for the sales tax paid by the contractor. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The contractor must furnish to the homeowner a statement of the cost of building materials and the sales taxes paid on the materials. The amount required to make the refunds is annually appropriated to the commissioner. Interest must be paid on the refund at the rate in section 270.76 from 60 days after the date the refund claim is filed with the commissioner.

Sec. 23. Minnesota Statutes 1990, section 541.07, is amended to read:

541.07 [TWO- OR THREE-YEAR LIMITATIONS.]

Except where the Uniform Commercial Code, this section, section 148A.06, or section 541.073 otherwise prescribes, the following actions shall be commenced within two years:

(1) For libel, slander, assault, battery, false imprisonment, or other tort, resulting in personal injury, and all actions against physicians, surgeons, dentists, other health care professionals as defined in section 145.61, and veterinarians as defined in chapter 156, hospitals, sanitariums, for malpractice, error, mistake or failure to cure, whether based on contract or tort; provided a counterclaim may be pleaded as a defense to any action for services brought by a physician, surgeon, dentist, or other health care professional or

veterinarian, hospital or sanitarium, after the limitations herein described notwithstanding it is barred by the provisions of this chapter, if it was the property of the party pleading it at the time it became barred and was not barred at the time the claim sued on originated, but no judgment thereof except for costs can be rendered in favor of the party so pleading it;

(2) Upon a statute for a penalty or forfeiture, except as provided in sections 541.074 and 541.075;

(3) For damages caused by a dam, other than a dam used for commercial purposes; but as against one holding under the preemption or homestead laws, the limitations shall not begin to run until a patent has been issued for the land so damaged;

(4) Against a master for breach of an indenture of apprenticeship; the limitation runs from the expiration of the term of service;

(5) For the recovery of wages or overtime or damages, fees or penalties accruing under any federal or state law respecting the payment of wages or overtime or damages, fees or penalties except, that if the employer fails to submit payroll records by a specified date upon request of the department of labor and industry or if the nonpayment is willful and not the result of mistake or inadvertence, the limitation is three years. (The term "wages" means all remuneration for services or employment, including commissions and bonuses and the cash value of all remuneration in any medium other than cash, where the relationship of master and servant exists and the term "damages" means single, double, or treble damages, accorded by any statutory cause of action whatsoever and whether or not the relationship of master and servant exists);

(6) For damages caused by the establishment of a street or highway grade or a change in the originally established grade;

(7) For sales or use taxes imposed by the laws of any other state;

(8) Against the person who applies the pesticide for injury or damage to property resulting from the application, but not the manufacture or sale, of a pesticide.

Sec. 24. Laws 1991, chapter 291, article 7, section 27, is amended to read:

Sec. 27. [EFFECTIVE DATE.]

Sections 2, 4, 9, 15 to 19, 21 to 24, and 26 are effective for taxable years beginning after December 31, 1990, provided that the carry-over for the credit provided under Minnesota Statutes, section 290.068, subdivision 6, that is repealed by section 26, remains in

effect for taxable years beginning before 2003. Sections 10 and 14 are effective the day following final enactment. Sections 1, 3, 11, 12, 13, 20, and 25 are effective for taxable years beginning after December 31, 1989.

Sec. 25. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall delete the note after section 290A.19. Effective August 1, 1990, the amendment to Minnesota Statutes, section 290A.19, made by Laws 1990, chapter 480, article 1, section 38, paragraph (c), is of no effect.

Sec. 26. [REPEALER.]

Minnesota Statutes 1990, sections 289A.12, subdivision 1; 290.48, subdivision 7; and 297.32, subdivision 7, are repealed. Minnesota Rules, parts 8130.6100 and 8130.6800, are repealed.

Sec. 27. [EFFECTIVE DATES.]

Sections 2, 3, 7 to 9, 11, 17, 18, 24, and 26 are effective the day following final enactment.

Sections 4, 5, 6, and 12 are effective for refund offsets made on or after July 1, 1992.

Section 10 is effective for payments with corporate franchise tax returns due on or after January 1, 1992.

Section 13 is effective for returns that would have been due after the date of final enactment.

Section 14 is effective for tax years beginning after December 31, 1991.

Sections 15 and 16 are effective for tax years beginning after December 31, 1990.

Section 19 is effective beginning for claims based on rent paid in 1992.

Section 20 is effective beginning with returns based on rent collected in 1992.

Sections 21 and 22 are effective retroactively for all purchases made after December 31, 1991.

Section 23 is effective for causes of action arising on or after the day following final enactment, and for causes of action arising before that date that have not expired as of the day following final enactment.

ARTICLE 8

SALES AND USE TAXES

Section 1. Minnesota Statutes 1990, section 216C.06, is amended by adding a subdivision to read:

Subd. 13. [PHOTOVOLTAIC DEVICE.] "Photovoltaic device" means a system of components that generates electricity from incident sunlight by means of the photovoltaic effect, whether or not the device is able to store the energy produced for later use.

Sec. 2. Minnesota Statutes 1990, section 289A.11, subdivision 3, is amended to read:

Subd. 3. [WHO MUST FILE RETURN.] For purposes of the sales tax, a return must be filed by a retailer who is required to hold a permit. For the purposes of the use tax, a return must be filed by a retailer required to collect the tax and by a person buying any items, the storage, use or other consumption of which is subject to the use tax, who has not paid the use tax to a retailer required to collect the tax. The returns must be signed by the person filing the return or by the person's agent duly authorized in writing. The signature requirement can be waived by agreement, in writing, between the commissioner and the person required to file the returns for a period not to exceed one year from the date of the agreement. The agreement must contain an admission of liability by the taxpayer for the taxes reported on all returns filed by the taxpayer without a signature during the period of the waiver, to the extent such taxes are not timely paid.

Sec. 3. Minnesota Statutes 1991 Supplement, section 289A.18, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX RETURNS.] (a) Sales and use tax returns must be filed on or before the 20th day of the month following the close of the preceding reporting period, except that annual use tax returns provided for under section 289A.11, subdivision 1, must be filed by April 15 following the close of the calendar year. In addition, on or before June 20 of a year, a retailer who has a May liability of \$1,500 or more must file a return with the commissioner for one-half of the estimated June liability, in addition to filing a return for the May liability. On or before August 20 of a year, the retailer must file a return showing the actual June liability.

(b) Returns filed by retailers required to remit liabilities by means of funds transfer under section 289A.20, subdivision 4, paragraph (d), are due on or before the 25th day of the month following the close of the preceding reporting period. Returns filed under the second sentence of paragraph (a) by a retailer required to remit by means of funds transfer are due on June 25, and on or before August 25 of a year, the retailer must file a return showing the actual June liability.

Sec. 4. Minnesota Statutes 1991 Supplement, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred or following another reporting period as the commissioner prescribes, except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of \$1,500 or more in May of a year must remit the June liability in the following manner:

(1) On or before June 20 of the year, the vendor must remit the actual May liability and one-half of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(3) If the vendor is required to remit by means of funds transfer as provided in paragraph (d), the vendor may remit the May liability as provided for in paragraph (e), but must remit one-half of the estimated June liability on or before June 14. The remaining amount of the June liability is due on August 14.

(c) When a retailer located outside of a city that imposes a local sales and use tax collects use tax to be remitted to that city, the retailer is not required to remit the tax until the amount collected reaches \$10.

(d) A vendor having a liability of \$240,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due the 14th day of the month following the month in which the taxable event occurred, except for the one-half of the estimated June liability, which is due with the May liability on June 14. The remaining amount of the June liability is due on August 14. If the

date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(e) If the vendor required to remit by electronic funds transfer as provided in paragraph (d) is unable due to reasonable cause to determine the actual sales and use tax due on or before the due date for payment, the vendor may remit an estimate of the tax owed using one of the following options:

(1) 100 percent of the tax reported on the previous month's sales and use tax return;

(2) 100 percent of the tax reported on the sales and use tax return for the same month in the previous calendar year; or

(3) 95 percent of the actual tax due.

Any additional amount of tax that is not remitted on or before the due date for payment, must be remitted with the return. A vendor must notify the commissioner of the option that will be used to estimate the tax due, and must obtain approval from the commissioner to switch to another option. If a vendor fails to remit the actual liability or does not remit using one of the estimate options by the due date for payment, the vendor must remit actual liability as provided in paragraph (d) in all subsequent periods. This paragraph does not apply to the June sales and use liability.

Sec. 5. [297.031] [REFUND FOR TAX CONSTITUTING BAD DEBT.]

Subdivision 1. [ADOPTION OF RULES.] The commissioner may adopt rules providing a refund of the tax paid under section 297.02 if the tax paid qualifies as a bad debt under section 166(a) of the Internal Revenue Code of 1986, as amended through December 31, 1991.

Subd. 2. [CREDIT AGAINST TAX.] The commissioner may credit the amount determined under this section against taxes otherwise payable under this chapter by the taxpayer.

Subd. 3. [CLAIMS; TIME LIMIT.] Claims for refund must be filed with the commissioner within one year of the filing date of the taxpayer's federal income tax return containing the bad debt deduction that is being claimed. Claimants under this section are subject to the notice requirements of section 289A.38, subdivision 7.

Subd. 4. [ANNUAL APPROPRIATION.] There is appropriated

annually from the general fund to the commissioner the amount necessary to make the refunds provided by this section.

Sec. 6. [297.321] [REFUND FOR TAX CONSTITUTING BAD DEBT.]

Subdivision 1. [ADOPTION OF RULES.] The commissioner may adopt rules providing a refund of the tax paid under section 297.32 if the tax paid qualifies as a bad debt under section 166(a) of the Internal Revenue Code of 1986, as amended through December 31, 1991.

Subd. 2. [CREDIT AGAINST TAX.] The commissioner may credit the amount determined under this section against taxes otherwise payable under this chapter by the taxpayer.

Subd. 3. [CLAIMS; TIME LIMIT.] Claims for refund must be filed with the commissioner within one year of the filing date of the taxpayer's federal income tax return containing the bad debt deduction that is being claimed. Claimants under this section are subject to the notice requirements of section 289A.38, subdivision 7.

Subd. 4. [ANNUAL APPROPRIATION.] There is appropriated annually from the general fund to the commissioner the amount necessary to make the refunds provided by this section.

Sec. 7. Minnesota Statutes 1990, section 297A.07, is amended to read:

297A.07 [REVOCATION OF PERMITS.]

Subdivision 1. [HEARINGS.] Whenever If any person fails to comply with any provision of sections 297A.01 to 297A.44 this chapter or any rule of the commissioner the rules adopted under sections 297A.01 to 297A.44 this chapter, without reasonable cause, the commissioner, upon may schedule a hearing, after giving the person 30 days' notice in writing specifying the time and place of hearing and the reason for the proposed revocation and requiring the person to show cause why the permit or permits should not be revoked, may for reasonable cause, revoke or suspend any one or more of the permits held by such person. The commissioner must give the person 15 days' notice in writing, specifying the time and place of the hearing and the reason for the proposed revocation. The notice shall also advise the person of the person's right to contest the revocation under this subdivision, the general procedures for a contested case hearing under chapter 14, and the notice requirement under subdivision 2. The notice may be served personally or by mail in the manner prescribed for service of notice of a deficiency an order of assessment.

Subd. 2. [CONTESTING OF REVOCATION.] A person planning to contest the revocation of a sales tax permit must give the commissioner written notice of intent to do so five calendar days before the date of the hearing. If the person does not provide the notice and has no reasonable justification for not doing so, or does not attend the hearing, the commissioner may request a finding of default and recommendation for revocation by the administrative law judge.

Subd. 3. [NEW PERMITS AFTER REVOCATION.] The commissioner shall not issue a new permit or reinstate a revoked permit after revocation except upon application accompanied by unless the taxpayer applies for a permit and provides reasonable evidence of the intention of the applicant to comply with the aforementioned provisions sales and use tax laws and rules. The commissioner may condition require the issuance of a new permit to such applicant on the supplying of such to supply security, in addition to that authorized by section 297A.28, as is reasonably necessary to insure compliance with the aforementioned provisions sales and use tax laws and rules.

Sec. 8. Minnesota Statutes 1991 Supplement, section 297A.135, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] A tax of \$7.50 is imposed on the lease or rental in this state on a daily or weekly basis for not more than 28 days of a passenger automobile as defined in section 168.011, subdivision 7, a van as defined in section 168.011, subdivision 28, or a pickup truck as defined in section 168.011, subdivision 29. The tax does not apply to the lease or rental of a hearse or limousine used in connection with a burial or funeral service. The tax does not apply if the term of the lease or rental is longer than 28 days. It applies whether or not the vehicle is licensed in the state.

Sec. 9. Minnesota Statutes 1991 Supplement, section 297A.135, is amended by adding a subdivision to read:

Subd. 4. [EXEMPTION.] The tax imposed by this section does not apply to a lease or rental if the vehicle is to be used by the lessee to provide a licensed taxi service.

Sec. 10. [297A.136] [TAX ON 900 PAY-PER-CALL SERVICES.]

Subdivision 1. [TAX IMPOSED.] A tax of \$.50 is imposed for each call placed to a 900 service if that service originates from and is charged to a telephone located in this state.

Subd. 2. [DEFINITIONS.] For the purposes of this section, "900 service" means pay-per-call 900 information services provided

through a telephone exchange, commonly accessed by dialing 1-900, 1-960, 1-976, or other similar prefix.

Subd. 3. [PAYMENT; ADMINISTRATION.] Liability for the tax imposed by this section is on the person making the call. Liability for collection is on the person providing access to a dial tone. The tax imposed in this section must be reported and paid to the commissioner of revenue with the taxes imposed in this chapter. It is subject to the same interest, penalty, and other provisions provided for sales and use taxes under chapter 289A and this chapter. The commissioner has the same powers to access and collect the tax that are given the commissioner in chapters 270 and 289A and this chapter to assess and collect sales and use tax.

Sec. 11. Minnesota Statutes 1990, section 297A.14, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] For the privilege of using, storing or consuming in Minnesota tangible personal property or taxable services purchased for use, storage, or consumption in this state, a use tax is imposed on every person in this state at the rate of tax imposed under section 297A.02 on the sales price of sales at retail of the items, unless the tax imposed by section 297A.02 was paid on the sales price.

A use tax is imposed on every person who uses, stores, or consumes tangible personal property in Minnesota which has been manufactured, fabricated, or assembled by the person from materials, either within or without this state, at the rate of tax imposed under section 297A.02 on the sales price of sales at retail of the materials contained in the tangible personal property, unless the tax imposed by section 297A.02 was paid on the sales price.

Sec. 12. Minnesota Statutes 1990, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of ~~sections~~ section 297A.25, subdivision subdivisions 42 and 297A.257 and 50, the tax on sales of capital equipment, and construction materials and supplies under ~~section 297A.257~~ 297A.25, subdivision 50, shall be imposed and collected as if the rate under section 297A.02, subdivision 1, applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the exemption under section 297A.25, subdivision 42 or 50, ~~or 297A.257~~ shall be paid to the purchaser. In the case of building materials qualifying under ~~section 297A.257~~ 297A.25, subdivision 50, where the tax was paid by a contractor, application must be made by the owner for the sales tax paid by all the contractors, subcontractors, and builders for the project. The application must include sufficient information to permit the commissioner to verify the sales

tax paid for the project. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.25, subdivision 42, or capital equipment or construction materials and supplies under section ~~297A.257~~ 297A.25, subdivision 50. No more than two applications for refunds may be filed under this subdivision in a calendar year. No owner may apply for a refund based on the exemption under section 297A.25, subdivision 50, before July 1, 1993. Unless otherwise specifically provided by this subdivision, the provisions of section 289A.40 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to make the refunds.

The amount to be refunded shall bear interest at the rate in section 270.76 from the date the refund claim is filed with the commissioner.

Sec. 13. Minnesota Statutes 1991 Supplement, section 297A.21, subdivision 4, is amended to read:

Subd. 4. [REQUIRED REGISTRATION BY OUT-OF-STATE RETAILER NOT MAINTAINING PLACE OF BUSINESS IN MINNESOTA.] (a) A retailer making retail sales from outside this state to a destination within this state and not maintaining a place of business in this state shall file an application for a permit pursuant to section 297A.04 and shall collect and remit the use tax as provided in section 297A.16 if the retailer engages in the regular or systematic soliciting of sales from potential customers in this state by:

(1) the distribution, by mail or otherwise, without regard to the state from which such distribution originated or in which the materials were prepared, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;

(2) display of advertisements on billboards or other outdoor advertising in this state;

(3) advertisements in newspapers published in this state;

(4) advertisements in trade journals or other periodicals the circulation of which is primarily within this state;

(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition in which this state is included of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;

(6) advertisements in regional or national publications in an

edition which is not by its contents geographically targeted to Minnesota but which is sold over the counter in Minnesota or by subscription to Minnesota residents;

(7) advertisements broadcast on a radio or television station located in Minnesota; or

(8) any other solicitation by telegraphy, telephone, computer data base, cable, optic, microwave, or other communication system.

(b) The location within or without this state of vendors independent of the retailer which provide products or services to the retailer in connection with its solicitation of customers within this state, including such products and services as creation of copy, printing, distribution, and recording, is not to be taken into account in the determination of whether the retailer is required to collect use tax. Paragraph (a) shall be construed without regard to the state from which distribution of the materials originated or in which they were prepared.

(c) A retailer not maintaining a place of business in this state shall be presumed, subject to rebuttal, to be engaged in regular solicitation within this state if it engages in any of the activities in paragraph (a) and (1) makes 100 or more retail sales from outside this state to destinations within this state during a period of 12 consecutive months, or (2) makes ten or more retail sales totaling more than \$100,000 from outside this state to destinations within this state during a period of 12 consecutive months.

(d) A retailer not maintaining a place of business in this state shall not be required to collect use tax imposed by any local governmental unit or subdivision of this state and this section does not subject such a retailer to any regulation of any local unit of government or subdivision of this state. This paragraph does not apply to the tax imposed under section 297A.021.

Sec. 14. Minnesota Statutes 1990, section 297A.25, subdivision 7, is amended to read:

Subd. 7. [PETROLEUM PRODUCTS.] The gross receipts from the sale of and storage, use or consumption of the following petroleum products are exempt:

(1) products upon which a tax has been imposed and paid under the provisions of chapter 296, and no refund has been or will be allowed because the buyer used the fuel for nonhighway use, or

(2) products which are used in the improvement of agricultural land by constructing, maintaining, and repairing drainage ditches,

tile drainage systems, grass waterways, water impoundment, and other erosion control structures; or

(3) products purchased by a transit system receiving financial assistance under section 174.24 or 473.384.

Sec. 15. Minnesota Statutes 1990, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Minnesota center for arts education, and political subdivisions of the state school districts are exempt. As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, including, without limitation, school districts, intermediate school districts, education districts, educational cooperative service units, secondary vocational cooperative centers, special education cooperatives, joint purchasing cooperatives, telecommunication cooperatives, regional management information centers, technical colleges, joint vocational technical districts, and any instrumentality of a school district, as defined in section 471.59. Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, paragraph (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii). Sales to hospitals and nursing homes owned and operated by political subdivisions of the state are exempt under this subdivision. The sales to and exclusively for the use of libraries, as defined in section 134.001, of books, periodicals, audio-visual materials and equipment, photocopiers for use by the public, and all cataloging and circulation equipment, and cataloging and circulation software for library use are exempt under this subdivision. Sales of supplies and equipment used in the operation of an ambulance service owned and operated by a political subdivision of the state are exempt under this subdivision provided that the supplies and equipment are used in the course of providing medical care; motor vehicle parts are not exempt under this provision. This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities. This exemption does not apply to the leasing of a

motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities. The tax imposed on sales to political subdivisions of the state under this section applies to all political subdivisions other than those explicitly exempted under this subdivision, notwithstanding sections 115A.69, subdivision 6, 116A.25, 360.035, 458A.09, 458A.30, 458D.23, 469.101, subdivision 2, 469.127, 473.394, 473.448, 473.545, or 473.608 or any other law to the contrary enacted before 1992.

Sec. 16. Minnesota Statutes 1991 Supplement, section 297A.25, subdivision 12, as amended by Laws 1992, chapter 363, article 1, section 19, subdivision 1, is amended to read:

Subd. 12. [OCCASIONAL SALES.] (a) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale are exempt.

(b) This exemption does not apply to sales of tangible personal property primarily used in a trade or business unless (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code of 1986, as amended through December 31, 1990; (2) the sale is between members of ~~an affiliated~~ a controlled group as defined in section ~~1504(a)~~ 1563(a) of the Internal Revenue Code of 1986, as amended through December 31, 1990; (3) the sale is a sale of farm machinery; (4) the sale is a farm auction sale; ~~or~~ (5) the sale is a sale of substantially all of the assets of a trade or business ~~conducted by an individual or by a partnership all of the partners of which are individuals;~~ or (6) the total amount of gross receipts from the sale of trade or business property made during the calendar month of the sale and the preceding 11 calendar months does not exceed \$1,000.

(c) For purposes of this subdivision, the following terms have the meanings given.

(1) A "farm auction" is a public auction conducted by a licensed auctioneer if substantially all of the property sold consists of property used in the trade or business of farming and property not used primarily in a trade or business.

(2) "Trade or business" includes the assets of a separate division, branch, or identifiable segment of a trade or business if, before the sale, the income and expenses attributable to the separate division, branch, or identifiable segment could be separately ascertained from the books of account or record (the lease or rental of an identifiable segment does not qualify for the exemption).

(3) A "sale of substantially all of the assets of a trade or business" must occur as a single transaction or a series of related transactions occurring within the 12-month period beginning on the date of the first sale of assets intended to qualify for the exemption provided in paragraph (b), clause (5).

Sec. 17. Minnesota Statutes 1990, section 297A.25, subdivision 24, is amended to read:

Subd. 24. [NONPROFIT TICKETS OR ADMISSIONS.] The gross receipts from the sale or use of tickets or admissions to the premises of or events sponsored by an association, corporation or other group of persons which provides an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and which either (1) qualifies as a tax-exempt organization within the meaning of Minnesota Statutes 1980, section 290.05, subdivision 1, clause (i), or (2) is a municipal board that promotes cultural and arts activities are exempt. The exemption provided with respect to a municipal board applies only to tickets and admissions to events sponsored by the board.

Sec. 18. Minnesota Statutes 1990, section 297A.25, subdivision 34, is amended to read:

Subd. 34. [MOTOR VEHICLES.] The gross receipts from the sale or use of any motor vehicle taxable under the provisions of the motor vehicle excise tax laws of Minnesota shall be exempt from taxation under this chapter. Notwithstanding section 297A.25, subdivision 11, the exemption provided under this subdivision remains in effect for motor vehicles purchased by political subdivisions of the state if the vehicles are not subject to taxation under chapter 297B.

Sec. 19. Minnesota Statutes 1990, section 297A.25, subdivision 45, is amended to read:

Subd. 45. [SHIPS USED IN INTERSTATE COMMERCE.] The gross receipts from sales of, and use, storage, or consumption of:

(1) repair, replacement, and rebuilding parts and materials, and lubricants, for ships or vessels used or to be used principally in interstate or foreign commerce; and

(2) vessels with a gross registered tonnage of at least 3,000 tons are exempt.

Sec. 20. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 47. [PHOTOVOLTAIC DEVICES.] The gross receipts from the sale of photovoltaic devices, as defined in section 216C.06,

subdivision 13, and the materials used to install, construct, repair, or replace them are exempt if the devices are used as an electric power source.

Sec. 21. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 48. [WIND ENERGY CONVERSION SYSTEMS.] The gross receipts from the sale of wind energy conversion systems, as defined in section 216C.06, subdivision 12, and the materials used to manufacture, install, construct, repair, or replace them are exempt if the systems are used as an electric power source.

Sec. 22. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 49. [AIR COOLING EQUIPMENT.] The gross receipts from the sale of equipment used for air cooling are exempt, if the equipment is purchased for conversion or replacement of an existing groundwater based once-through cooling system as required under section 103G.271, subdivision 5.

Sec. 23. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 50. [CONSTRUCTION MATERIALS FOR RECYCLING FACILITIES.] Construction materials and supplies are exempt from the tax imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if:

(1) the materials and supplies are used or consumed in constructing a new facility which reduces the flow of solid waste by creating a market for recycled office waste;

(2) the recycling process produces pulp or paper from high-grade office waste; and

(3) the total capital investment made within a four-year period for construction of the facility exceeds \$50,000,000.

Sec. 24. [297A.46] [LOCAL GOVERNMENTS EXEMPT FROM LOCAL SALES TAXES.]

Notwithstanding any other law, ordinance, or charter provision, no political subdivision of the state shall be required to pay any general sales tax imposed by a political subdivision of the state. This provision does not apply to the local option tax under section 297A.021.

Sec. 25. [297A.47] [REPORTING OF SALES TAX ON MINNESOTA GOVERNMENTS.]

The commissioner shall estimate the amount of revenues derived from imposing the tax under this chapter and chapter 297B on state agencies and political subdivisions for each fiscal year and shall report this amount to the commissioner of finance before the time for filing reports for the fiscal year with the United States Department of Commerce. The commissioner of finance in reporting the sales and motor vehicle excise tax collections to the United States Department of Commerce shall exclude this amount from the sales and motor vehicle collections. Sales and motor vehicle excise tax revenues received from political subdivisions must be reported as intergovernmental grants or similar intergovernmental revenue. The amount of the sales and motor vehicle excise tax paid by state agencies must be reported as reduced state expenditures.

Sec. 26. Minnesota Statutes 1990, section 297B.01, subdivision 8, is amended to read:

Subd. 8. "Purchase price" means the total consideration valued in money for a sale, whether paid in money or otherwise, provided however, that when a motor vehicle is taken in trade as a credit or as part payment on a motor vehicle taxable under Laws 1971, chapter 853, the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted from the total selling price to establish the purchase price of the vehicle being sold and the trade-in allowance allowed by the seller shall constitute the purchase price of the motor vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle is acquired by gift or by any other transfer for a nominal or no monetary consideration shall also include the average value of similar motor vehicles, established by standards and guides as determined by the motor vehicle registrar. The purchase price in those instances where a motor vehicle is manufactured by a person who registers it under the laws of this state shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean the amount expended for materials, labor and other properly allocable costs of manufacture, except that in the absence of actual expenditures for the manufacture of a part or all of the motor vehicle, manufactured costs shall mean the reasonable value of the completed motor vehicle.

The term "purchase price" shall not include the portion of the value of a motor vehicle due solely to modifications necessary to make the motor vehicle handicapped accessible. The term "purchase price" shall not include the transfer of a motor vehicle by way of gift between a husband and wife or parent and child, nor shall it include the transfer of a motor vehicle by a guardian to a ward when there is no monetary consideration and the title to such vehicle was registered in the name of the guardian, as guardian, only because the ward was a minor. There shall not be included in "purchase

price" the amount of any tax imposed by the United States upon or with respect to retail sales whether imposed upon the retailer or the consumer.

Sec. 27. [ROSEVILLE LODGING TAX.]

Subdivision 1. [TAX AUTHORIZED; USE OF REVENUES.] Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a tax authorized in Minnesota Statutes, section 469.190, the governing body of the city of Roseville may impose a tax of up to two percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more, located in the city. The city may agree with the commissioner of revenue that a tax imposed under this section shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. The proceeds of the tax shall be dedicated to and used to pay the costs of the construction, debt service, operation, and maintenance of a public multiuse speed skating/bandy facility within the city to the extent the costs exceed any revenues derived from the lease, rental, or operation of the facility.

Subd. 2. [REFERENDUM.] If the city intends to impose the tax authorized by this section, it shall conduct a referendum on the issue. The question of imposing the tax must be submitted to the voters at a general election. The tax may not be imposed unless a majority of votes cast on the question of imposing the tax are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a general election before December 1, 1992. This subdivision applies notwithstanding any city charter provision to the contrary.

Sec. 28. [OCCASIONAL SALES; RETROACTIVE DATE; REFUNDS.]

No refunds of tax may be paid due to the retroactive effective date of section 16 except as provided in this section. A purchaser must file a claim for refund containing the information required in Minnesota Statutes, section 289A.50 and any other information required by the commissioner, including receipts or other proof of payment. A purchaser is considered a taxpayer for purposes of section 289A.50. Notwithstanding section 289A.50, subdivision 2, a vendor who has collected a tax from the purchaser may not claim a refund under this section.

Sec. 29. [COMMISSIONER OF REVENUE; TEMPORARY POWERS.]

Subdivision 1. [APPLICABILITY.] This section gives the commissioner of revenue certain temporary powers. These powers apply only to taxes imposed under Minnesota Statutes, chapter 297A, and local taxes administered by the commissioner under Minnesota Statutes, chapters 289A and 297A.

Subd. 2. [PAYMENT OF TAXES.] The commissioner may establish additional due dates, applicable to certain groups of taxpayers, for the payment of taxes. Unless the commissioner has the written consent of the taxpayer, the additional payment dates must not require the taxpayer to pay the tax earlier than the payment dates now provided by statute or rule. The commissioner may accept various forms of payment, including, but not limited to, financial transaction cards and electronic funds transfer.

Subd. 3. [FILING OF RETURN.] The commissioner may establish additional dates, applicable to certain groups of taxpayers, for the filing of tax returns. Unless the commissioner has the written consent of the taxpayer, the return due date must not be earlier than the due date now provided by statute or rule. In conducting pilot studies, the commissioner may use tax return forms with varying formats, accept electronic filed returns, and waive the taxpayer signature requirements.

Subd. 4. [AGREEMENTS.] The commissioner may enter written agreements with taxpayers that provide for the payment of taxes or the filing of returns at dates earlier than now provided by statute or rule. The commissioner and the taxpayer may also agree in writing to other changes from the statutory or rule requirements related to the administration of these taxes. If the taxpayer agrees to pay taxes at a date earlier than provided by statute, the commissioner may negotiate payments to the taxpayer to compensate in part or in full for the loss incurred as a result of the accelerated payment. Included under this authority, the commissioner may agree to let the taxpayer keep a percentage of the taxes collected.

Subd. 5. [PERMITS; APPLICATION; REVOCATION.] The commissioner may establish procedures for the issuance, renewal, revocation, and cancellation of sales tax permits. These procedures may change the permit application process, establish permit renewal procedures and timeframes, and alter the sales and use tax permit revocation process. These procedures must not impair the statutory due process rights of the taxpayer, except with the taxpayer's consent.

Subd. 6. [PROCEDURE; APPROVAL.] Pilot studies proposed under these authorities must be presented to the chairs of the house of representatives tax committee and the senate committee on taxes and tax laws. No study may be undertaken without the approval of both chairs. If either chair fails to respond within 15 days after the proposal is presented, that chair is considered to have approved the

study. If the study is approved, the commissioner will initially seek participation on a voluntary basis from within the targeted taxpayer group.

Subd. 7. [ADMINISTRATIVE PROCEDURES ACT.] The powers granted under this section are not subject to the provisions of Minnesota Statutes, chapter 14.

Subd. 8. [EXPIRATION DATE.] This section expires June 30, 1994. Within 90 days following the expiration date, the commissioner will prepare a report on this study for presentation to the chairs of the house of representatives tax committee and the senate committee on taxes and tax laws.

Sec. 30. [BROOKLYN CENTER; LOCAL LIQUOR AND RESTAURANT TAX.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 477A.016, or any other law, the city of Brooklyn Center may by ordinance, impose a tax of one percent on the gross receipts on (1) retail on-sales of intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor establishments and municipal liquor stores within the city, and (2) all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment within the city.

Subd. 2. [USE OF REVENUES.] Revenues received from taxes authorized under subdivision 1 must be used by the city to pay the cost of collecting the tax and to fund approved housing projects. Residents of at least 75 percent of any rental units and 100 percent of any homeownership units constructed or rehabilitated with revenues received under this section, must have incomes that are at or below 80 percent of the area median family income, adjusted for family size, as determined by the department of housing and urban development. Resident income shall be determined at the time of occupancy. For the purposes of this section "housing project" shall have the meaning defined in Minnesota Statutes, section 469.002.

Subd. 3. [REFERENDUM.] If the Brooklyn Center city council intends to impose the liquor and restaurant tax authorized by this section, it shall conduct a referendum on the issue. The question of imposing the tax must be submitted to the voters at a general election. The tax may not be imposed unless a majority of votes cast on the question of imposing the tax are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a general election before December 1, 1992. This subdivision applies notwithstanding any city charter provision to the contrary.

Subd. 4. [COLLECTION.] The city may agree with the commissioner of revenue that a tax imposed pursuant to this section shall be

collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. By July 1, 1992, the commissioner of revenue shall provide to the city council an estimate of the cost of collection.

Subd. 5. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Brooklyn Center with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 31. [CITY OF ELY; SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Ely may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [EXCISE TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Ely may by ordinance impose an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the tax and to pay all or a portion of the expenses of constructing, operating, promoting, and developing of facilities as part of a community revitalization project in Ely known as the Ely Wilderness Gateway project. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of the Wilderness Gateway project and related facilities, securing or paying debt service on bonds or other obligations issued to finance the construction of Wilderness Gateway and related facilities, operating expenses of facilities and attractions, and operations to promote and develop the project as described in a strategic plan approved under section 8. For purposes of this section, "Ely Wilderness Gateway and related facilities" means a convention center, amphitheater, interpretive center, Gateway linkage facility, exhibits and program components, furnishings and equipment, tourist center, cottage industry center, wildlife enclosures, tourist attractions, museum, educational facilities, and links to municipal campgrounds and all publicly owned real or personal property adjacent to the project area that the governing body of the city determines will be necessary to facilitate the use of these facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, educational and recreational trails, and landscaping. The total capital, administrative, and oper-

ating expenditures payable from bond proceeds and revenues shall not exceed \$20,000,000 for Ely Wilderness Gateway and related facilities.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] The taxes imposed under subdivisions 1 and 2 shall terminate on the first day of the second month next succeeding a determination by the city council that sufficient funds have been received from the taxes and bond proceeds to finance capital, administrative, and operating costs of \$20,000,000 for the Ely Wilderness Gateway and related facilities and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the improvements. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

Subd. 5. [BONDS.] The city of Ely may issue general obligation bonds of the city in an amount not to exceed \$20,000,000 for Ely Wilderness Gateway and related facilities, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a property tax to pay them. The debt represented by bonds issued for Ely Wilderness Gateway and related facilities shall not be included in computing any debt limitations applicable to the city of Ely, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.

Subd. 6. [REFERENDUM.] If the Ely city council intends to impose the sales and excise taxes authorized by this section, it shall conduct a referendum on the issue. The question of imposing the tax must be submitted to the voters at a general election. The tax may not be imposed unless a majority of votes cast on the question of imposing the tax are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a general election before December 1, 1992. This subdivision applies notwithstanding any city charter provision to the contrary.

Subd. 7. [ENFORCEMENT; COLLECTION; ADMINISTRATION OF TAXES.] A sales tax imposed under this section must be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax. By July 1, 1992, the commissioner of revenue shall provide to the city council an estimate of these costs.

Subd. 8. [APPROVAL OF PLANS.] A nine-member citizens committee is established. The committee shall review and, by majority vote, approve or reject strategic plans relating to the Ely Wilderness Gateway for the city of Ely. The committee shall be appointed by the Ely city council as provided under Minnesota Statutes, section 15.059, subdivisions 2 and 4. The committee shall be composed of two members of the Ely chamber of commerce, two members of the Ely area tourist board, two members of the Ely area development council, two members of the Ely city council, and one representative of a joint powers agreement between Ely and another local government.

Subd. 9. [EFFECTIVE DATE.] This section is effective the day after final enactment.

Sec. 32. [CITY OF THIEF RIVER FALLS; SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Thief River Falls may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city except for sales of major farm equipment subject to the tax under subdivision 2.

Subd. 2. [EXCISE TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Thief River Falls may by ordinance impose an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail, and an excise tax of up to \$20 per piece of major farm equipment, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling major farm equipment at retail.

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the tax and to pay all or a portion of the expenses of constructing, operating, promoting, and developing of facilities as part of a community revitalization project in Thief River Falls known as the Area Tourism-Convention Facilities. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of the Area Tourism-Convention Facilities, securing or paying debt service on bonds or other obligations issued to finance the construction of the Area Tourism-Convention Facilities, operating expenses of facilities and attractions, and operations to promote and develop the project as described in a strategic plan approved under subdivision 8. For purposes of this section, "Area Tourism-Convention Facilities" means convention facilities, rivers' beautification and reservoir management, tourist park expansion, River Walk facilities, and

Depot acquisition and preservation. The total capital, administrative, and operating expenditures payable from bond proceeds and revenues shall not exceed \$15,000,000 for the Thief River Falls Area Tourism-Convention Facilities.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] The taxes imposed under subdivisions 1 and 2 shall terminate on the first day of the second month next succeeding a determination by the city council that sufficient funds have been received from the taxes to finance capital, administrative, and operating costs of \$15,000,000 for the Area Tourism-Convention Facilities and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the improvements. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city, by ordinance, so determines, provided that sufficient funds have been received to finance obligations already incurred for the Area Tourism-Convention Facilities.

Subd. 5. [BONDS.] The city of Thief River Falls may issue general obligation bonds of the city in an amount not to exceed \$15,000,000 for the Area Tourism-Convention Facilities, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a property tax to pay them. The debt represented by bonds issued for the Area Tourism-Convention Facilities shall not be included in computing any debt limitations applicable to the city of Thief River Falls, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.

Subd. 6. [REFERENDUM.] If the Thief River Falls city council intends to impose the sales and excise taxes authorized by this section, it shall conduct a referendum on the issue. The question of imposing the tax must be submitted to the voters at a general election. The tax may not be imposed unless a majority of votes cast on the question of imposing the tax are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a general election before December 1, 1992. This subdivision applies notwithstanding any city charter provision to the contrary.

Subd. 7. [ENFORCEMENT; COLLECTION; ADMINISTRATION OF TAXES.] A sales tax imposed under this section must be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the

direct and indirect department costs necessary to administer, audit, and collect the tax. By July 1, 1992, the commissioner of revenue shall provide to the city council an estimate of these costs.

Subd. 8. [APPROVAL OF PLANS.] A representative, advisory citizens committee of not less than nine members is established. The committee shall review and, by majority vote, approve or reject strategic plans relating to the Area Tourism-Convention Facilities of Thief River Falls. The committee shall be appointed by the Thief River Falls city council as provided under Minnesota Statutes, section 15.059, subdivisions 2 and 4. The committee shall be composed of persons representative of the area.

Subd. 9. [EFFECTIVE DATE.] This section is effective the day after final enactment.

Sec. 33. [CITY OF ROCHESTER; TAXES.]

Subdivision 1. [SALES AND USE TAXES AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions taxable under Minnesota Statutes, chapter 297A, that occur within the city and may also, by ordinance, impose an additional compensating use tax of up to one-half of one percent on uses of property within the city, the sale of which would be subject to the additional sales tax but for the fact that the property was sold outside the city.

Subd. 2. [EXCISE TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, impose an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [COLLECTION.] The commissioner of revenue may enter into appropriate agreements with the city of Rochester to provide for collection by the state on behalf of the city of a tax imposed by the city of Rochester pursuant to subdivision 1 or 2. The commissioner may charge the city of Rochester from the proceeds of any tax a reasonable fee for its collection. By July 1, 1992, the commissioner of revenue shall provide the city council an estimate of the fee.

Subd. 4. [ALLOCATION OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 must be used to pay the costs of collecting the taxes, capital and administrative costs of capital improvements for fire station, city hall, and public library facilities for which the city voters at the general election held on November 6, 1990, approved the issuance of general obligation bonds, and to pay debt service on the bonds. The total capital and

administrative expenditures payable from bond proceeds and revenues received from the taxes authorized by subdivisions 1 and 2, excluding investment earnings thereon, shall not exceed \$28,760,000 for the several purposes.

Subd. 5. [TERMINATION OF TAXES.] The taxes imposed pursuant to subdivisions 1 and 2 shall terminate on the first day of the second month next succeeding a determination by the city council that sufficient funds have been received from the taxes to finance capital and administrative costs of \$28,760,000 for improvements for fire station, city hall, and public library facilities and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the improvements. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

Subd. 6. [BONDS.] The city of Rochester, pursuant to the approval of the city voters at the general election held on November 6, 1990, may issue general obligation bonds of the city in an amount not to exceed \$28,760,000 for fire station, city hall, and public library facilities. The debt represented by the bonds shall not be included in computing any debt limitation applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city. The amount of any special levy for debt service for payment of principal and interest on the bonds shall not include the amount of estimated collection of revenues from the taxes imposed pursuant to subdivisions 1 and 2 that are pledged for the payment of those obligations.

Subd. 7. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Rochester with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 34. [CITY OF MINNEAPOLIS; NEIGHBORHOOD EARLY LEARNING CENTER.]

Subdivision 1. [CENTERS.] A neighborhood early learning center provides programs to promote the physical, emotional, and social development of all children residing in the city of Minneapolis from birth until ready to enter first grade. A center may include:

(1) way to grow school readiness programs as defined in Minnesota Statutes, section 145.926;

(2) Head Start and other preschool programs;

(3) kindergarten and related programs; and

(4) other family support and child development activities which strengthen the capacity of a family to give birth to and successfully nurture healthy children.

A center shall be located as close as possible to the families and children it serves and may be housed in one structure or in structures in close proximity to each other. A center may be owned by any private or public entity other than the board established under subdivision 2.

Subd. 2. [CREATION OF BOARD.] Special school district No. 1 and the city of Minneapolis may establish a neighborhood early learning board under Minnesota Statutes, section 471.59, to create, manage, and operate neighborhood early learning centers on the terms and conditions agreed to by the district and the city. The Minneapolis youth coordinating board established under Laws 1985, chapter 91, may serve as the neighborhood early learning board provided that the governing bodies of special school district No. 1 and the city of Minneapolis, together with the youth coordinating board, adopt resolutions designating the youth coordinating board as the neighborhood early learning board under the authority of this section. If an existing board ceases to function, and in the absence of a new joint powers agreement creating a new board, an interim joint powers board shall govern. The interim board shall consist of five members, two of whom shall be selected by resolution of the governing body of special school district No. 1, two of whom shall be selected by resolution of the city council of the city of Minneapolis, and one of whom shall be selected by the mayor with the approval of the city council. Persons selected to serve may be elected officials from their respective bodies. Any interim board shall elect its own officers and shall serve until a new joint powers agreement establishes a new board.

Subd. 3. [POWERS.] The neighborhood early learning board is authorized to:

(1) manage and operate and acquire leasehold interests in neighborhood early learning centers, and all leasehold interests in centers shall be vested in the board or in another governmental unit as may be designated by the board;

(2) employ permanent or temporary employees as it may require, and determine their qualifications, duties, and compensation;

(3) use the services of the participating local public bodies and of other political subdivisions or public bodies whose jurisdiction includes all or a part of the area of the city of Minneapolis;

(4) sublease space or assign any of its leasehold interests to any public or private entity in connection with the programs described in subdivision 1;

(5) develop criteria and request proposals for the provision of services described in subdivision 1, clauses (2) and (3), by private entities which propose to provide these services to less than 100 children at any one location, and provide financial assistance to those private entities for the costs of managing and operating a facility and providing these services;

(6) receive funds or other assistance from both private and public sources; and

(7) take other action as it deems necessary or useful to carry out its responsibilities under this section.

The board shall not exercise any control over the content or curriculum of Head Start or any programs operated by special school district No. 1. The board shall expend a portion of the operating funds received by it from the city and the school district on the services provided under clause (5).

Subd. 4. [SUPPORT BY PARTICIPANTS AND OTHER PUBLIC BODIES.] The city of Minneapolis and special school district No. 1 are authorized to appropriate money to the board, to the Minneapolis community development agency, or to each other, for use in connection with neighborhood early learning centers and facilities described in subdivision 3, clause (5), and to undertake activities in support of the purposes of the board, including the acquisition, construction, equipping, and improving of neighborhood early learning centers. Any appropriations may be subject to any conditions that the appropriating entity may establish. Other political subdivisions and public bodies whose jurisdictions include all or a part of the city of Minneapolis, including the Minneapolis community development agency, are authorized to exercise any of their powers for the purposes for which the board may act and to acquire, construct, provide facilities for, and equip neighborhood early learning centers on behalf of the city or special school district No. 1. Any appropriations may be subject to the conditions that the appropriating entity may establish. Notwithstanding any limitations in Laws 1986, chapter 396, the city of Minneapolis may appropriate the proceeds of sales and use taxes collected or received by the city under Laws 1986, chapter 396, section 4, to the board or otherwise expend the funds in support of the board's purposes, provided that the appropriation is limited to the amount of revenue accruing to the city as a result of the advance refunding of bonds issued under Laws 1986, chapter 396. Neighborhood early learning centers shall be an authorized use of the tax revenues under Laws 1986, chapter 396.

Sec. 35. [MINNEAPOLIS TEACHERS RETIREMENT; COMMITTEE TO RECOMMEND FUNDING METHOD.]

Subdivision 1. [CREATION; PURPOSE.] An advisory committee is created for the purpose of recommending to the legislative

commission on pensions and retirement a method of funding the unfunded actuarial accrued liability of the Minneapolis teachers retirement fund association. The committee shall consider:

(1) the feasibility of the use of the convention center sales taxes to reduce the unfunded liability; and

(2) other possible options and sources of funding.

Subd. 2. [MEMBERSHIP.] The membership of the advisory committee shall be as follows: the mayor of Minneapolis, one member of the house of representatives who represents the city of Minneapolis to be appointed by the speaker of the house, one member of the senate who represents the city of Minneapolis to be appointed by the subcommittee on committees of the senate committee on rules and administration, the chair of special school district No. 1 or a member of the school board designated by the chair, the president of the Minneapolis city council or a member of the city council designated by the president, the president of the Minneapolis federation of teachers and one teacher currently employed by special school district No. 1 appointed by the president of the Minneapolis federation of teachers, the executive director and either one member of the board of directors of the Minneapolis teachers retirement fund association or one retiree of the fund appointed by the board, and the commissioner of finance or the commissioner's designee. The legislative members shall be co-chairs of the committee.

Subd. 3. [OPERATION OF COMMITTEE.] The advisory committee shall make its recommendations by February 1, 1993, and shall terminate after the recommendations have been made. No per diem or expense reimbursements shall be paid to members of the committee. The actuary employed by the legislative pension commission shall provide information upon request of a chair of the committee.

Subd. 4. [LOCAL APPROVAL.] This section is effective the day following final enactment, after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city council of the city of Minneapolis, and the board of special school district No. 1.

Sec. 36. Laws 1953, chapter 560, section 2, subdivision 3, is amended to read:

Subd. 3. [TAX ORDINANCE; AMENDMENT, REPEAL.] An ordinance adopted as heretofore provided in this act may be repealed or amended in the following manner: A petition signed by not less than two thousand (2,000) qualified electors of the city demanding repeal of the ordinance shall be filed with the clerk. The petition shall identify the ordinance to be repealed by title, date of adoption and subject matter. The signatures to the petition need not all be appended to one paper, but each signer shall state his place of residence and street number. One of the signers of each such paper

shall make oath that the statements therein made are true, as he believes, and that each signature to the paper appended is the genuine signature of the person whose signature it purports to be.

Within 10 days from the date of filing such petition, the city clerk shall ascertain from the voters' register that the said petition is signed by the requisite number of qualified voters. The clerk shall attach to said petition his certificate, showing the result of said examination. If, by the clerk's certificate, the petition is shown to be insufficient, it may be amended within 10 days from the date of said clerk's certificate. The clerk shall, within 10 days after such amendment, make like examination of the amended petition, and if his certificate shall show the same to be insufficient it shall be returned to the person filing the same, without prejudice, however, to the filing of a new petition to the same effect. If the petition is deemed sufficient, the clerk shall submit the same to the council without delay. Within 10 days thereafter, the council shall provide for the submission to the electorate at the next general or special election held not less than 45 days thereafter of the question of repeal of the ordinance described in the petition. The question of repeal or amendment of said ordinance shall be submitted upon a separate ballot which shall summarize the substance of the ordinance proposed to be repealed or amended. If the majority of the electors voting upon the question vote in favor of the repeal of the ordinance, it shall be repealed or amended thereby effective on January 1 of the year next following. Such repeal shall not affect any right accrued, any duty imposed, any penalty incurred, or any proceeding commenced under or by virtue of the ordinance repealed. If taxes levied under this section are pledged to or for the benefit of any bonds issued before January 1, 1993, then no pledge, mortgage, covenant, or agreement securing the bonds may be impaired, revoked, or amended by repeal or amendment of the ordinance under this subdivision, except in accordance with the terms of the resolution or indenture under which the bonds are issued, until the obligations of the city with respect to the bonds or with respect to bonds issued to refund those bonds have been fully discharged. Any action or proceeding pending to enforce any right under the authority of the ordinance repealed shall and may be proceeded with and concluded under the ordinance in existence when the action or proceeding was instituted, notwithstanding the repeal of such ordinance.

Sec. 37. [SALES TAX EXEMPTION.]

Subdivision 1. [EXEMPTION.] Capital equipment and building materials, regardless of whether it was purchased by the owner, contractor, subcontractor, or builder, qualifies for the exemption under Minnesota Statutes 1990, section 297A.257, if the purchase meets the other requirements of that section.

Subd. 2. [REFUNDS.] The commissioner of revenue shall pay refunds of the tax exempted by subdivision 1 to the owner operator

of the facility upon filing of proof that the tax was paid by the contractor. An amount sufficient to pay the refunds is appropriated to the commissioner from the general fund.

Subd. 3. [EFFECTIVE DATE.] This section is effective for projects begun during the time a county was designated as distressed under Minnesota Statutes, section 297A.257, if the capital equipment was placed in service after August 1, 1990.

Sec. 38. [REPEALER.]

Minnesota Statutes 1991 Supplement, section 295.367, is repealed.

Sec. 39. [EFFECTIVE DATE.]

Sections 1, 2, 7, 8, 9, 11, 12, 24, and 28 are effective the day after final enactment.

Sections 3 and 4 are effective for tax payments due for sales made after September 30, 1992.

Sections 5 and 6 are effective July 1, 1992, and apply to refunds filed after that date.

Sections 10, 13, 22, and 26 are effective for sales made after June 30, 1992.

Sections 14, 15, and 18 are effective for sales made after May 31, 1992.

Section 16 is effective retroactive for sales made after June 30, 1991.

Section 19 is effective for all open tax years.

Sections 20 and 21 are effective for sales made after June 30, 1992, and before July 1, 1996.

Section 23 is effective for sales made on or after the date of enactment, but prior to April 1, 1994.

Section 25 is effective for fiscal year 1993 and thereafter.

Section 36 is effective the day following final enactment, and upon approval by the governing body of the city of Duluth pursuant to Minnesota Statutes, section 645.021.

Section 38 is effective for sales made after December 31, 1991.

ARTICLE 9

MISCELLANEOUS

Section 1. Minnesota Statutes 1991 Supplement, section 16A.15, subdivision 6, is amended to read:

Subd. 6. [BUDGET AND CASH FLOW RESERVE ACCOUNT.] A budget and cash flow reserve account is created in the general fund in the state treasury. The commissioner of finance shall, as authorized from time to time by law, restrict part or all of the budgetary balance in the general fund for use as the budget and cash flow reserve account. The commissioner of finance shall transfer from the budget and cash flow reserve account the amount necessary to bring the total amount, including any existing balance in the account on June 30, 1991 July 1, 1992, to \$400,000,000 \$240,000,000. The amounts restricted shall remain in the account until drawn down under subdivision 1 or increased under section 16A.1541.

Sec. 2. Minnesota Statutes 1991 Supplement, section 69.021, subdivision 5, is amended to read:

Subd. 5. [CALCULATION OF STATE AID.] (a) The amount of fire state aid available for apportionment shall be two percent of the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report and two percent of the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. This amount shall be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

(b) The total amount for apportionment in respect to ~~police peace officer~~ state aid shall not be greater or lesser than is the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report after subtracting, plus the payment amounts received under section 60A.152 since the last aid apportionment, and reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the police relief associations. The total amount for apportionment in respect to firefighters state aid shall not be greater or lesser than the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations. The amount for apportionment in respect to police state aid shall be distributed to the municipalities maintaining police departments and to the county on the basis of the number of active peace officers, as certified pursuant to section 60.011, subdivision 2, clause (b). The commissioner shall calculate the percentage of increase or decrease

reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

Sec. 3. Minnesota Statutes 1991 Supplement, section 69.021, subdivision 6, is amended to read:

Subd. 6. [CALCULATION OF APPORTIONMENT OF STATE PEACE OFFICERS AID TO COUNTIES.] The peace officers state aid available in respect to peace officers shall not exceed the amount of tax collected and shall be distributed to the counties in proportion to the total number of active peace officers, as defined in section 69.011, subdivision 1, clause (g), in each county who are employed either by municipalities maintaining police departments or by the county. Any necessary adjustments shall be made to subsequent apportionments.

Sec. 4. Minnesota Statutes 1990, section 270.07, subdivision 3, is amended to read:

Subd. 3. Notwithstanding any other provision of law the commissioner of revenue may,

(a) based upon the administrative costs of processing, determine minimum standards for the determination of additional tax for which an order shall be issued, and

(b) based upon collection costs as compared to the amount of tax involved, determine minimum standards of collection, and

(c) based upon the administrative costs of processing, determine the minimum amount of refunds for which an order shall be issued and refund made where no claim therefor has been filed, and

(d) ~~may~~ cancel any amounts below these minimum standards determined under (a) and (b) hereof, and

(e) based upon the inability of a taxpayer to pay a delinquent tax liability, abate the liability if the taxpayer agrees to perform uncompensated public service work for a state agency, a political subdivision or public corporation of this state, or a nonprofit educational, medical, or social service agency. The department of corrections shall administer the work program. No benefits under chapter 176 or 268 shall be available, but a claim authorized under section 3.739 may be made by the taxpayer. The state may not enter into any agreement that has the purpose of or results in the displacement of public employees by a delinquent taxpayer under this section. The state must certify to the appropriate bargaining agent or employees, as applicable, that the work performed by a delinquent taxpayer will not result in the displacement of currently

employed workers or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits. The program authorized under this paragraph terminates June 30, 1993.

Sec. 5. Minnesota Statutes 1990, section 270.69, is amended by adding a subdivision to read:

Subd. 14. [REGISTERED LAND.] When a lien is filed with a county recorder under subdivision 2, the county recorder shall search the registered land records in that county and cause the lien to be memorialized on every certificate of title or certificate of possessory title of registered land in that county which can be reasonably identified as owned by the taxpayer who is named on the lien. The fees for memorializing the lien shall be paid in the manner prescribed by subdivision 2, paragraph (c). The county recorders, and their employees and agents, shall not be liable for any loss or damages arising from failure to identify a parcel of registered land owned by the taxpayer who is named on the lien.

Sec. 6. Minnesota Statutes 1990, section 282.016, is amended to read:

282.016 [PROHIBITED PURCHASERS.]

No county auditor, county treasurer, court administrator of the district court, or county assessor or supervisor of assessments, or deputy or clerk or employee of such officer, and no commissioner for tax-forfeited lands or assistant to such commissioner may become a purchaser of the properties offered for sale under the provisions of this chapter, either personally, or as agent or attorney for any other person, except that such officer, deputy, court administrator, employee or commissioner for tax-forfeited lands or assistant to such commissioner may (1) purchase lands owned by that official at the time the state became the absolute owner thereof or (2) bid upon and purchase forfeited property offered for sale under the alternate sale procedure described in section 282.01, subdivision 7a.

Sec. 7. [290.069] [DESIGNATED COUNTIES JOB CREATION CREDIT.]

Subdivision 1. [DESIGNATION OF COUNTIES.] The commissioner of trade and economic development shall certify counties as designated counties. A county is a designated county if:

(1) the county has had a decline in population of ten percent or more from 1980 to 1990, as determined by the 1990 federal decennial census;

(2) the county has adopted a county-wide economic development plan;

(3) the county has been designated a star county by the department of trade and economic development; and

(4) each statutory and home rule charter city in the county has established an economic development authority under sections 469.090 to 469.108.

For purposes of this section, "designated county" means a county designated by the commissioner of trade and economic development as provided under this section or a city of the second class that is designated as an economically depressed area by the United States Department of Commerce.

Subd. 2. [CREDIT FOR JOB CREATION.] A business with operations located in a designated county may take a credit against the tax due under chapter 290 for its first taxable year beginning after December 31, 1992, and before January 1, 1994. For purposes of this section, "business" means a business entity organized for profit, including a sole proprietorship, partnership, or corporation, and "eligible employees" are determined as the number of persons paid an annual wage of at least \$15,000 and employed by the business within the designated county on a full-time basis on the last day of the taxable year, not to exceed the number of persons paid an annual wage of at least \$15,000 and employed by the business on a full-time basis within the designated county on the date 90 days before the last day of the taxable year. A credit is provided only for the number of eligible employees that exceeds the number of such persons so employed on the last day of the preceding taxable year. A person is not an eligible employee if the commissioner of trade and economic development determines that the position held by that employee in the business was transferred from an enterprise conducted by substantially the same business enterprise at another site in the state. The credit is equal to \$2,000 multiplied by the number of eligible employees. The credit is not refundable.

Subd. 3. [LIMITATION.] Tax credits provided under this section may not exceed \$200,000. If by April 15, 1994, the commissioner of revenue determines that the estimated total amount of credits claimed under this section exceeds \$200,000, the commissioner shall reduce the credit granted for each eligible employee proportionately.

Sec. 8. [298.227] [TACONITE ECONOMIC DEVELOPMENT FUND.]

An amount equal to 10.4 cents per taxable ton distributed pursuant to each taconite producer's taxable production under section 298.28, subdivision 9a, for production years 1992 and 1993 shall be held by the iron range resources and rehabilitation board in

a separate taconite economic development fund for each taconite producer. Money from the fund for each producer shall be released only on the written authorization of a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The district 33 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. Each producer's joint committee may authorize release of the funds held pursuant to this section only for acquisition of equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology. Funds may be released only upon a majority vote of the representatives of the committee. Any portion of the fund which is not released by a joint committee within two years of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. This section is effective for taxes payable in 1993 and 1994.

Sec. 9. Minnesota Statutes 1990, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in ~~1990~~ 1992 and 1993 there is ~~hereby~~ imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of ~~\$1.975~~ \$2.054 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in ~~1991~~ 1994 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of ~~\$1.975~~ \$2.054 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

Sec. 10. Minnesota Statutes 1990, section 298.28, is amended by adding a subdivision to read:

Subd. 9a. [TACONITE ECONOMIC DEVELOPMENT FUND.] 10.4 cents per ton for distributions in 1993 and 1994 shall be paid to the taconite economic development fund. No distribution shall be made under this subdivision in any year in which total industry production falls below 30 million tons.

Sec. 11. Minnesota Statutes 1990, section 373.40, subdivision 7, is amended to read:

Subd. 7. [REPEALER.] This section is repealed effective for bonds issued after July 1, 1993 1998, but continues to apply to bonds issued before that date.

Sec. 12. Minnesota Statutes 1990, section 383.06, is amended to read:

383.06 [PAYMENT OF WARRANTS; ACCOUNTS; HOW KEPT; CERTIFICATES OF INDEBTEDNESS TO RETIRE OUTSTANDING WARRANTS.]

Subdivision 1. [PAYMENT OF WARRANTS.] The county treasurer shall pay warrants only from the fund from which they are legally payable. Payments under any special contract shall be kept separate under the name of such contract, and under the general title of the fund from which such payment may be legally made. The treasurer need not keep a specific appropriations account separately, but shall keep a general appropriations account.

Subd. 2. [TAX ANTICIPATION CERTIFICATES.] The county board may, by resolution, issue and sell as many certificates of

indebtedness as may be needed in anticipation of the collection of taxes levied for any fund named in the tax levy for the purpose of raising money for such fund, but the certificates outstanding for any such separate funds shall not at any time exceed 50 percent of the amount of taxes previously levied for such fund remaining uncollected; and. No certificate shall be issued to become due and payable later than ~~December 31 of the year succeeding the year in which the tax levy was made~~ 15 months after the deadline for the certification of the property tax levy under section 275.07, subdivision 1, and the certificates shall not be sold for less than par and accrued interest. No such certificates shall be issued prior to the beginning of the fiscal year for which the taxes so anticipated were intended, except that when taxes shall have been levied for the purpose of paying a deficit in any such fund carried over from any previous year or years ~~The certificates of indebtedness in anticipation of collection of the taxes levied for such deficit may be issued at any time after such the levy shall have~~ has been finally made and certified to the county auditor. Each certificate shall state upon its face for which fund the proceeds thereof shall be used, the total amount of certificates so issued, and the whole amount embraced in the levy for that particular purpose. They shall be numbered consecutively, be in denominations of \$100 or a multiple thereof, may have interest coupons attached, shall be otherwise of such form and terms, and may be made payable at such place, as will best aid in their negotiation, and the proceeds of the tax assessed and collected on account of the fund and the full faith and credit of the county shall be irrevocably pledged for the redemption and payment of the certificates so issued. Such certificates shall be payable primarily from the moneys derived from the levy for the years against which such certificates were issued, but shall constitute unlimited general obligations of the county. Money derived from the sale of such certificates shall be credited to the fund or funds the taxes for which are so anticipated.

Sec. 13. Minnesota Statutes 1990, section 401.02, subdivision 3, is amended to read:

Subd. 3. [ESTABLISHMENT AND REORGANIZATION OF ADMINISTRATIVE STRUCTURE.] Any county or group of counties which have qualified for participation in the community corrections subsidy program provided by this chapter may; ~~after consultation with the judges of the district court, county court, municipal court, probate court and juvenile court having jurisdiction in the county or group of counties~~ establish, organize, and reorganize an administrative structure and provide for the budgeting, staffing and operation of court services and probation, construction or improvement to juvenile detention and juvenile correctional facilities and adult detention and correctional facilities, and other activities required to conform to the purposes of this chapter. No contrary general or special statute divests any county or group of counties of the authority granted by this subdivision. This subdivision does not

apply to Ramsey County or Hennepin County or to the counties in the Arrowhead region. In Hennepin County and Ramsey County the county board and the judges of the district court, county court, municipal court, probate court and juvenile court shall prepare and implement a joint plan for reorganization of correctional services in the county providing for the administrative structure and providing for the budgeting, staffing and operation of court services and probation, juvenile detention and juvenile correctional facilities, and other activities required to conform to the purposes of this chapter. The joint plan shall be subject to the approval of the commissioner of corrections and submitted to the legislature on or before January 15, 1983.

Sec. 14. Minnesota Statutes 1990, section 401.05, is amended to read:

401.05 [FISCAL POWERS.]

Subdivision 1. [AUTHORIZATION TO USE AND ACCEPT FUNDS.] Any county or group of counties electing to come within the provisions of sections 401.01 to 401.16, may, through their governing bodies, use unexpended funds, accept gifts, grants and subsidies from any lawful source, and apply for and accept federal funds.

Subd. 2. [CAPITAL IMPROVEMENTS; BONDS; LEASES.] (a) A county or group of counties which acquires facilities under section 401.04 or constructs the facilities may finance the acquisition or construction and the equipping and subsequent improvement of the facilities in whole or in part by:

(1) the issuance of general obligation bonds of the county or group of counties in the manner provided in chapter 475; or

(2) the issuance of revenue bonds, secured by a lease agreement as provided in subdivision 3 and sections 469.152 to 469.165, by a city situated in any of the counties or a county housing and redevelopment authority established pursuant to chapter 469 or special law.

Proceedings for the issuance of general obligation bonds shall be instituted by the board of county commissioners of the county or boards of the group of counties.

(b) If counties have combined as authorized in section 401.02, the joint powers board created under section 471.59 shall, with the approval of the county board of each county which is a party:

(1) fix the total amount necessary for the construction or acquisition and the equipping and subsequent improvement of the facilities; and

(2) apportion to each county its share of this amount or of the annual debt service or lease rentals required to pay this amount with interest, as provided in subdivision 4.

Subd. 3. [LEASING.] (a) A county or joint powers board of a group of counties which acquires or constructs and equips or improves facilities under this chapter may, with the approval of the board of county commissioners of each county, enter into a lease agreement with a city situated within any of the counties, or a county housing and redevelopment authority established under chapter 469 or any special law. Under the lease agreement, the city or county housing and redevelopment authority shall:

(1) construct or acquire and equip or improve a facility in accordance with plans prepared by or at the request of a county or joint powers board of the group of counties and approved by the commissioner of corrections; and

(2) finance the facility by the issuance of revenue bonds.

(b) The county or joint powers board of a group of counties may lease the facility site, improvements, and equipment for a term upon rental sufficient to produce revenue for the prompt payment of the revenue bonds and all interest accruing on them. Upon completion of payment, the lessee shall acquire title. The real and personal property acquired for the facility constitutes a project and the lease agreement constitutes a revenue agreement as provided in sections 469.152 to 469.165. All proceedings by the city or county housing and redevelopment authority and the county or joint powers board shall be as provided in sections 469.152 to 469.165, with the following adjustments:

(1) no tax may be imposed upon the property;

(2) the approval of the project by the commissioner of trade and economic development is not required;

(3) the department of corrections shall be furnished and shall record information concerning each project as it may prescribe, in lieu of reports required on other projects to the commissioner of trade and economic development or the energy and economic development authority;

(4) the rentals required to be paid under the lease agreement shall not exceed in any year one-tenth of one percent of the market value of property within the county or group of counties as last equalized before the execution of the lease agreement;

(5) the county or group of counties shall provide for payment of all

rentals due during the term of the lease agreement in the manner required in subdivision 4;

(6) no mortgage on the facilities shall be granted for the security of the bonds, but compliance with clause (5) may be enforced as a nondiscretionary duty of the county or group of counties; and

(7) the county or the joint powers board of the group of counties may sublease any part of the facilities for purposes consistent with their maintenance and operation.

Subd. 4. [TAX LEVIES; APPORTIONMENT OF COSTS.] The county or each county of the group of counties shall annually levy a tax in an amount necessary to defray its proportion of the net costs of maintenance and operation of the facilities, and shall levy a tax to pay the cost of construction or acquisition, equipping, and any subsequent improvement to the facilities or the retirement of any bonds or required lease payments for these purposes. Each county may levy these taxes without limitation on the rate or amount. This levy shall not cause the amount of other taxes levied or to be levied by the county, which are subject to any limitation, to be reduced in any amount. A joint powers board of the group of counties shall apportion the costs of maintenance and operation, construction or acquisition, equipping, and subsequent improvement of the facilities to each of the counties according to a formula in the agreement entered into by the counties.

Subd. 5. [CORRECTIONAL FACILITIES FUND.] All money received for the operation and maintenance, payment of indebtedness or lease payments, and construction or acquisition, equipping, and subsequent improvement of the facilities must be deposited in a correctional facilities fund maintained in the treasury of the county in which the facilities are located or any county treasury of the group of counties as designated by the joint powers board. Payments from the fund shall only be made upon certification of the chair or board designee that the expenditures have been approved at a meeting of the board.

Sec. 15. Minnesota Statutes 1990, section 462A.22, subdivision 1, is amended to read:

Subdivision 1. The aggregate principal amount of bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of ~~\$1,990,000,000~~ \$2,400,000,000.

Sec. 16. Minnesota Statutes 1990, section 469.004, subdivision 1, is amended to read:

Subdivision 1. [PRELIMINARY COUNTY FINDINGS AND DEC-

LARATION.] There is created in each county in this state ~~other than Ramsey and~~ other than those counties in which a county housing authority has been created by special act, a public body, corporate and politic, to be known as the housing and redevelopment authority of that county, hereinafter referred to as "county authority." No county authority shall transact any business or exercise any powers until the governing body of the county, by resolution, finds that there is need for a county authority to function in the county. The governing body shall consider the need for a county authority to function (1) on the governing body's own motion or (2) upon the filing of a petition signed by 25 qualified voters of the county asserting that there is need for a county authority to function in the county and requesting that the governing body so declare. The governing body shall adopt a resolution declaring that there is need for a county authority to function in the county if it makes the findings required in section 469.003, subdivision 1.

Sec. 17. Minnesota Statutes 1990, section 469.004, is amended by adding a subdivision to read:

Subd. 1a. [RAMSEY COUNTY AUTHORITY.] Ramsey county may exercise the powers of a housing and redevelopment authority. Before the commencement of a project by Ramsey county acting as a housing and redevelopment authority, the governing body of the municipality in which the project is to be located shall, by majority vote, approve the project as recommended by the authority. The authority granted to Ramsey county under this subdivision and section 16 terminates June 30, 1994, providing that obligations incurred by the county before that date shall remain in effect according to their terms.

Sec. 18. Minnesota Statutes 1990, section 469.034, is amended to read:

469.034 [BOND ISSUE FOR CORPORATE PURPOSES.]

Subdivision 1. [AUTHORITY AND REVENUE OBLIGATIONS.] An authority may issue bonds for any of its corporate purposes. The bonds may be the type the authority determines, including bonds on which the principal and interest are payable exclusively from the income and revenues of the project financed with the proceeds of the bonds, or exclusively from the income and revenues of certain designated projects, whether or not they are financed in whole or in part with the proceeds of the bonds. The bonds may be additionally secured by (1) a pledge of any grant or contributions from the federal government or other source, or (2) a pledge of any income or revenues of the authority from the project for which the proceeds of the bonds are to be used, or (3) a mortgage of any project or other property of the authority.

Subd. 2. [GENERAL OBLIGATION REVENUE BONDS.] (a) An

authority may pledge the general obligation of the general jurisdiction governmental unit as additional security for bonds payable from income or revenues of the project or the authority. The authority must find that the pledged revenues will equal or exceed 110 percent of the principal and interest due on the bonds for each year. The proceeds of the bonds must be used for a qualified housing development project or projects. The obligations must be issued and sold in the manner and following the procedures provided by chapter 475, except the obligations are not subject to approval by the electors. The authority is the municipality for purposes of chapter 475.

(b) The principal amount of the issue must be approved by the governing body of the general jurisdiction governmental unit whose general obligation is pledged. Public hearings must be held on issuance of the obligations by both the authority and the general jurisdiction governmental unit. The hearings must be held at least 15 days, but not more than 120 days, before the sale of the obligations.

(c) The maximum amount of general obligation bonds that may be issued and outstanding under this section equals the greater of (1) one-half of one percent of the taxable market value of the general jurisdiction governmental unit whose general obligation which includes a tax on property is pledged, or (2) \$3,000,000. In the case of county or multicounty general obligation bonds, the outstanding general obligation bonds of all cities in the county or counties issued under this subdivision must be added in calculating the limit under clause (1).

(d) "General jurisdiction governmental unit" means the city in which the housing development project is located. In the case of a county or multicounty authority, the county or counties may act as the general jurisdiction governmental unit. In the case of a multicounty authority, the pledge of the general obligation is a pledge of a tax on the taxable property in each of the counties.

(e) "Qualified housing development project" means a housing development project providing housing either for the elderly or for individuals and families with incomes not greater than 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the standard metropolitan statistical area or the nonmetropolitan county in which the project is located. A qualified housing development project may admit nonelderly individuals and families with higher incomes if:

(1) three years have passed since initial occupancy;

(2) the authority finds the project is experiencing unanticipated vacancies resulting in insufficient revenues, because of changes in

population or other unforeseen circumstances that occurred after the initial finding of adequate revenues; and

(3) the authority finds a tax levy or payment from general assets of the general jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher income individuals or families are not admitted.

Subd. 3. [REVENUE FROM OTHER PROJECTS.] No proceeds of bonds issued for or revenue authorized for or derived from any redevelopment project or area shall be used to pay the bonds or costs of, or make contributions or loans to, any public housing project. The proceeds of bonds issued for or revenues authorized for or derived from any one public housing project shall not be used to pay the bonds or costs of, or make contributions or loans to any other public housing project until the bonds and costs of the public housing project for which those bonds were issued or from which those revenues were derived or for which they were authorized shall be fully paid.

Subd. 4. [BOND TERMS.] Neither the commissioners of an authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. Except as provided in subdivision 2, the bonds of an authority shall not be a debt of the city, the state, or any political subdivision, and neither the city nor the state or any political subdivision shall be liable on them, nor shall the bonds be payable out of any funds or properties other than those of the authority; the bonds shall state this on their face. The bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, except as provided in subdivision 2. Bonds of an authority are declared to be issued for an essential public and governmental purpose and to be public instrumentalities.

Subd. 5. [TAX EXEMPTION.] The provisions of sections 469.001 to 469.047 exempting from taxation authorities, their properties and income, shall be considered additional security for the repayment of bonds and shall constitute, by virtue of sections 469.001 to 469.047 and without the same being restated in the bonds, a contract between the (1) bondholders and each of them, including all transferees of the bonds, and (2) the respective authorities issuing the bonds and the state. An authority may by covenant confer upon the holder of the bonds the rights and remedies it deems necessary or advisable, including the right in the event of default to have a receiver appointed to take possession of and operate the project. When the obligations issued by an authority to assist in financing the development of a project have been retired and federal contributions have been discontinued, the exemptions from taxes and special assessments for that project shall terminate.

Sec. 19. Minnesota Statutes 1990, section 469.153, subdivision 2, is amended to read:

Subd. 2. [PROJECT.] (a) "Project" means (1) any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in generating, transmitting, or distributing electricity, assembling, fabricating, manufacturing, mixing, processing, storing, warehousing, or distributing any products of agriculture, forestry, mining, or manufacture, or in research and development activity in this field; (2) any properties, real or personal, used or useful in the abatement or control of noise, air, or water pollution, or in the disposal of solid wastes, in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in any business or industry; (3) any properties, real or personal, used or useful in connection with the business of telephonic communications, conducted or to be conducted by a telephone company, including toll lines, poles, cables, switching, and other electronic equipment and administrative, data processing, garage, and research and development facilities; (4) any properties, real or personal, used or useful in connection with a district heating system, consisting of the use of one or more energy conversion facilities to produce hot water or steam for distribution to homes and businesses, including cogeneration facilities, distribution lines, service facilities, and retrofit facilities for modifying the user's heating or water system to use the heat energy converted from the steam or hot water.

(b) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged in any business.

(c) "Project" also includes any properties, real or personal, used or useful for the promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts, recreational facilities of the type that may be acquired under section 471.191, and related facilities.

(d) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, whether or not operated for profit, engaged in providing health care services, including hospitals, nursing homes, and related medical facilities.

(e) "Project" does not include any property to be sold or to be affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.

(f) "Project" also means the activities of any revenue producing enterprise involving the construction, fabrication, sale, or leasing of

equipment or products to be used in gathering, processing, generating, transmitting, or distributing solar, wind, geothermal, biomass, agricultural or forestry energy crops, or other alternative energy sources for use by any person or any residential, commercial, industrial, or governmental entity in heating, cooling, or otherwise providing energy for a facility owned or operated by that person or entity.

(g) "Project" also includes any properties, real or personal, used or useful in connection with a county jail or county regional jail, community corrections facilities authorized by chapter 401, or other law enforcement facilities, the plans for which are approved by the commissioner of corrections; provided that the provisions of section 469.155, subdivisions 7 and 13, do not apply to those projects.

(h) "Project" also includes any real properties used or useful in furtherance of the purposes and policies of sections 469.135 to 469.141.

(i) "Project" also includes related facilities as defined by section 471A.02, subdivision 11.

(j) "Project" also includes an undertaking to purchase the obligations of local governments located in whole or in part within the boundaries of the municipality that are issued or to be issued for public purposes.

Sec. 20. Minnesota Statutes 1991 Supplement, section 508.25, is amended to read:

508.25 [RIGHTS OF PERSON HOLDING CERTIFICATE OF TITLE.]

Every person receiving a certificate of title pursuant to a decree of registration and every subsequent purchaser of registered land who receives a certificate of title in good faith and for a valuable consideration shall hold it free from all encumbrances and adverse claims, excepting only the estates, mortgages, liens, charges, and interests as may be noted in the last certificate of title in the office of the registrar, and also excepting any of the following rights or encumbrances subsisting against it, if any:

(1) liens, claims, or rights arising or existing under the laws or the constitution of the United States, which this state cannot require to appear of record;

(2) the lien of any real property tax or special assessment for which the land has not been sold at the date of the certificate of title;

(3) any lease for a period not exceeding three years when there is actual occupation of the premises thereunder;

(4) all rights in public highways upon the land;

(5) the right of appeal, or right to appear and contest the application, as is allowed by this chapter;

(6) the rights of any person in possession under deed or contract for deed from the owner of the certificate of title; and

(7) any outstanding mechanics lien rights which may exist under sections 514.01 to 514.17; and

(8) any lien for state taxes.

No existing or future lien for state taxes arising under the laws of this state for the nonpayment of any amounts due under chapter 268 or any tax administered by the commissioner of revenue may encumber title to lands registered under this chapter unless filed under the terms of this chapter.

Sec. 21. Minnesota Statutes 1991 Supplement, section 508A.25, is amended to read:

508A.25 [RIGHTS OF PERSON HOLDING CPT.]

Every person holding a CPT issued pursuant to sections 508A.01 to 508A.85 who has acquired title in good faith and for a valuable consideration shall hold the same free from all encumbrances and adverse claims, excepting only estates, mortgages, liens, charges, and interests as may be noted by separate memorials in the latest CPT in the office of the registrar, and also excepting the memorial provided in section 508A.351 and any of the following rights or encumbrances subsisting against the same, if any:

(1) Liens, claims, or rights arising or existing under the laws or the constitution of the United States, which this state cannot require to appear of record;

(2) The lien of any real property tax or special assessment for which the land has not been sold at the date of the CPT;

(3) Any lease for a period not exceeding three years when there is actual occupation of the premises under it;

(4) All rights in public highways upon the land;

(5) The rights of any person in possession under deed or contract for deed from the owner of the CPT;

(6) Any liens, encumbrances, and other interests that may be contained in the examiner's supplemental directive issued pursuant to section 508A.22, subdivision 2;

(7) Any claims that may be made pursuant to section 508A.17 within five years from the date the examiner's supplemental directive is filed on the CPT; and

(8) Any outstanding mechanics lien rights which may exist under sections 514.01 to 514.17; and

~~(9) any lien for state taxes.~~

No existing or future lien for state taxes arising under the laws of this state for the nonpayment of any amounts due under chapter 268 or any tax administered by the commissioner of revenue may encumber title to lands registered under this chapter unless filed under the terms of this chapter.

Sec. 22. Minnesota Statutes 1990, section 641.24, is amended to read:

641.24 [LEASING.]

The county may, by resolution of the county board, enter into a lease agreement with any statutory or home rule charter city situated within the county, or a county housing and redevelopment authority established pursuant to chapter ~~462~~ 469 or any special law whereby the city or county housing and redevelopment authority will construct a jail or other law enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the sheriff and other law enforcement agencies, in accordance with plans prepared by or at the request of the county board and, when required, approved by the commissioner of corrections and will finance it by the issuance of revenue bonds, and the county may lease the jail site and improvements for a term and upon rentals sufficient to produce revenue for the prompt payment of the bonds and all interest accruing thereon and, upon completion of payment, will acquire title thereto. The real and personal property acquired for the jail shall constitute a project and the lease agreement shall constitute a revenue agreement as contemplated in chapter ~~474~~ 469, and all proceedings shall be taken by the city or county housing and redevelopment authority and the county in the manner and with the force and effect provided in chapter ~~474~~ 469; provided that:

(1) no tax shall be imposed upon or in lieu of a tax upon the property;

(2) the approval of the project by the commissioner of commerce shall not be required;

(3) the department of corrections shall be furnished and shall record such information concerning each project as it may prescribe, in lieu of reports required on other projects to the commissioner of trade and economic development;

(4) the rentals required to be paid under the lease agreement shall not exceed in any year one-tenth of one percent of the market value of property within the county, as last finally equalized before the execution of the agreement;

(5) the county board shall provide for the payment of all rentals due during the term of the lease, in the manner required in section 641.264, subdivision 2;

(6) no mortgage on the jail property shall be granted for the security of the bonds, but compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the county board; and

(7) the county board may sublease any part of the jail property for purposes consistent with the maintenance and operation of a county jail or other law enforcement facility.

Sec. 23. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974, chapter 351, section 5, Laws 1976, chapter 234, section 7, Laws 1978, chapter 788, section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, and Laws 1988, chapter 513, section 1, is amended to read:

Subd. 2. For each of the years through 1993, inclusive 1998, the city of St. Paul is authorized to issue bonds in the aggregate principal amount of \$8,000,000 for each year; or in an amount equal to one-fourth of one percent of the assessors estimated market value of taxable property in St. Paul, whichever is greater, provided that no more than \$8,000,000 of bonds is authorized to be issued in any year, unless St. Paul's local general obligation debt as defined in this section is less than six percent of market value calculated as of December 31 of the preceding year; but at no time shall the aggregate principal amount of bonds authorized exceed \$11,300,000 in 1987, \$12,000,000 in 1988, \$13,300,000 in 1989, \$14,000,000 in 1990, \$14,800,000 in 1991, \$15,700,000 in 1992, and \$16,600,000 in 1993, \$16,600,000 in 1994, \$16,600,000 in 1995, \$17,500,000 in 1996, \$17,500,000 in 1997, and \$18,000,000 in 1998.

Sec. 24. Laws 1971, chapter 773, section 2, as amended by Laws 1978, chapter 788, section 2, Laws 1983, chapter 302, section 2, and Laws 1988, chapter 513, section 2, is amended to read:

Sec. 2. The proceeds of all bonds issued pursuant to section 1 hereof shall be used exclusively for the acquisition, construction, and repair of capital improvements and, commencing in the year

~~1989~~ 1992 and notwithstanding any provision in Laws 1978, chapter 788, section 5, as amended, for redevelopment project activities as defined in Minnesota Statutes, section 469.002, subdivision 14, in accordance with Minnesota Statutes, section 469.041, clause (6). The amount of proceeds of bonds authorized by section 1 used for redevelopment project activities shall not exceed \$530,000 in 1988, \$560,000 in 1989, \$590,000 in 1990, \$620,000 in 1991, \$655,000 in 1992, and \$690,000 in 1993, \$690,000 in 1994, \$690,000 in 1995, \$700,000 in 1996, \$700,000 in 1997, and \$725,000 in 1998.

None of the proceeds of any bonds so issued shall be expended except upon projects which have been reviewed, and have received a priority rating, from a capital improvements committee consisting of 18 members, of whom a majority shall not hold any paid office or position under the city of St. Paul. The members shall be appointed by the mayor, with at least four members from each Minnesota senate district located entirely within the city and at least two members from each senate district located partly within the city. Prior to making an appointment to a vacancy on the capital improvement budget committee, the mayor shall consult the legislators of the senate district in which the vacancy occurs. The priorities and recommendations of the committee shall be purely advisory, and no buyer of any bonds shall be required to see to the application of the proceeds.

Sec. 25. [JOINT TAX ADVISORY COMMITTEE.]

The city of St. Paul, independent school district No. 625, and Ramsey county may establish a St. Paul joint tax levy advisory committee. The committee shall elect a chair from among its members and shall meet from time to time to make appropriate recommendations for the efficient and effective use of property tax dollars raised by levies by the jurisdictions for programs, buildings, and operations.

Sec. 26. [RICHFIELD; TAX INCREMENT.]

Subdivision 1. [COMPUTATION OF TAX INCREMENT.] Notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 3, paragraph (c), the governing body of the city of Richfield may change its election of a method for computing tax increment for the tax increment financing district certified on December 5, 1985, and known as the Interstate, Lyndale, Nicollet District. The governing body may change its election from the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (b), to the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (a), or the alternative method described in subdivision 2.

Subd. 2. [ALTERNATIVE CALCULATION METHOD.] Pursuant

to the election authorized in subdivision 1, the governing body of the city of Richfield may elect the following method of computation:

(1) The original net tax capacity must be determined before the application of the fiscal disparity provisions of Minnesota Statutes, chapter 473F. The current net tax capacity must exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by a ratio that is less than the fiscal disparity ratio determined pursuant to Minnesota Statutes, section 473F.08, subdivision 6. The ratio, which must be a percentage of the fiscal disparity ratio, must be determined by the governing body and must remain in effect during the term of the district. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured net tax capacity and no tax increment determination.

(2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax capacity rates. The tax capacity rates so determined must be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the lesser of (i) the local taxing district tax capacity rates or (ii) the original tax capacity rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

Sec. 27. [MINNEAPOLIS; PLAZA AND PARKING BONDS.]

Subdivision 1. [AUTHORIZATION.] The city of Minneapolis may issue and sell general obligation bonds for the acquisition of land for and the construction of:

(1) a plaza and public parking facility adjacent to a federal courts facility to be located in downtown Minneapolis;

(2) a city garage and parking facility to replace facilities located on property to be used for the federal courts facility; and

(3) a connecting tunnel and other appurtenant facilities.

Subd. 2. [CONDITIONS.] The bonds shall be issued and sold under Minnesota Statutes, chapter 475, except that the bonds are not subject to the election requirements of chapter 475 or the charter of the city regardless of the amount of the bonds. The bonds shall not be included in computing the net debt of the city under law or charter. The powers granted by this section are in addition to the powers which the city may exercise under other law or charter.

Sec. 28. [CITY OF MINNEAPOLIS; DURATION OF TAX INCREMENT DISTRICT.]

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1, the duration of the Laurel Village tax increment financing district, district No. 64, located within the city of Minneapolis, may be extended by the authority through the year 2015. Any increment received for the years 2013 to 2015 may only be utilized to pay obligations provided for under the Laurel Village contract for private development, including use for payment of or to secure payment of, debt service on bonds issued in aid of the Laurel Village project or bonds issued to refund those bonds. Any increment received for years 2013 to 2015 that is not used for the purposes described in this section must be paid proportionately to the municipality, county, and school district as provided in Minnesota Statutes, section 469.176, subdivision 2.

Sec. 29. [ST. LOUIS PARK; TAX INCREMENT.]

Subdivision 1. [AUTHORIZATION.] The city of St. Louis Park, or its redevelopment agencies, may create a hazardous substance subdistrict within the Excelsior Boulevard redevelopment project ("district"), under Minnesota Statutes, section 469.175, subdivision 7, and issue bonds or other obligations payable in whole or in part from increment derived from the subdistrict or district upon a finding by city resolution that establishment of a subdistrict will facilitate environmental remediation and reduce the likelihood of litigation. The request for certification of the subdistrict must be filed with the county auditor before December 1, 1995. The city may defer receipt of the first increment from a subdistrict for up to three years following certification. Minnesota Statutes, sections 469.174, subdivision 7, paragraph (c); and 469.176, subdivisions 1, paragraph (d); 4e; 6; and 7, do not apply to a subdistrict. Nothing in this section affects the liability of persons for costs or damages associated with the release of hazardous substances, the city's right to pursue responsible parties or reimbursement under applicable insurance contracts, or the city's liability under Minnesota Statutes, section 115B.04, subdivision 4. The powers granted are in addition to other powers of the city.

Subd. 2. [RESTRICTIONS; SUBDISTRICT SIZE.] The subdistrict created under this section must be contiguous and may not exceed 20 acres.

Subd. 3. [QUALIFICATION RULES.] Before creation of a subdistrict under subdivision 1, the governing body of the city of St. Louis Park must find that the sum of remediation costs related to the subdistrict and deposits to the indemnification fund or premiums for the purchase of private environmental insurance necessary to develop the site exceeds the estimated fair market value of the land in

the subdistrict after completion of all necessary remediation activities and provision of indemnification under the plan.

Subd. 4. [LIMITS ON SPENDING INCREMENTS; POOLING RULES.] The provisions of Minnesota Statutes 1990, section 469.1763, do not apply to the subdistrict created under this section. Revenues derived from tax increments from the subdistrict may be spent only on:

(1) remediation and associated costs related to the area contained in the subdistrict, including the activities outside of the subdistrict to the extent necessary to prevent contaminants moving to or from the site;

(2) deposits to an indemnification fund or the purchase of environmental insurance, relating only to liability or additional remediation costs for contaminated parcels located in the subdistrict; and

(3) administrative expenses and costs permitted under Minnesota Statutes 1990, section 469.176, subdivision 4h.

After sufficient revenues derived from tax increments have been received to pay all remediation costs, deposits to an indemnification fund or insurance premiums, and administrative and other qualifying costs the subdistrict must be decertified.

Subd. 5. [STATE AID REDUCTIONS.] The state aid reductions under Minnesota Statutes 1990, section 273.1399, do not apply to the subdistrict, if the city elects to pay and pays 25 percent of the remediation costs and deposits to the indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted city money (other than tax increments). The city must elect this option at the time of certification of the district and must notify the commissioner of revenue of its election. The election is irrevocable.

Subd. 6. [DEFINITION.] For purposes of this section, "remediation" means activity constituting "removal," "remedy," "remedial action," or "response" as those terms are defined in Minnesota Statutes, section 115B.02. Remediation costs include activities, including installation of public infrastructure, necessary to accomplish remediation.

Subd. 7. [EFFECTIVE DATE.] This section is effective upon compliance by the city of St. Louis Park with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 30. [ST. PAUL; TAX INCREMENT.]

Subdivision 1. [AUTHORIZATION.] The city of St. Paul, or its

redevelopment agencies, may create a hazardous substance subdistrict in the Lower Payne Avenue study area, under Minnesota Statutes, section 469.175, subdivision 7, and issue bonds or other obligations payable in whole or in part from increment derived from the subdistrict or district upon a finding by city resolution that establishment of a subdistrict will facilitate environmental remediation and reduce the likelihood of litigation. The request for certification of the subdistrict must be filed with the county auditor before December 1, 1995. The city may defer receipt of the first increment from a subdistrict for up to three years following certification. Minnesota Statutes, sections 469.174, subdivision 7, paragraph (c); and 469.176, subdivisions 1, paragraph (d); 4e; 6; and 7, do not apply to a subdistrict. Nothing in this section affects the liability of persons for costs or damages associated with the release of hazardous substances, the city's right to pursue responsible parties or reimbursement under applicable insurance contracts, or the city's liability under Minnesota Statutes, section 115B.04, subdivision 4. The powers granted are in addition to other powers of the city.

Subd. 2. [RESTRICTIONS; SUBDISTRICT SIZE.] The subdistrict created under this section must be contiguous and may not exceed ten acres.

Subd. 3. [QUALIFICATION RULES.] Before creation of a subdistrict under subdivision 1, the governing body of the city of St. Paul must find that the sum of remediation costs related to the subdistrict and deposits to the indemnification fund or premiums for the purchase of private environmental insurance necessary to develop the site exceeds the estimated fair market value of the land in the subdistrict after completion of all necessary remediation activities and provision of indemnification under the plan.

Subd. 4. [LIMITS ON SPENDING INCREMENTS; POOLING RULES.] The provisions of Minnesota Statutes 1990, section 469.1763, do not apply to the subdistrict created under this section. Revenues derived from tax increments from the subdistrict may be spent only on:

(1) remediation and associated costs related to the area contained in the subdistrict, including the activities outside of the subdistrict to the extent necessary to prevent contaminants moving to or from the site;

(2) deposits to an indemnification fund or the purchase of environmental insurance, relating only to liability or additional remediation costs for contaminated parcels located in the subdistrict; and

(3) administrative expenses and costs permitted under Minnesota Statutes 1990, section 469.176, subdivision 4h.

After sufficient revenues derived from tax increments have been

received to pay all remediation costs, deposits to an indemnification fund or insurance premiums, and administrative and other qualifying costs the subdistrict must be decertified.

Subd. 5. [STATE AID REDUCTIONS.] (a) The state aid reductions under Minnesota Statutes 1990, section 273.1399, do not apply to the subdistrict, if the city elects to pay and pays 25 percent of the remediation costs and deposits to the indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted city money (other than tax increments). The city must elect this option at the time of certification of the district and must notify the commissioner of revenue of its election. The election is irrevocable.

(b) If the city elects this option, tax capacity captured by the subdistrict must not be included in the calculation of state aid reduction for the district under Minnesota Statutes, section 273.1399.

Subd. 6. [DEFINITION.] For purposes of this section, "remediation" means activity constituting "removal," "remedy," "remedial action," or "response" as those terms are defined in Minnesota Statutes, section 115B.02. Remediation costs include activities, including installation of public infrastructure, necessary to accomplish remediation.

Subd. 7. [EFFECTIVE DATE.] This section is effective upon compliance by the city of St. Paul with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 31. [APPROPRIATIONS; TAX SAMPLE.]

\$75,000 is appropriated to the commissioner of revenue for purposes of preparing a microdata sample of individual income tax returns and other data for taxable year 1991. This appropriation may be used in either fiscal year 1992 or 1993.

Sec. 32. [APPROPRIATION.]

\$1,000,000 is appropriated from the general fund to the commissioner of the Minnesota housing finance agency to be deposited in the housing trust fund account created under Minnesota Statutes, section 462A.201, and used for the purposes provided in that section.

Sec. 33. [REPEALER.]

Section 7 is repealed effective for taxable years beginning after December 31, 1993.

Minnesota Statutes 1990, section 298.24, subdivision 4, is repealed.

Sec. 34. [EFFECTIVE DATE.]

Sections 2 and 3 are effective July 1, 1992.

Sections 4, 13, 14, 15, 19, and 22 are effective the day following final enactment.

Section 5 is effective for liens filed on or after the day following final enactment.

Section 12 is effective for certificates of indebtedness issued after the day of final enactment.

Sections 20 and 21 are effective retroactively to December 31, 1991.

Sections 23 and 24 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of St. Paul.

Section 26 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Richfield.

Section 27 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Minneapolis."

Delete the title and insert:

"A bill for an act relating to the financing and operation of government in Minnesota; revising the operation of the local government trust fund; modifying the administration, computation, collection, and enforcement of taxes; imposing taxes; changing tax rates, bases, credits, exemptions, withholding, and payments; modifying aids to local governments; authorizing and modifying provisions relating to property tax classifications and levies; reducing the amount in the budget and cash flow reserve account; authorizing imposition of local taxes; updating references to the Internal Revenue Code; modifying provisions relating to political campaign contribution refunds; changing certain bonding and local government finance provisions; changing definitions; making technical corrections and clarifications; enacting provisions relating to certain cities, counties, school districts, special taxing districts, and watershed districts; appropriating money; amending Minnesota Statutes 1990, sections 60A.15, subdivision 1; 60A.19, subdivision 6;

103B.241; 103B.255, by adding a subdivision; 103B.335; 103F.221, subdivision 3; 124.2131, subdivision 1; 174.27; 216C.06, by adding a subdivision; 256E.06, by adding a subdivision; 270.07, subdivision 3; 270.075, subdivision 1; 270.69, by adding a subdivision; 270A.05; 270A.07, subdivisions 1 and 2; 270A.11; 270B.01, subdivision 8; 270B.12, by adding a subdivision; 271.06, subdivision 7; 272.115; 273.11, by adding subdivisions; 273.1104, subdivision 1; 273.135, subdivision 2; 273.1391, subdivision 2; 274.19, subdivision 8; 274.20, subdivisions 1, 2, and 4; 275.065, subdivisions 1a and 4; 275.125, subdivision 10; 278.02; 279.37, subdivision 1; 281.23, subdivision 8; 282.01, subdivision 7; 282.012; 282.016; 282.09, subdivision 1; 282.241; 282.36; 289A.11, subdivision 3; 289A.25, by adding a subdivision; 289A.26, subdivisions 3, 4, 7, and 9; 289A.50, subdivision 5; 290.05, subdivision 4; 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.07; 297A.14, subdivision 1; 297A.15, subdivisions 5 and 6; 297A.25, subdivisions 7, 11, 24, 34, 45, and by adding subdivisions; 297B.01, subdivision 8; 298.24, subdivision 1; 298.28, by adding a subdivision; 299F.21, subdivision 1; 327C.01, by adding a subdivision; 327C.12; 373.40, subdivision 7; 381.12, subdivision 2; 383.06; 383B.152; 398A.06, subdivision 2; 401.02, subdivision 3; 401.05; 462A.22, subdivision 1; 469.004, subdivisions 1 and 1a; 469.034; 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; 473.714; 473H.10, subdivision 3; 477A.013, subdivision 5; 488A.20, subdivision 4; 541.07; 641.24; Minnesota Statutes 1991 Supplement, sections 4A.02; 16A.15, subdivision 6; 16A.711, subdivisions 3, 4, and by adding a subdivision; 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; 273.124, subdivisions 1, 6, 9, and 13; 273.13, subdivisions 22, 25, and 33; 273.1398, subdivisions 5, 6, and 7; 273.1398, 273.1399; 275.065, subdivisions 1, 3, 5a, and 6; 275.125, subdivisions 5 and 6j; 275.61; 277.01, subdivision 1; 277.17; 278.01, subdivision 1; 278.05, subdivision 6; 279.01, subdivision 1; 279.03, subdivision 1a; 281.17; 289A.18, subdivision 4; 289A.20, subdivisions 1 and 4; 289A.26, subdivisions 1 and 6; 289A.37, subdivision 1; 290.01, subdivision 19; 290.05, subdivision 3; 290.06, subdivision 23; 290.0671, subdivision 1; 290.091, subdivision 2; 290.0921, subdivision 8; 290.0922, subdivision 1; 290A.04, subdivision 2h; 297A.135, subdivision 1, and by adding a subdivision; 297A.21, subdivision 4; 297A.25, subdivision 12; 375.192, subdivision 2; 423A.02, subdivision 1a; 477A.011, subdivisions 27 and 29; 477A.012, subdivision 6; 477A.013, subdivisions 1 and 3; 477A.03, subdivision 1; 508.25; 508A.25; Laws 1953, chapter 560, section 2, subdivision 3; Laws 1971, chapter 773, section 1, subdivision 2, as amended; and section 2, as amended; Laws 1991, chapter 291, article 1, section 65; and article 7, section 27; proposing coding for new law in Minnesota Statutes, chapters 13; 16A; 60A; 207A; 273; 275; 289A; 290; 290A; 297A; 298; 473F; 477A; repealing Minnesota Statutes 1990, sections 60A.15, subdivision 6; 134.342,

subdivisions 2 and 4; 275.065, subdivision 1b; 278.01, subdivision 2; 289A.12, subdivision 1; 290.48, subdivision 7; 297.32, subdivision 7; Minnesota Statutes 1991 Supplement, sections 271.04, subdivision 2; 273.124, subdivision 15; 295.367; Laws 1991, chapter 291, article 2, section 3; and article 15, section 9."

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

House Conferees: PAUL ANDERS OGREN, EDGAR L. OLSON, ANN H. REST, JOEL JACOBS AND WILLIAM H. "BILL" SCHREIBER.

Senate Conferees: DOUGLAS J. JOHNSON, LAWRENCE J. POGEMILLER, DAVID J. FREDERICKSON, NANCY BRATAAS AND EMBER D. REICHGOTT.

Ogren moved that the report of the Conference Committee on H. F. No. 2940 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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

The question was taken on the repassage of the bill and the roll was called. There were 81 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Boo	Farrell	Jaros	Krueger
Anderson, R.	Brown	Garcia	Jefferson	Lasley
Battaglia	Carlson	Greenfield	Johnson, A.	Lieder
Bauerly	Carruthers	Gutknecht	Johnson, R.	Lourey
Beard	Clark	Hanson	Kahn	Mariani
Begich	Cooper	Hasskamp	Kalis	McEachern
Bertram	Dauner	Hausman	Kelso	McGuire
Bishop	Dawkins	Jacobs	Kinkel	Milbert
Bodahl	Dorn	Janezich	Krambeer	Munger

Murphy	Orfield	Sarna	Thompson	Welle
Nelson, K.	Ostrom	Schreiber	Trimble	Wenzel
Nelson, S.	Peterson	Segal	Tunheim	Winter
O'Connor	Reding	Simoneau	Uphus	Spk. Long
Ogren	Rest	Skoglund	Vanasek	
Olson, E.	Rice	Solberg	Vellenga	
Olson, K.	Rodosovich	Sparby	Wagenius	
Orenstein	Rukavina	Steensma	Wejcmán	

Those who voted in the negative were:

Abrams	Goodno	Koppendrayer	Omann	Stanius
Anderson, R. H.	Gruenes	Krinkie	Onnen	Sviggum
Bettermann	Hartle	Leppik	Ozment	Swenson
Blatz	Haukoos	Limmer	Pauly	Tompkins
Davids	Heir	Lynch	Pellow	Valento
Dempsey	Henry	Macklin	Pelowski	Waltman
Dille	Hufnagle	Marsh	Pugh	Weaver
Erhardt	Hugoson	McPherson	Runbeck	Welker
Frederick	Jennings	Morrison	Schafer	
Frerichs	Johnson, V.	Newinski	Seaberg	
Girard	Knickerbocker	Olsen, S.	Smith	

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

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

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

H. F. No. 217, A bill for an act relating to occupations and professions; requiring the certification of interior designers; defining certified interior designer; providing for administration of certification requirements; changing the name of the board of architecture, engineering, land surveying, and landscape architecture; amending Minnesota Statutes 1990, sections 116J.70, subdivision 2a; 319A.02, subdivision 2; 326.02, subdivisions 1, 5, and by adding a subdivision; 326.03, subdivision 1; 326.031; 326.05; 326.06; 326.07; 326.08, subdivision 2; 326.09; 326.10, subdivisions 1, 2, and 2a; 326.11, subdivision 1; 326.12; 326.13; and 326.14; Minnesota Statutes 1991 Supplement, section 326.04.

PATRICK E. FLAHAVEN, Secretary of 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. 31, A bill for an act relating to public safety; creating the Minnesota advisory council on fire protection systems; requiring licensing and certifying of the fire protection industry; providing for rules and an exemption; providing for fees; imposing a penalty; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 299M.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Simoneau moved that the House concur in the Senate amendments to H. F. No. 31 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 31, A bill for an act relating to public safety; creating the Minnesota advisory council on fire protection systems; requiring licensing and certifying of the fire protection industry; providing for rules and an exemption; providing for fees; imposing a penalty; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 299M.

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

The question was taken on the repassage of the bill and the roll was called. There were 108 yeas and 25 nays as follows:

Those who voted in the affirmative were:

Abrams	Dille	Johnson, A.	McEachern	Ostrom
Anderson, I.	Dorn	Johnson, R.	McGuire	Ozment
Battaglia	Farrell	Kahn	Milbert	Pauly
Bauerly	Frederick	Kalis	Morrison	Pelowski
Beard	Garcia	Kelso	Munger	Peterson
Begich	Goodno	Kinkel	Murphy	Pugh
Bertram	Greenfield	Knickerbocker	Nelson, K.	Reding
Bishop	Hanson	Krambeer	Nelson, S.	Rest
Blatz	Hartle	Krueger	Newinski	Rice
Bodahl	Hasskamp	Lasley	O'Connor	Rodosovich
Boo	Hausman	Leppik	Ogren	Rukavina
Brown	Heir	Lieder	Olsen, S.	Runbeck
Carlson	Henry	Limmer	Olson, E.	Sarna
Carruthers	Jacobs	Lourey	Olson, K.	Schreiber
Clark	Janezich	Lynch	Omann	Seaberg
Cooper	Jaros	Macklin	Orenstein	Segal
Dauner	Jefferson	Mariani	Orfield	Simoneau
Dawkins	Jennings	Marsh	Osthoff	Skoglund

Solberg	Swenson	Uphus	Weaver	Winter
Sparby	Thompson	Vanasek	Wejman	Spk. Long
Stanius	Trimble	Vellenga	Welle	
Steensma	Tunheim	Wagenius	Wenzel	

Those who voted in the negative were:

Anderson, R. H.	Frerichs	Hufnagle	McPherson	Sviggun
Bettermann	Girard	Hugoson	Onnen	Tompkins
Dauids	Gruenes	Johnson, V.	Pellow	Valento
Dempsey	Gutknecht	Koppendraye	Schafer	Waltman
Erhardt	Haukoos	Krinkie	Smith	Welker

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

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. 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.

PATRICK E. FLAHAVEN, Secretary of the Senate

Wagenius moved that the House refuse to concur in the Senate amendments to H. F. No. 2147, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

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. 2269, A bill for an act relating to metropolitan government; requiring the metropolitan airports commission to budget for noise mitigation; requiring a recommendation to the legislature;

amending Minnesota Statutes 1990, section 473.661, subdivision 1, and by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Garcia moved that the House refuse to concur in the Senate amendments to H. F. No. 2269, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2147:

Wagenius, Pauly and Hausman.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2269:

Garcia; Anderson, I., and Blatz.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2586:

Trimble, Hausman and Mariani.

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 bill as Special Orders to be acted upon immediately preceding printed Special Orders for today, Wednesday, April 15, 1992:

S. F. No. 2107.

SPECIAL ORDERS

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state

of Minnesota, Welle and Dempsey moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2107 be given its third reading and be placed upon its final passage. The motion prevailed.

Welle and Dempsey moved that the Rules of the House be so far suspended that S. F. No. 2107 be given its third reading and be placed upon its final passage. The motion prevailed.

Sviggum moved to amend S. F. No. 2107, as follows:

Page 8, after line 27, insert:

“(c) The labor market for making the determination under paragraph (a), clause (2), is the statewide labor market if the employer offers to pay the reasonable moving expenses of the employee to move to new employment located at a distance greater than 30 miles from the employee's current residence and if a retraining assessment by a qualified rehabilitation consultant has been conducted and finds the employee not retrainable for available employment in the local labor market. “Reasonable moving expenses” include, without limitation, the realtor's commission charged the employee for selling the employee's principal residence from which the employee moves. This paragraph does not apply to employees 60 years of age or older at the time of injury.

Sec. 6. Minnesota Statutes 1990, section 176.101, is amended by adding a subdivision to read:

Subd. 5a. [MOVED EMPLOYEE BENEFIT.] An employee who is eligible for moving expenses under subdivision 5, paragraph (c), and who moves and starts a new job is eligible for the benefit provided by this subdivision. If an employee loses the job the employee moved to take at any time within 18 months of moving, the employee shall be paid a weekly benefit equal to the weekly temporary total benefit the employee last received prior to the move. No benefit is payable under this subdivision for any week commencing 18 months or more after the move. The benefit under this subdivision is not payable if the employee lost the job for reasons that would disqualify an individual from unemployment benefits in this state.”

ReNUMBER the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

CALL OF THE HOUSE

On the motion of Welle and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abrams	Frerichs	Koppendrayner	Omann	Sparby
Anderson, I.	Garcia	Krambeer	Onnen	Stanias
Anderson, R. H.	Girard	Krinkie	Orenstein	Stensma
Battaglia	Goodno	Krueger	Orfield	Svigum
Bauerly	Greenfield	Lasley	Osthoff	Swenson
Beard	Gruenes	Leppik	Ostrom	Thompson
Begich	Gutknecht	Lieder	Ozment	Tompkins
Bertram	Hanson	Limmer	Pauly	Trimble
Bettermann	Hartle	Lynch	Pellow	Tunheim
Blatz	Haukoos	Macklin	Pelowski	Uphus
Bodahl	Hausman	Mariani	Peterson	Valento
Boo	Heir	Marsh	Pugh	Vanasek
Brown	Henry	McEachern	Reding	Vellenga
Carlson	Hufnagle	McGuire	Rest	Wagenius
Carruthers	Hugoson	McPherson	Rice	Waltman
Clark	Jacobs	Milbert	Rodosovich	Weaver
Cooper	Janezich	Morrison	Rukavina	Wejzman
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	Kelso	Ogren	Skoglund	
Farrell	Kinkel	Olsen, S.	Smith	
Frederick	Knickerbocker	Olson, K.	Solberg	

Welle moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

The question recurred on the Sviggum amendment and the roll was called.

Welle moved that those not voting be excused from voting. The motion prevailed.

There were 53 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abrams	Dempsey	Gruenes	Hugoson	Limmer
Anderson, R. H.	Dille	Gutknecht	Johnson, V.	Lynch
Bettermann	Erhardt	Hartle	Knickerbocker	Macklin
Bishop	Frederick	Haukoos	Koppendrayner	Marsh
Blatz	Frerichs	Heir	Krambeer	McPherson
Boo	Girard	Henry	Krinkie	Morrison
Davids	Goodno	Hufnagle	Leppik	Olsen, S.

Omamm	Runbeck	Smith	Tompkins	Weaver
Onnen	Schafer	Stanius	Uphus	Welker
Pauly	Schreiber	Sviggum	Valento	
Pellow	Seaberg	Swenson	Waltman	

Those who voted in the negative were:

Anderson, I.	Garcia	Krueger	Olson, K.	Skoglund
Battaglia	Greenfield	Lasley	Orenstein	Solberg
Bauerly	Hanson	Lieder	Orfield	Sparby
Beard	Hasskamp	Lourey	Osthoff	Steensma
Begich	Hausman	Mariani	Ostrom	Thompson
Bertram	Jacobs	McEachern	Ozment	Trimble
Bodahl	Janezich	McGuire	Pelowski	Tunheim
Brown	Jaros	Milbert	Peterson	Vanasek
Carlson	Jefferson	Munger	Pugh	Vellenga
Carruthers	Jennings	Murphy	Reding	Wagenius
Clark	Johnson, A.	Nelson, K.	Rest	Wejman
Cooper	Johnson, R.	Nelson, S.	Rice	Welle
Dauner	Kahn	Newinski	Rodosovich	Wenzel
Dawkins	Kalis	O'Connor	Rukavina	Winter
Dorn	Kelso	Ogren	Sarna	Spk. Long
Farrell	Kinkel	Olson, E.	Segal	

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

Sviggum moved to amend S. F. No. 2107, as follows:

Page 6, after line 33, insert:

"Sec. 3. Minnesota Statutes 1990, section 176.011, subdivision 18, is amended to read:

Subd. 18. [WEEKLY WAGE.] "Weekly wage" is arrived at by multiplying the daily wage by the number of days and fractional days normally worked in the business of the employer for the employment involved. If the employee normally works less than five days per week or works an irregular number of days per week, the number of days normally worked shall be computed by dividing the total number of days in which the employee actually performed any of the duties of employment in the last 26 weeks by the number of weeks in which the employee actually performed such duties, provided that the weekly wage for part time employment during a period of seasonal or temporary layoff shall be computed on the number of days and fractional days normally worked in the business of the employer for the employment involved. If, at the time of the injury, the employee was regularly employed by two or more employers, the employee's days of work for all such employments shall be included in the computation of weekly wage. Occasional overtime is not to be considered in computing the weekly wage, but if overtime is regular or frequent throughout the year it shall be taken into consideration. The maximum weekly compensation payable to an employee, or to the employee's dependents in the event of death, shall not exceed $66 \frac{2}{3}$ 80 percent of the ~~product of the daily wage times the number of days normally worked~~ employee's after-tax

weekly wage, provided that the compensation payable for permanent partial disability under section 176.101, subdivision 3, and for permanent total disability under section 176.101, subdivision 4, or death under section 176.111, shall not be computed on less than the number of hours normally worked in the employment or industry in which the injury was sustained, subject also to such maximums as are specifically otherwise provided.

Sec. 4. Minnesota Statutes 1990, section 176.011, is amended by adding a subdivision to read:

Subd. 18a. [AFTER-TAX WEEKLY WAGE.] "After-tax weekly wage" means the weekly wage reduced by the amounts required to be withheld by the Federal Insurance Contributions Act, United States Code, title 16, sections 3101 to 3126, but without regard to the yearly maximum, and by state and federal income tax laws using as the number of allowances the number of exemptions that the employee is entitled to under federal law for the employee and the employee's dependents and without additional allowances. The after-tax weekly wage must be determined as of the date of injury, and changes in dependents after that date may not be considered."

Page 6, line 34, delete "3" and insert "5"

Page 7, line 2, strike "66-2/3" and insert "80" and before "weekly" insert "after-tax"

Page 7, line 12, strike "actual" and insert "after-tax"

Page 7, line 19, delete "4" and insert "6"

Page 7, line 22, strike "66-2/3" and insert "80"

Page 7, line 23, before "weekly" insert "after-tax"

Page 7, line 24, before "wage" insert "after-tax weekly"

Page 8, after line 9, insert:

"Sec. 7. Minnesota Statutes 1990, section 176.101, subdivision 4, is amended to read:

Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be 66-2/3 80 percent of the daily after-tax weekly wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to the minimum weekly compensation rates for a temporary total disability. This compensation shall be paid during the permanent total disability of the

injured employee but after a total of \$25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased."

Page 8, line 10, delete "5" and insert "8"

Page 8, line 28, delete "6" and insert "9"

Page 9, line 11, delete "7" and insert "10"

Page 9, line 25, delete "8" and insert "11"

Page 10, line 11, delete "66-2/3" and insert "80"

Page 10, lines 12 and 13, before "weekly" insert "after-tax"

Page 10, before line 20, insert:

"Sec. 12. Minnesota Statutes 1990, section 176.111, subdivision 6, is amended to read:

Subd. 6. [SPOUSE, NO DEPENDENT CHILD.] If the deceased employee leaves a dependent surviving spouse and no dependent child, there shall be paid to the spouse weekly workers' compensation benefits at ~~50~~ 80 percent of the after-tax weekly wage at the time of the injury for a period of ten years, including adjustments as provided in section 176.645.

Sec. 13. Minnesota Statutes 1990, section 176.111, subdivision 7, is amended to read:

Subd. 7. [SPOUSE, ONE DEPENDENT CHILD.] If the deceased employee leaves a surviving spouse and one dependent child, there shall be paid to the surviving spouse for the benefit of the spouse and child ~~60~~ 80 percent of the daily after-tax weekly wage at the time of

the injury of the deceased until the child is no longer a dependent as defined in subdivision 1. At that time there shall be paid to the dependent surviving spouse weekly benefits at ~~a the same rate which is 16 2/3 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent,~~ for a period of ten years, including adjustments as provided in section 176.645.

Sec. 14. Minnesota Statutes 1990, section 176.111, subdivision 8, is amended to read:

Subd. 8. [SPOUSE, TWO DEPENDENT CHILDREN.] If the deceased employee leaves a surviving spouse and two dependent children, there shall be paid to the surviving spouse for the benefit of the spouse and children ~~66 2/3~~ 80 percent of the daily after-tax weekly wage at the time of the injury of the deceased until the last dependent child is no longer dependent. At that time the dependent surviving spouse shall be paid weekly benefits at ~~a the same rate which is 25 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent,~~ for a period of ten years, adjusted according to section 176.645.

Sec. 15. Minnesota Statutes 1990, section 176.111, subdivision 12, is amended to read:

Subd. 12. [ORPHANS.] If the deceased employee leaves a dependent orphan, there shall be paid ~~55~~ 80 percent of the after-tax weekly wage at the time of the injury of the deceased, for two or more orphans there shall be paid ~~66 2/3~~ 80 percent of the wages after-tax weekly wage.

Sec. 16. Minnesota Statutes 1990, section 176.111, subdivision 14, is amended to read:

Subd. 14. [PARENTS.] If the deceased employee ~~leave~~ leaves no surviving spouse or child entitled to any payment under this chapter, but leaves both parents wholly dependent on the deceased, there shall be paid to such parents jointly ~~45~~ 80 percent of the after-tax weekly wage at the time of the injury of the deceased. In case of the death of either of the wholly dependent parents the survivor shall receive ~~35~~ 80 percent of the after-tax weekly wage thereafter. If the deceased employee ~~leave~~ leaves one parent wholly dependent on the deceased, there shall be paid to such parent ~~35~~ 80 percent of the after-tax weekly wage at the time of the injury of the deceased employee. The compensation payments under this section shall not exceed the actual contributions made by the deceased employee to the support of the employee's parents for a reasonable time immediately prior to the injury which caused the death of the deceased employee.

Sec. 17. Minnesota Statutes 1990, section 176.111, subdivision 15, is amended to read:

Subd. 15. [REMOTE DEPENDENTS.] If the deceased employee leaves no surviving spouse or child or parent entitled to any payment under this chapter, but leaves a grandparent, grandchild, brother, sister, mother-in-law, or father-in-law wholly dependent on the employee for support, there shall be paid to such dependent, if but one, ~~30~~ 40 percent of the after-tax weekly wage at the time of injury of the deceased, or if more than one, ~~35~~ 45 percent of the after-tax weekly wage at the time of the injury of the deceased, divided among them share and share alike."

Page 10, line 20, delete "9" and insert "18"

Page 10, after line 33, insert:

"Sec. 19. Minnesota Statutes 1990, section 176.111, subdivision 20, is amended to read:

Subd. 20. [ACTUAL DEPENDENTS, COMPENSATION.] Actual dependents are entitled to take compensation in the order named in subdivision 3 during dependency until ~~66-2/3~~ 80 percent of the after-tax weekly wage of the deceased at the time of injury is exhausted. The total weekly compensation to be paid to full actual dependents of a deceased employee shall not exceed in the aggregate an amount equal to the maximum weekly compensation for a temporary total disability.

Sec. 20. Minnesota Statutes 1990, section 176.111, subdivision 21, is amended to read:

Subd. 21. [DEATH, BENEFITS; COORDINATION WITH GOVERNMENTAL SURVIVOR BENEFITS.] The following provision shall apply to any dependent entitled to receive weekly compensation benefits under this section as the result of the death of an employee, and who is also receiving or entitled to receive benefits under any government survivor program:

The combined total of weekly government survivor benefits and workers' compensation death benefits provided under this section shall not exceed 100 percent of the after-tax weekly wage being earned by the deceased employee at the time of the injury causing death; provided, however, that no state workers' compensation death benefit shall be paid for any week in which the survivor benefits paid under the federal program, by themselves, exceed 100 percent of such weekly wage provided, however, the workers' compensation benefits payable to a dependent surviving spouse shall not be reduced on account of any governmental survivor benefits payable to

decendent's children if the support of the children is not the responsibility of the dependent surviving spouse.

For the purposes of this subdivision "dependent" means dependent surviving spouse together with all dependent children and any other dependents. For the purposes of this subdivision, mother's or father's insurance benefits received pursuant to United States Code, title 42, section 402(g), are benefits under a government survivor program."

Page 10, line 34, delete "10" and insert "21"

Page 11, line 33, delete "11" and insert "22"

Page 12, line 34, delete "12" and insert "23"

Page 13, line 27, delete "13" and insert "24"

Page 13, after line 35, insert:

"Sec. 25. Minnesota Statutes 1990, section 176.66, subdivision 11, is amended to read:

Subd. 11. [AMOUNT OF COMPENSATION.] The compensation for an occupational disease is ~~66-2/3~~ 80 percent of the employee's after-tax weekly wage on the date of injury subject to a maximum compensation equal to the maximum compensation in effect on the date of last exposure. The employee shall be eligible for supplementary benefits notwithstanding the provisions of section 176.132, after four years have elapsed since the date of last significant exposure to the hazard of the occupational disease if that employee's weekly compensation rate is less than the current supplementary benefit rate.

Sec. 26. [176.90] [AFTER-TAX CALCULATION.]

For purposes of sections 176.011, subdivisions 18 and 18a; 176.101, subdivisions 1, 2, 3, and 4; 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20, and 21; and 176.66, the commissioner shall publish by September 1 of each year tables or formulas for determining the after-tax weekly wage to take effect the following October 1. The tables or formulas must be based on the applicable federal income tax and social security laws and state income tax laws in effect on the preceding April 1. These tables or formulas are conclusive for the purposes of converting the weekly wage into after-tax weekly wage. The commissioner may contract with the department of revenue or any other person or organization in order to adopt the tables or formulas. The adoption of the tables or formulas is exempt from the administrative rulemaking provisions of chapter 14."

Page 13, line 36, delete "14" and insert "27"

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Sviggum amendment and the roll was called.

Welle moved that those not voting be excused from voting. The motion prevailed.

There were 54 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Johnson, V.	Morrison	Smith
Anderson, R. H.	Girard	Knickerbocker	Newinski	Stanis
Bettermann	Goodno	Koppendrayner	Olsen, S.	Sviggum
Bishop	Gruenes	Krambeer	Omann	Swenson
Blatz	Gutknecht	Krinkie	Onnen	Tompkins
Boo	Hartle	Leppik	Pauly	Uphus
Davids	Haukoos	Limmer	Pellow	Valento
Dempsey	Heir	Lynch	Runbeck	Waltman
Dille	Henry	Macklin	Schafer	Weaver
Erhardt	Hufnagle	Marsh	Schreiber	Welker
Frederick	Hugoson	McPherson	Seaberg	

Those who voted in the negative were:

Anderson, I.	Garcia	Krueger	Orenstein	Solberg
Battaglia	Greenfield	Lasley	Orfield	Sparby
Bauerly	Hanson	Lieder	Osthoff	Steensma
Beard	Hasskamp	Lourey	Ostrom	Thompson
Begich	Hausman	Mariani	Ozment	Trimble
Bertram	Jacobs	McEachern	Pelowski	Tunheim
Bodahl	Janezich	McGuire	Peterson	Vanasek
Brown	Jaros	Milbert	Pugh	Vellenga
Carlson	Jefferson	Munger	Reding	Wagenius
Carruthers	Jennings	Murphy	Rest	Wejzman
Clark	Johnson, A.	Nelson, K.	Rice	Welle
Cooper	Johnson, R.	Nelson, S.	Rodosovich	Wenzel
Dauner	Kahn	O'Connor	Rukavina	Winter
Dawkins	Kalis	Ogren	Sarna	Spk. Long
Dorn	Kelso	Olson, E.	Segal	
Farrell	Kinke!	Olson, K.	Skoglund	

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

Sviggum moved to amend S. F. No. 2107, as follows:

Page 8, after line 9, insert:

"Sec. 5. Minnesota Statutes 1990, section 176.101, subdivision 4, is amended to read:

Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be 66-2/3 percent of the daily weekly wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to ~~the minimum weekly compensation~~ 65 percent of the statewide average weekly wage rates for a temporary total disability. This compensation shall be paid during the permanent total disability of the injured employee but after a total of \$25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased."

Page 11, after line 32, insert:

"Sec. 11. Minnesota Statutes 1990, section 176.132, is amended by adding a subdivision to read:

Subd. 6. [THRESHOLD; COMPUTATION.] (a) Notwithstanding anything in this section to the contrary, no employee shall receive supplementary benefits unless the employee is receiving those benefits on September 30, 1992, except as provided in paragraph (c).

(b) If the employee is entitled to receive supplementary benefits under paragraph (a), the amount of supplementary benefits that an employee is entitled to is the lesser of (1) the amount of supplementary benefits that the employee was entitled to receive on September 30, 1992, and (2) the difference between the amount of permanent total disability benefits the employee receives and 65 percent of the statewide average weekly wage as computed annually.

(c) This subdivision shall not apply to an employee who is found to be permanently totally disabled pursuant to section 176.101, subdivision 5, paragraph (a), clause (1)."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Sviggum amendment and the roll was called.

Welle moved that those not voting be excused from voting. The motion prevailed.

There were 53 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Johnson, V.	Morrison	Stanislaus
Anderson, R. H.	Girard	Knickerbocker	Olsen, S.	Sviggum
Bettermann	Goodno	Koppendrayer	Omann	Swenson
Bishop	Gruenes	Krambeer	Onnen	Tompkins
Blatz	Gutknecht	Krinkie	Pauly	Uphus
Boo	Hartle	Leppik	Pellow	Valento
Davids	Haukoos	Limmer	Runbeck	Waltman
Dempsey	Heir	Lynch	Schafer	Weaver
Dille	Henry	Macklin	Schreiber	Welker
Erhardt	Hufnagle	Marsh	Seaberg	
Frederick	Hugoson	McPherson	Smith	

Those who voted in the negative were:

Anderson, I.	Garcia	Krueger	Olson, K.	Skoglund
Battaglia	Greenfield	Lasley	Orenstein	Solberg
Bauerly	Hanson	Lieder	Orfield	Sparby
Beard	Hasskamp	Lourey	Osthoff	Steensma
Begich	Hausman	Mariani	Ostrom	Thompson
Bertram	Jacobs	McEachern	Ozment	Trimble
Bodahl	Janezich	McGuire	Pelowski	Tunheim
Brown	Jaros	Milbert	Peterson	Vanasek
Carlson	Jefferson	Munger	Pugh	Vellenga
Carruthers	Jennings	Murphy	Reding	Wagenius
Clark	Johnson, A.	Nelson, K.	Rest	Wejzman
Cooper	Johnson, R.	Nelson, S.	Rice	Welle
Dauner	Kahn	Newinski	Rodosovich	Wenzel
Dawkins	Kalis	O'Connor	Rukavina	Winter
Dorn	Kelso	Ogren	Sarna	Spk. Long
Farrell	Kinkel	Olson, E.	Segal	

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

S. F. No. 2107, A bill for an act relating to workers' compensation; providing for comprehensive reform; regulating benefits; providing for medical cost control; requiring improved safety measures; regulating attorneys; providing for more efficient administrative proce-

dures; eliminating the second injury fund; regulating insurance; reforming the assigned risk plan; regulating fraud; imposing penalties; amending Minnesota Statutes 1990, sections 79.251, by adding subdivisions; 79.252, subdivisions 1 and 3; 79.58, by adding a subdivision; 79A.02, by adding subdivisions; 79A.03, subdivisions 3, 4, 7, and 9; 79A.04, subdivision 2; 79A.06, subdivision 5; 175.007; 176.011, subdivisions 9 and 11a; 176.081, subdivisions 1, 2, and 3; 176.101, subdivisions 1, 2, 5, 6, and 8; 176.102, subdivisions 1, 2, 4, 6, 9, and 11; 176.103, subdivisions 2, 3, and by adding a subdivision; 176.105, subdivision 1; 176.106, subdivision 6; 176.111, subdivision 18; 176.129, subdivision 10; 176.130, subdivisions 8 and 9; 176.132, subdivision 1; 176.135, subdivisions 1, 5, 6, and 7; 176.136, subdivisions 1, 2, and by adding subdivisions; 176.137, subdivision 5; 176.138; 176.139, subdivision 2; 176.155, subdivision 1; 176.179; 176.181, subdivision 3, and by adding a subdivision; 176.182; 176.183; 176.185, subdivision 5a; 176.194, subdivisions 4 and 5; 176.221, subdivisions 3 and 3a; 176.231, subdivision 10; 176.261; 176.421, subdivision 1; 176.461; 176.645, subdivisions 1 and 2; 176.83, subdivision 5, and by adding a subdivision; 176A.03, by adding a subdivision; 480B.01, subdivisions 1 and 10; 609.52, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 79; 79A; and 176; repealing Minnesota Statutes 1990, sections 176.131; 176.135, subdivision 3; and 176.136, subdivision 5.

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.

Welle moved that those not voting be excused from voting. The motion prevailed.

There were 129 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Abrams	Clark	Hanson	Kahn	McEachern
Anderson, I.	Cooper	Hartle	Kalis	McGuire
Anderson, R.	Dauner	Hasskamp	Kelso	McPherson
Anderson, R. H.	Davids	Haukoos	Kinkel	Milbert
Battaglia	Dempsey	Hausman	Knickerbocker	Morrison
Bauerly	Dille	Heir	Koppendrayner	Munger
Beard	Dorn	Henry	Krambeer	Murphy
Begich	Erhardt	Hufnagle	Krueger	Nelson, K.
Bertram	Farrell	Hugoson	Lasley	Nelson, S.
Bettermann	Frederick	Jacobs	Leppik	Newinski
Bishop	Frerichs	Janezich	Lieder	O'Connor
Blatz	Garcia	Jaros	Limmer	Ogren
Bodahl	Girard	Jefferson	Lourey	Olsen, S.
Boo	Goodno	Jennings	Lynch	Olson, E.
Brown	Greenfield	Johnson, A.	Macklin	Olson, K.
Carlson	Gruenes	Johnson, R.	Mariani	Omann
Carruthers	Gutknecht	Johnson, V.	Marsh	Onnen

Orenstein	Pugh	Seaberg	Swenson	Waltman
Orfield	Reding	Segal	Thompson	Weaver
Osthoff	Rest	Skoglund	Tompkins	Wejzman
Ostrom	Rodosovich	Smith	Trimble	Welker
Ozment	Rukavina	Solberg	Tunheim	Welle
Pauly	Runbeck	Sparby	Uphus	Wenzel
Pellow	Sarna	Stanis	Vanasek	Winter
Pelowski	Schafer	Steensma	Vellenga	Spk. Long
Peterson	Schreiber	Sviggum	Wagenius	

Those who voted in the negative were:

Dawkins	Krinkie	Rice	Valento
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The bill was passed and its title agreed to.

CALL OF THE HOUSE LIFTED

Welle moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

S. F. No. 2434 was reported to the House.

Winter moved that S. F. No. 2434 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 2743 was reported to the House.

Skoglund moved that S. F. No. 2743 be temporarily laid over on Special Orders. The motion prevailed.

The Speaker called Krueger to the Chair.

S. F. No. 2699 was reported to the House.

Peterson moved that S. F. No. 2699 be temporarily laid over on Special Orders. The motion prevailed.

H. F. No. 2032 was reported to the House.

Lieder moved that H. F. No. 2032 be continued on Special Orders. The motion prevailed.

H. F. No. 1895 was reported to the House.

Cooper moved that H. F. No. 1895 be returned to its author. The motion prevailed.

S. F. No. 1993, as amended, and continued on Special Orders on Tuesday, April 14, 1992, was reported to the House.

Abrams moved to amend S. F. No. 1993, as amended, as follows:

Page 9, delete Section 4

Renumber the remaining sections

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Abrams amendment and the roll was called. There were 64 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Johnson, R.	Olsen, S.	Sarna
Anderson, I.	Goodno	Johnson, V.	Olson, E.	Schafer
Anderson, R. H.	Gruenes	Kahn	Omann	Skoglund
Bettermann	Gutknecht	Knickerbocker	Onnen	Smith
Blatz	Hartle	Koppendrayer	Orenstein	Sparby
Cooper	Hasskamp	Krambeer	Osthoff	Stanis
Davids	Haukoos	Krinkie	Ozment	Steensma
Dempsey	Heir	Limmer	Pauly	Sviggum
Dille	Henry	Lynch	Pellow	Tompkins
Erhardt	Hufnagle	Marsh	Pelowski	Uphus
Farrell	Hugoson	McPherson	Peterson	Vanasek
Frederick	Janezich	Milbert	Pugh	Weiker
Frerichs	Jennings	O'Connor	Rukavina	

Those who voted in the negative were:

Battaglia	Garcia	Lourey	Orfield	Tunheim
Bauerly	Greenfield	Macklin	Ostrom	Valento
Beard	Hausman	Mariani	Reding	Vellenga
Begich	Jacobs	McEachern	Rest	Wagenius
Bertram	Jaros	McGuire	Rice	Waltman
Bodahl	Jefferson	Morrison	Rodosovich	Wejzman
Boo	Johnson, A.	Munger	Runbeck	Welle
Brown	Kalis	Murphy	Schreiber	Wenzel
Carlson	Kelso	Nelson, K.	Seaberg	Winter
Carruthers	Kinkel	Nelson, S.	Segal	Spk. Long
Dauner	Krueger	Newinski	Swenson	
Dawkins	Leppik	Ogren	Thompson	
Dorn	Lieder	Olson, K.	Trimble	

The motion prevailed and the amendment was adopted.

Vanasek; Schreiber; Abrams; Murphy; Johnson, R.; Erhardt; Wenzel; Bauerly; Bertram; Schafer; Krinkie; Olson, K.; Brown; Limmer; Tunheim; Rice; Davids; McEachern; Garcia; Dorn; Frerichs; Olsen, S.; Macklin; Valento; Tompkins; Anderson, I.; Krueger; Rest; Olson, E.; Ozment; Dauner; Lourey; Peterson; Henry; Reding; Jacobs; Winter; Welker; Beard; Hugoson; Pugh; Osthoff; Smith; Newinski; Pellow; Bishop; Hufnagle; Weaver; Gutknecht; Segal; Uphus; Battaglia; Sviggum; Seaberg; Solberg; Haukoos; McPherson; Stanius; Steensma; Dempsey; Rodosovich; Jennings; Dille; Heir; Sarna and Lasley offered an amendment to S. F. No. 1993, as amended.

POINT OF ORDER

Orenstein raised a point of order pursuant to rule 3.09 that the Vanasek et al amendment was not in order. Speaker pro tempore Krueger ruled the point of order well taken and the amendment out of order.

Seaberg and Johnson, A., moved to amend S. F. No. 1993, as amended, as follows:

Page 5, after line 26, insert:

"Section 1. Minnesota Statutes 1990, section 169.121, subdivision 7, is amended to read:

Subd. 7. [NOTICE OF REVOCATION.] On behalf of the commissioner of public safety a court shall serve notice of revocation on a person convicted of a violation of this section unless the commissioner has already revoked the person's driving privileges or served the person with a notice of revocation for a violation of section 169.123 arising out of the same incident. ~~The court shall take the license or permit of the driver, if any, or obtain a sworn affidavit stating that the license or permit cannot be produced, and send it to the commissioner with a record of the conviction and issue a temporary license effective only for the period during which an appeal from the conviction may be taken. No person who is without driving privileges at the time shall be issued a temporary license and any temporary license issued shall bear the same restrictions and limitations as the driver's license or permit for which it is exchanged.~~

~~The commissioner shall issue additional temporary licenses until the final determination of whether there shall be a revocation under this section.~~

The court shall invalidate the driver's license or permit in such a way that no identifying information is destroyed.

Sec. 2. Minnesota Statutes 1990, section 169.123, subdivision 5a, is amended to read:

Subd. 5a. [PEACE OFFICER AGENT FOR NOTICE OF REVOCATION OR DISQUALIFICATION.] On behalf of the commissioner of public safety a peace officer requiring a test or directing the administration of a chemical test shall serve immediate notice of intention to revoke and of revocation on a person who refuses to permit a test or on a person who submits to a test the results of which indicate an alcohol concentration of 0.10 or more. On behalf of the commissioner of public safety, a peace officer requiring a test or directing the administration of a chemical test of a person driving, operating, or in physical control of a commercial motor vehicle shall serve immediate notice of intention to disqualify and of disqualification on a person who refuses to permit a test, or on a person who submits to a test the results of which indicate an alcohol concentration of 0.04 or more. The officer shall either:

(1) take the driver's license or permit of the driver, if any, and issue a temporary license, effective only for seven days. The peace officer, and shall send the person's driver's license it to the commissioner of public safety along with the certificate required by subdivision 4; or

(2) invalidate the driver's license or permit in such a way that no identifying information is destroyed.

Sec. 3. Minnesota Statutes 1990, section 169.14, subdivision 10, is amended to read:

Subd. 10. [RADAR; ~~SPEEDALYZER~~ SPEED-MEASURING DEVICES; STANDARDS OF EVIDENCE.] In any prosecution in which the rate of speed of a motor vehicle is relevant, evidence of the speed as indicated on radar or other ~~speedalyzer~~ speed-measuring devices is admissible in evidence, subject to the following conditions:

(a) The officer operating the device has sufficient training to properly operate the equipment;

(b) The officer testifies as to the manner in which the device was set up and operated;

(c) The device was operated with minimal distortion or interference from outside sources; and

(d) The device was tested by an accurate and reliable external mechanism, method, or system at the time it was set up.

Records of tests made of such devices and kept in the regular course of operations of any law enforcement agency are admissible in evidence without further foundation as to the results of the tests.

The records shall be available to a defendant upon demand. Nothing in this subdivision shall be construed to preclude or interfere with cross examination or impeachment of evidence of the rate of speed as indicated on the radar or ~~speedalyzer~~ speed-measuring device."

Page 7, after line 29, insert:

"Sec. 6. Minnesota Statutes 1991 Supplement, section 169.444, subdivision 7, is amended to read:

Subd. 7. [~~EVIDENTIARY PRESUMPTION~~ PRESUMPTIONS.]

(a) There is a rebuttable presumption that signals described in section 169.442 were in working order and operable when a violation of subdivision 1, 2, or 5 was allegedly committed, if the signals of the applicable school bus were inspected and visually found to be in working order and operable within 12 hours preceding the incident giving rise to the violation.

(b) There is a rebuttable presumption that a motor vehicle outwardly equipped and identified as a school bus satisfies all of the identification and equipment requirements of section 169.441 when a violation of subdivision 1, 2, or 5 was allegedly committed, if the applicable school bus bears a current inspection certificate issued under section 169.451.

Sec. 7. Minnesota Statutes 1991 Supplement, section 171.01, subdivision 24, is amended to read:

Subd. 24. [~~SPECIAL TRANSPORTATION SERVICE.~~ "Special transportation service"] means motor vehicle transportation provided on a regular basis by a public or private entity or person that is designed primarily to serve individuals who are elderly, handicapped, or disabled and who are unable to use regular means of transportation but do not require ambulance service, as defined in section 144.801, subdivision 4. Special transportation service includes but is not limited to service provided by specially equipped buses, vans, and taxis. Special transportation service does not include a volunteer driver using a private passenger vehicle that belongs to the volunteer services exempted in section 174.30.

Sec. 8. Minnesota Statutes 1991 Supplement, section 171.02, subdivision 1, is amended to read:

Subdivision 1. [~~LICENSE REQUIRED.~~ LICENSE REQUIRED.] No person, except those hereinafter expressly exempted, shall drive any motor vehicle upon any street or highway in this state unless such person has a license valid under the provisions of this chapter for the type or class of vehicle being driven. No person shall receive a driver's license unless and until the person ~~surrenders to the department all valid driver's licenses in possession issued to the person by any other jurisdiction.~~

All surrendered licenses shall be returned by person's license from any jurisdiction has been invalidated by the department. The department shall provide to the issuing department together with of any jurisdiction, information that the licensee is now licensed in new jurisdiction Minnesota. No person shall be permitted to have more than one valid driver's license at any time. No person to whom a current Minnesota identification card has been issued may receive a driver's license, other than an instruction permit or a limited license, unless the person surrenders to the department any person's Minnesota identification card issued to the person under section 171.07, subdivision 3 has been invalidated by the department.

Sec. 9. Minnesota Statutes 1991 Supplement, section 171.02, subdivision 2, is amended to read:

Subd. 2. [DRIVER'S LICENSE CLASSIFICATIONS, ENDORSEMENTS, EXEMPTIONS.] Drivers' licenses shall be classified according to the types of vehicles which may be driven by the holder of each type or class of license. The commissioner may, as appropriate, subdivide the classes listed in this subdivision and issue licenses classified accordingly. No class of license shall be valid to operate a motorcycle, school bus, special transportation service vehicle, tank vehicle, double-trailer or triple-trailer combination, vehicle transporting hazardous materials, or bus, unless so endorsed. There shall be four general classes of licenses as follows:

(a) Class C; valid for:

(1) all farm trucks operated by (i) the owner, (ii) an immediate family member of the owner, (iii) an employee of the owner not primarily employed to operate the farm truck, within 150 miles of the farm, or (iv) an employee of the owner employed during harvest to operate the farm truck for the first, continuous transportation of agricultural products from the production site or on-farm storage site to any other location within 50 miles of that site;

(2) fire trucks and emergency fire equipment, whether or not in excess of 26,000 pounds gross vehicle weight, operated by a firefighter while on duty, or a tiller operator employed by a fire department who drives the rear portion of a midmount aerial ladder truck;

(3) recreational equipment as defined in section 168.011, subdivision 25, that is operated for personal use; and

(4) all single unit vehicles and combinations of vehicles, except commercial motor vehicles with a gross vehicle weight of more than 26,000 pounds, vehicles designed to carry more than 15 passengers including the driver, and vehicles that carry hazardous materials; and

~~(5) with a special transportation service vehicle endorsement, operating a motor vehicle providing special transportation service.~~

~~The holder of a class C license may also tow vehicles if the combination of vehicles has a gross vehicle weight of 26,000 pounds or less.~~

(b) Class CC; valid for:

(1) operating class C vehicles;

(2) with a hazardous materials endorsement, transporting hazardous materials in class C vehicles; and

(3) with a school bus endorsement, operating school buses designed to transport 15 or fewer passengers, including the driver.

(c) Class B; valid for all vehicles in class C, class CC, and all other single unit vehicles including, with a passenger endorsement, buses. The holder of a class B license may only tow vehicles with a gross vehicle weight of 10,000 pounds or less.

(d) Class A; valid for any vehicle or combination thereof.

Sec. 10. Minnesota Statutes 1991 Supplement, section 171.10, subdivision 2, is amended to read:

Subd. 2. [ENDORSEMENTS ADDED.] Any person, after applying for or receiving a driver's license and prior to the expiration year of the license, who wishes to have a motorcycle, school bus, ~~special transportation service vehicle~~, tank vehicle, passenger, double-trailer or triple-trailer, or hazardous materials vehicle endorsement added to the license, shall, after taking the necessary examination, apply for a duplicate license and make payment of the proper fee.

Sec. 11. Minnesota Statutes 1990, section 171.11, is amended to read:

171.11 [CHANGE OF DOMICILE OR NAME.]

When any person, after applying for or receiving a driver's license, shall change permanent domicile from the address named in such application or in the license issued to the person, or shall change a name by marriage or otherwise, such person shall, within 30 days thereafter, ~~make application~~ apply for a duplicate driver's license upon a form furnished by the department; ~~such and pay the required fee.~~ The application or duplicate license shall show both the licensee's old address and new address or the former name and new name as the case may be. Such application for a duplicate license, upon change of address or change of name, shall be accompanied by all

~~certificates of driver's license then in the possession of the applicant together with the required fee.~~

Sec. 12. Minnesota Statutes 1991 Supplement, section 171.13, subdivision 5, is amended to read:

Subd. 5. [FEE FOR VEHICLE ENDORSEMENT.] Any person applying to secure a motorcycle, school bus, ~~special transportation service vehicle~~, tank vehicle, passenger, double-trailer or triple-trailer, or hazardous materials vehicle endorsement on the person's driver's license shall pay a \$2.50 examination fee at the place of application.

Sec. 13. Minnesota Statutes 1990, section 171.22, subdivision 1, is amended to read:

Subdivision 1. [ACTS.] With regard to any driver's license, including a commercial driver's license, it shall be unlawful for any person:

(1) to display, cause or permit to be displayed, or have in possession, any:

(i) canceled, revoked, or suspended driver's license;

(ii) driver's license for which the person has been disqualified; or

(iii) fictitious or fraudulently altered driver's license or Minnesota identification card;

(2) to lend the person's driver's license or Minnesota identification card to any other person or knowingly permit the use thereof by another;

(3) to display or represent as one's own any driver's license or Minnesota identification card not issued to that person;

~~(4) to fail or refuse to surrender to the department, upon its lawful demand, any driver's license or Minnesota identification card which has been suspended, revoked, canceled, or for which the holder has been disqualified;~~

(5) to use a fictitious name or date of birth to any police officer or in any application for a driver's license or Minnesota identification card, or to knowingly make a false statement, or to knowingly conceal a material fact, or otherwise commit a fraud in any such application;

(6) (5) to alter any driver's license or Minnesota identification card;

(7) (6) to take any part of the driver's license examination for another or to permit another to take the examination for that person;

(8) (7) to make a counterfeit driver's license or Minnesota identification card; or

(9) (8) to use the name and date of birth of another person to any police officer for the purpose of falsely identifying oneself to the police officer.

Sec. 14. Minnesota Statutes 1991 Supplement, section 171.323, subdivision 1, is amended to read:

Subdivision 1. [DRIVER'S LICENSE WITH ENDORSEMENT REQUIRED.] No person shall drive a motor vehicle providing special transportation service within the seven-county metropolitan area as defined in section 473.121, subdivision 2, without having a valid ~~class A, class B, or class CC~~ driver's license for the class of vehicle being driven with a special transportation service vehicle endorsement.

Sec. 15. Minnesota Statutes 1991 Supplement, section 171.323, subdivision 3, is amended to read:

Subd. 3. [STUDY OF APPLICANT.] Before issuing or renewing a special transportation service vehicle endorsement, the commissioner shall ~~conduct a criminal records check of the applicant~~ require evidence that the applicant is not disqualified as a special transportation service driver under the rules of the commissioner of transportation adopted under section 174.30. The commissioner may also conduct a records check at any time ~~while a person is so licensed~~ of a person operating a special transportation service vehicle. The check shall consist of a criminal records check of the state criminal records repository. If the applicant has resided in Minnesota for less than five years, the records check shall also include a criminal records check of information from the state law enforcement agencies in the states where the applicant resided during the five years before moving to Minnesota, and of the national criminal records repository including the criminal justice data communications network. The applicant's failure to cooperate with the commissioner in conducting a records check is reasonable cause to deny an application or cancel a special transportation vehicle endorsement. The commissioner may not release the results of a records check to any person except the applicant."

Page 10, delete lines 4 and 5 and insert:

"Sec. 19. [REPEALER.]

Minnesota Statutes 1990, section 171.20, subdivision 1, is repealed.

Sec. 20. [EFFECTIVE DATE.]

Sections 3, 6, 7, 9 to 12, 14, and 18, are effective the day following final enactment. Sections 1, 2, 8, 13, and 19, are effective January 1, 1993. Section 15 is effective the day after the rules of the commissioner of transportation under Minnesota Statutes, section 174.30, are adopted."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Goodno moved to amend S. F. No. 1993, as amended, as follows:

Pages 5 and 6, delete Section 1

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Krinkie moved to amend S. F. No. 1993, as amended, as follows:

Page 2, line 8, delete "\$100" and insert "\$50"

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

Schafer moved to amend S. F. No. 1993, as amended, as follows:

Page 5, after line 26, insert:

"Section 1. Minnesota Statutes 1990, section 169.18, subdivision 8, is amended to read:

Subd. 8. [FOLLOWING VEHICLE TOO CLOSELY.] (a) The driver of a motor vehicle shall not follow another vehicle more closely than is reasonable and prudent, having due regard for the speed of such vehicles and the traffic upon and the conditions of the highway.

(b) The driver of any motor vehicle drawing another vehicle, or the driver of any motor truck, when traveling upon a roadway outside of a business or residence district, shall not follow within 500 feet of another vehicle. The provisions of this clause shall not be construed to prevent overtaking and passing nor shall the same apply upon any lane specially designated for use by motor trucks.

(c) The driver of a motor vehicle may not follow within 20 feet of a truck, other than a truck registered as a passenger automobile."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

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

Orfield offered an amendment to S. F. No. 1993, as amended.

POINT OF ORDER

Weaver raised a point of order pursuant to rule 3.09 that the Orfield 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. 1993, A bill for an act relating to transportation; directing the regional transit board to establish a program to reduce traffic congestion; prohibiting right turns in front of buses; providing public transit operations priority in the event of an energy supply emergency; establishing a demonstration enforcement project for high occupancy vehicle lane use; amending Minnesota Statutes 1990, sections 169.01, by adding a subdivision; 169.19, subdivision 1; and 216C.15, subdivision 1; Minnesota Statutes 1991 Supplement, section 169.346, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 169; and 473.

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 119 yeas and 11 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, I.	Girard	Koppendrayner	Sviggunn
Anderson, R. H.	Haukoos	McPherson	Welker
Frerichs	Hugoson	Stanisus	

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

S. F. No. 2699 which was temporarily laid over earlier today was again reported to the House.

Peterson moved to amend S. F. No. 2699, as follows:

Page 2, line 24, delete "Notwithstanding paragraph (a) or (b),"

Page 2, line 27, after "work" insert "within the limits of the appropriation"

Page 4, delete sections 4 and 5

Pages 7 and 8, delete section 9

Page 12, line 22, delete "October" and insert "March"

Page 12, line 24, before "recycling" insert "estimated"

Page 12, line 26, strike "fiscal" and insert "calendar"

Page 17, delete lines 14 and 15

Page 17, line 16, delete "received on or after that date"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Orfield; Garcia; Long; Peterson; Ozment; Anderson, I., and Bishop moved to amend S. F. No. 2699, as amended, as follows:

Page 17, after line 12, insert:

"Sec. 25. [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. 26. 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."

Page 17, line 13, after "DATE" insert "; APPLICATION"

Page 17, line 17, delete "and" and after "23" insert ", 25, and 26"

Page 17, line 18, after the period insert "Sections 25 and 26 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

Weaver raised a point of order pursuant to rule 3.09 that the Orfield et al amendment was not in order. Speaker pro tempore Krueger ruled the point of order not well taken and the amendment in order.

The question recurred on the Orfield et al amendment and the roll was called. There were 70 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Greenfield	Lieder	Orenstein	Skoglund
Battaglia	Hanson	Lourey	Orfield	Solberg
Begich	Hasskamp	Mariani	Osthoff	Sparby
Bertram	Hausman	McEachern	Ostrom	Steensma
Brown	Jacobs	McGuire	Ozment	Thompson
Carlson	Janezich	Milbert	Peterson	Trimble
Carruthers	Jaros	Munger	Pugh	Tunheim
Clark	Jefferson	Murphy	Reding	Vellenga
Cooper	Johnson, A.	Nelson, K.	Rest	Wagenius
Dauner	Johnson, R.	Nelson, S.	Rice	Wejzman
Dawkins	Kahn	O'Connor	Rodosovich	Welle
Dorn	Kinkel	Ogren	Rukavina	Wenzel
Farrell	Krueger	Olson, E.	Sarna	Winter
Garcia	Lasley	Olson, K.	Segal	Spk. Long

Those who voted in the negative were:

Abrams	Frederick	Johnson, V.	Newinski	Sviggum
Anderson, R. H.	Frerichs	Kalis	Olsen, S.	Swenson
Bauerly	Girard	Knickerbocker	Omann	Tompkins
Beard	Goodno	Koppendrayner	Onnen	Uphus
Bettermann	Gruenes	Krambeer	Pauly	Valento
Bishop	Gutknecht	Krinkie	Pellow	Vanasek
Blatz	Hartle	Leppik	Pelowski	Waltman
Bodahl	Haukoos	Limmer	Runbeck	Weaver
Boo	Heir	Lynch	Schafer	Welker
Davids	Henry	Macklin	Schreiber	
Dempsey	Hufnagle	Marsh	Seaberg	
Dille	Hugoson	McPherson	Smith	
Erhardt	Jennings	Morrison	Stanis	

The motion prevailed and the amendment was adopted.

Pellow offered an amendment to S. F. No. 2699, as amended.

POINT OF ORDER

Bauerly raised a point of order pursuant to rule 3.09 that the Pellow 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. 2699, A bill for an act relating to state government; department of administration; modifying the encumbrance process for agency construction projects; modifying authority for building maintenance and leasing; changing requirements for certain agency purchases; requiring certain recipients of state money to provide free advertising space for state programs; 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 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; proposing coding for new law in Minnesota Statutes, chapter 16B.

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

The question was taken on the passage of the bill and the roll was called. There were 88 yeas and 42 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Hanson	Lasley	Orenstein	Sparby
Battaglia	Hartle	Leppik	Orfield	Steensma
Bauerly	Hasskamp	Lieder	Osthoff	Swenson
Begich	Hausman	Lourey	Ostrom	Thompson
Bertram	Heir	Mariani	Ozment	Trimble
Bodahl	Jacobs	Marsh	Pelowski	Tunheim
Boo	Janezich	McEachern	Peterson	Uphus
Brown	Jaros	McGuire	Pugh	Vanasek
Carlson	Jefferson	Milbert	Reding	Vellenga
Carruthers	Jennings	Munger	Rest	Wagenius
Clark	Johnson, A.	Murphy	Rice	Wejcman
Cooper	Johnson, R.	Nelson, K.	Rodosovich	Welker
Dauner	Johnson, V.	Nelson, S.	Rukavina	Welle
Dawkins	Kahn	Newinski	Sarna	Wenzel
Dorn	Kalis	O'Connor	Schafer	Winter
Farrell	Kelso	Ogren	Segal	Spk. Long
Garcia	Krambeer	Olson, E.	Skoglund	
Greenfield	Krueger	Olson, K.	Solberg	

Those who voted in the negative were:

Abrams	Frerichs	Kinkel	Olsen, S.	Stanis
Anderson, R. H.	Girard	Knickerbocker	Omamm	Sviggum
Beard	Goodno	Koppendraye	Onnen	Tompkins
Bettermann	Gruenes	Krinkie	Pauly	Valento
Blatz	Gutknecht	Limmer	Pellow	Waltman
Davids	Haukoos	Lynch	Runbeck	Weaver
Dempsey	Henry	Macklin	Schreiber	
Erhardt	Hufnagle	McPherson	Seaberg	
Frederick	Hugoson	Morrison	Smith	

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

S. F. No. 2137 was reported to the House.

Welle moved that S. F. No. 2137 be continued on Special Orders. The motion prevailed.

S. F. No. 1778, A resolution memorializing Congress to refrain from imposing upon the states' constitutional authority to regulate traffic and motor vehicle safety within their respective boundaries, and specifically, to refrain from mandating the passage of state laws requiring the use of motorcycle helmets, safety belts, and child restraint systems.

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 127 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Abrams	Dille	Jaros	Macklin	Orfield
Anderson, I.	Dorn	Jefferson	Mariani	Ostrom
Anderson, R. H.	Erhardt	Jennings	Marsh	Ozment
Battaglia	Farrell	Johnson, A.	McEachern	Pauly
Bauerly	Frederick	Johnson, R.	McGuire	Pellow
Beard	Frerichs	Johnson, V.	McPherson	Pelowski
Begich	Garcia	Kahn	Milbert	Peterson
Bertram	Girard	Kalis	Morrison	Pugh
Bettermann	Goodno	Kelso	Munger	Reding
Blatz	Greenfield	Kinkel	Murphy	Rest
Bodahl	Gruenes	Knickerbocker	Nelson, K.	Rice
Boo	Gutknecht	Koppendraye	Nelson, S.	Rodosovich
Brown	Hanson	Krambeer	Newinski	Rukavina
Carlson	Hartle	Krinkie	O'Connor	Runbeck
Carruthers	Hasskamp	Krueger	Ogren	Sarna
Clark	Haukoos	Lasley	Olsen, S.	Schafer
Cooper	Heir	Leppik	Olson, E.	Schreiber
Dauner	Hufnagle	Lieder	Olson, K.	Seaberg
Davids	Hugoson	Limmer	Omamm	Segal
Dawkins	Jacobs	Lourey	Onnen	Smith
Dempsey	Janezich	Lynch	Orenstein	Solberg

Sparby
Stanius
Steensma
Swiggum
Swenson

Thompson
Tompkins
Trimble
Tunheim
Uphus

Valento
Vanasek
Vellenga
Wagenius
Waltman

Weaver
Wejman
Welker
Welle
Wenzel

Winter
Spk. Long

Those who voted in the negative were:

Hausman

Henry

Osthoff

Skoglund

The bill was passed and its title agreed to.

S. F. No. 2186 was reported to the House.

Jefferson moved to amend S. F. No. 2186, as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1990, section 257.3579, is amended to read:

257.3579 [AMERICAN INDIAN CHILD WELFARE ADVISORY ~~TASK FORCE~~ COUNCIL.]

The commissioner shall appoint an American Indian advisory ~~task force~~ council to help formulate policies and procedures relating to Indian child welfare services and to make recommendations regarding approval of grants provided under section 257.3571, subdivisions 1 and 2. The ~~task force~~ council shall consist of 17 members appointed by the commissioner and must include representatives of each of the 11 Minnesota reservations who are authorized by tribal resolution, one representative from the Duluth Urban Indian Community, three representatives from the Minneapolis Urban Indian Community, and two representatives from the St. Paul Urban Indian Community. Representatives from the urban Indian communities must be selected through an open appointments process under section 15.0597. ~~The task force shall expire on June 30, 1991.~~ The terms, compensation, and removal of American Indian child welfare advisory ~~task force~~ council members shall be as provided in section 15.059.

Sec. 2. Minnesota Statutes 1991 Supplement, section 299A.23, subdivision 2, is amended to read:

Subd. 2. [ADVISORY COUNCIL.] An advisory council of ~~18~~ 19 members is established under section 15.059. The commissioners of human services, public safety, health, education, and corrections shall each appoint one member. The subcommittee on committees of the senate and the speaker of the house of representatives shall each appoint two members of their respective bodies, one from each

caucus. The governor shall appoint an additional ten members who shall demonstrate knowledge in the area of child abuse and shall represent the demographic and geographic composition of the state, and to the extent possible, represent the following groups: local government, parents, racial and ethnic minority communities, the religious community, professional providers of child abuse prevention and treatment services, and volunteers in child abuse prevention and treatment services. The council shall advise and assist the commissioner in carrying out sections 299A.20 to 299A.26. The council does not expire as provided by section 15.059, subdivision 5."

Delete the title and insert:

"A bill for an act relating to human services; providing for appointment of a member to the child abuse prevention advisory council by the commissioner of human services; providing for an American Indian child welfare advisory council; amending Minnesota Statutes 1990, section 257.3579; Minnesota Statutes 1991 Supplement, section 299A.23, subdivision 2."

The motion prevailed and the amendment was adopted.

Wejcmán, Skoglund, Rodosovich, Blatz, Swenson, Onnen, Orfield, Clark, Limmer, Simoneau, Leppik and Jefferson offered an amendment to S. F. No. 2186, as amended.

POINT OF ORDER

Dempsey raised a point of order pursuant to rule 3.09 that the Wejcmán et al amendment was not in order. Speaker pro tempore Krueger ruled the point of order well taken and the amendment out of order.

Dorn, Jefferson and Sviggum offered an amendment to S. F. No. 2186, as amended.

POINT OF ORDER

Olsen, S., raised a point of order pursuant to rule 3.09 that the Dorn et al 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. 2186, A bill for an act relating to human services;

providing for appointment of a member to the child abuse prevention advisory council by the commissioner of human services; amending Minnesota Statutes 1991 Supplement, section 299A.23, subdivision 2.

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

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

Welle moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

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

H. F. No. 1985, A bill for an act relating to the environment; providing protection from liability for releases of hazardous substances to persons not otherwise liable who undertake and complete cleanup actions under an approved cleanup plan; providing for submission and approval of cleanup plans and supervision of cleanup by the commissioner of the pollution control agency; authorizing the commissioner of the pollution control agency to issue determinations or enter into agreements with property owners near the source of releases of hazardous substances regarding future cleanup liability; appropriating money; amending Minnesota Statutes 1990, section 115B.17, subdivision 14; proposing coding for new law in Minnesota Statutes, chapter 115B.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

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

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 repassed said bill in accordance with the recom-

mendation and report of the Conference Committee. 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. 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 Senate has appointed as such committee:

Messrs. Dahl, Stumpf and Laidig.

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. 2269, A bill for an act relating to metropolitan government; requiring the metropolitan airports commission to budget for noise mitigation; requiring a recommendation to the legislature; amending Minnesota Statutes 1990, section 473.661, subdivision 1, and by adding a subdivision.

The Senate has appointed as such committee:

Messrs. Riveness, Langseth and Marty.

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. 2586, A bill for an act providing for a study of the civic and cultural functions of downtown Saint Paul.

The Senate has appointed as such committee:

Messrs. Cohen and Kelly and Ms. Pappas.

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. 2884, A bill for an act relating to bond allocation; changing procedures for allocating bonding authority; amending Minnesota Statutes 1991 Supplement, sections 462A.073, subdivision 1; 474A.03, subdivision 4; 474A.04, subdivision 1a; 474A.061, subdivisions 1 and 3; and 474A.091, subdivisions 2 and 3.

The Senate has appointed as such committee:

Mr. Pogemiller; Ms. Reichgott and Mr. Stumpf.

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 House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2848, A bill for an act relating to state government; ratifying labor agreements; providing for classification changes for certain employees; amending Minnesota Statutes 1990, section 21.85, subdivision 2; Minnesota Statutes 1991 Supplement, section 349A.02, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

Reding moved that the House refuse to concur in the Senate amendments to H. F. No. 2848, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

The Speaker called Krueger to the Chair.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON 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 3.736, 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; 256.12, by adding a subdivision; 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, subdivision 8, and by adding subdivisions; 256D.03, by adding a subdivision; 256D.06, subdivision 5, and by adding a

subdivision; 256D.35, subdivision 11; 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, subdivision 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; 375.055, subdivision 1; 466.06; 490.123, by adding a subdivision; 514.67; 518.14; 518.171, subdivisions 1, 3, 4, and 6; 518.175, subdivisions 1 and 3; 518.54, subdivision 4; 518.551, subdivisions 1, 7, 10, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.619, by adding a subdivision; 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, subdivisions 2 and 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; 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; 256.98, subdivision 8; 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, 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; 16A; 16B; 44A; 84; 136C; 137; 144; 144A; 241; 244; 245; 246; 252; 256; 256B; 256D; 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; 136E.01; 136E.02; 136E.03; 136E.04; 136E.05; 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.

April 15, 1992

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 2694, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2694 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1 HIGHER EDUCATION

Section 1. HIGHER EDUCATION APPROPRIATIONS

The dollar amounts in the columns under “APPROPRIATIONS” are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 1991, chapter 356, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure 1992 or 1993 means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 1992, or June 30, 1993, respectively. If only one figure is shown in the text for a specified purpose, the addition or subtraction is for 1993 unless the context intends another fiscal year.

SUMMARY BY FUND

	1992	1993	TOTAL
General	\$15,000	(\$29,015,000)	(\$29,000,000)
Special Revenue	(\$70,000)		(\$ 70,000)

SUMMARY BY AGENCY – ALL FUNDS

	1992	1993	TOTAL
State Board for Technical Colleges		(5,785,000)	(5,785,000)
State Board for Community Colleges		(3,503,000)	(3,503,000)
State University Board	15,000	(4,014,000)	(3,999,000)
Board of Regents of the University of Minnesota		(15,713,000)	(15,713,000)

APPROPRIATIONS
Available for the Year
Ending June 30
1992 1993

Sec. 2. HIGHER EDUCATION CO-ORDINATING BOARD

Subdivision 1. Special Revenue Fund Cancellation

\$70,000 from the post-high school planning program is canceled to the general fund not later than June 30, 1992.

Subd. 2. Agency Administration

The legislature intends that the higher education coordinating board dedicate at least .7 of a position for the regulation of private proprietary schools under Minnesota Statutes, chapter 141.

During the biennium, the higher education coordinating board may expend

	1992	1993
	\$	\$
money from the agency administration appropriation to continue membership in the Western Interstate Commission for Higher Education.		

Subd. 3. State Grants

The legislature intends that the higher education coordinating board make full grant awards in fiscal year 1993. If the fiscal year 1993 appropriation is insufficient to make full awards, the commissioner of finance shall transfer up to \$4,000,000 from appropriations to the post-secondary systems, in proportion to each system's appropriation, to the state grant program. Any surplus remaining after making awards shall be returned to the systems in the same proportion in which it was transferred. The board may request an appropriation in the 1993 legislative session if the transfer is insufficient to make full awards.

During the biennium, if the cost of making full awards is less than the money available to the state grant program, the commissioner of finance shall transfer the excess appropriation from the state grant program to the post-secondary systems, in proportion to each system's appropriation.

To provide continuity in student financial aid, students enrolled for six or seven credits during the 1992-1993 academic year shall be eligible to apply for state grants under Minnesota Statutes, section 136A.121.

Sec. 3. STATE BOARD OF TECHNICAL COLLEGES

Total Appropriation Changes

(5,785,000)

Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES

	1992	1993
	\$	\$
Subdivision 1. Total Appropriation Changes		(3,503,000)

Subd. 2. Worthington Community College

The appropriation in Laws 1990, chapter 610, article 1, section 3, subdivision 12, to renovate and construct space at Worthington community college, may also be used to construct a new learning resource center.

Subd. 3. Duluth Technical College And Community College Center

The state board for community colleges and the state board of technical colleges shall develop and implement an integrated administrative structure and coordinated program delivery for the technical college and the community college center at Duluth.

Sec. 5. STATE UNIVERSITY BOARD

Total Appropriation Changes	15,000	(4,014,000)
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The legislature directs the state university board to resolve claims associated with the Kummer landfill. This direction is not an admission of liability for any purpose by the state or the board for any act or omission related to the release or clean up of hazardous substances, pollutants, or contaminants from the landfill.

\$15,000 is for expenses associated with the task force on post-secondary funding.

The state university board may demolish and replace the Anishinabe Center on the Bemidji State University campus. The demolition and replacement must be carried out with Bemidji State University Foundation or other non-

	1992	1993
\$		\$

state money. The new center must be on state university land and must be state owned.

Sec. 6. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Total Appropriation Changes

(15,713,000)

Sec. 7. POST-SECONDARY SYSTEMS

Subdivision 1. During the biennium, it is the intent of the legislature to protect, to the extent possible, instructional and educational programs, and programs supportive of undergraduate and graduate students, by directing budget reductions at areas peripheral to the system missions.

Subd. 2. The base budget for each higher education system shall be determined as follows:

(a) Calculate the appropriation that was in effect prior to the passage of this article.

(b) Reductions due to enrollment declines shall be calculated.

(c) A comparison shall be made between the enrollment decline number and the reduction in this article.

(d) Whichever figure, from clause (b) or (c), yields the greater reduction shall be subtracted from the amount calculated in clause (a) to develop the base budget for fiscal years 1994 and 1995.

Subd. 3. Notwithstanding Minnesota Statutes, sections 136C.36 and 137.025, during the biennium, the commissioner of finance may negotiate alternative payment schedules with the state board of technical colleges and the board of re-

	1992	1993
	\$	\$
gents, if there is a determination that the state will experience cash flow imbalances.		

Subd. 4. The appropriation in Laws 1991, chapter 233, section 5, subdivision 8 for fiscal year 1992 for costs relating to collegiate license plates for academic excellence scholarships is available for fiscal year 1993.

Sec. 8. Minnesota Statutes 1991 Supplement, section 121.936, subdivision 1, is amended to read:

Subdivision 1. [MANDATORY PARTICIPATION.] (a) Every district shall perform financial accounting and reporting operations on a financial management accounting and reporting system utilizing multidimensional accounts and records defined in accordance with the uniform financial accounting and reporting standards adopted by the state board pursuant to sections 121.90 to 121.917.

(b) Every school district shall be affiliated with one and only one regional management information center. This affiliation shall include at least the following components:

(1) the center shall provide financial management accounting reports to the department of education for the district to the extent required by the data acquisition calendar;

(2) the district shall process every detailed financial transaction using, at the district's option, either the ESV-IS finance subsystem through the center or an alternative system approved by the state board.

Notwithstanding the foregoing, a district may process and submit its financial data to a region or the state in summary form if it operates an approved alternative system or participates in a state approved pilot test of an alternative system and is reporting directly to the state as of January 1, 1987. A joint vocational technical district shall process and submit its financial data to a region or directly to the state board of technical colleges.

(c) The provisions of this subdivision shall not be construed to prohibit a district from purchasing services other than those described in clause (b) from a center other than the center with which it is affiliated pursuant to clause (b).

Districts operating an approved alternative system may transfer

their affiliation from one regional management information center to another. At least one year prior to July 1 of the year in which the transfer is to occur, the district shall give written notice to its current region of affiliation of its intent to transfer to another region. The one year notice requirement may be waived if the two regions mutually agree to the transfer.

Sec. 9. Minnesota Statutes 1991 Supplement, section 135A.03, subdivision 1a, is amended to read:

Subd. 1a. [APPROPRIATIONS FOR CERTAIN ENROLLMENTS.] The state share of the cost of instruction shall be 32 percent for the following categories:

(1) enrollment in credit bearing courses at an off-campus site or center, except those courses at Cambridge, Duluth, and Fond du Lac centers; the Arrowhead and Rochester 2 + 2 programs; those offered through telecommunications; those offered by the technical colleges; and those offered as part of a joint degree program; and

(2) enrollment of students who are concurrently enrolled in a secondary school and for whom the institution is receiving any compensation under the post-secondary enrollment options act.

Sec. 10. Minnesota Statutes 1991 Supplement, section 135A.03, subdivision 7, is amended to read:

Subd. 7. [RESIDENCY RESTRICTIONS.] In calculating student enrollment for appropriations, only the following may be included:

(1) students who resided in the state for at least one calendar year prior to applying for admission;

(2) Minnesota residents who can demonstrate that they were temporarily absent from the state without establishing residency elsewhere; and

(3) residents of other states who are attending a Minnesota institution under a tuition reciprocity agreement; and

(4) students who have been in Minnesota as migrant farmworkers, as defined in Code of Federal Regulations, title 20, section 633.104, over a period of at least two years immediately before admission or readmission to a Minnesota public post-secondary institution, or students who are dependents of such migrant farmworkers.

Sec. 11. Minnesota Statutes 1990, section 136.60, is amended by adding a subdivision to read:

Subd. 4. [COMMUNITY COLLEGE CENTERS.] A community college center shall be located at Duluth.

Sec. 12. Minnesota Statutes 1991 Supplement, section 136A.101, subdivision 8, is amended to read:

Subd. 8. "Resident student" means a student who meets one of the following conditions:

(1) an independent student who has resided in Minnesota for purposes other than post-secondary education for at least 12 months;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school, ~~unless if the student is a resident of a bordering state attending a was a resident of Minnesota during the student's period of attendance at the Minnesota high school; or~~

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota.

Sec. 13. Minnesota Statutes 1991 Supplement, section 136A.121, subdivision 6, is amended to read:

Subd. 6. [COST OF ATTENDANCE.] The cost of attendance consists of allowances specified by the board for room and board and miscellaneous expenses, and

(1) for public institutions, tuition and fees charged by the institution; or

(2) for private institutions, an allowance for tuition and fees equal to the lesser of the actual tuition and fees charged by the institution, or the instructional costs per full-year equivalent student in comparable public institutions.

~~For students~~ a student attending less than full time, the board shall prorate the cost of attendance to the actual number of credits for which the student is enrolled.

Sec. 14. Minnesota Statutes 1991 Supplement, section 136A.1353, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools, colleges, or programs of nursing applying to participate in the nursing grant program based on the last academic year's enrollment of students in

educational programs that would lead to licensure as a registered nurse. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools, colleges, or programs of nursing. Initial applications are due by ~~January 1, 1991, and by January 1 of each later year.~~ By ~~March 1, 1991, and by March 1~~ June 30 of each ~~later~~ year, the board shall notify each applicant school, college, or program of nursing of its approximate allocation of funds in order to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute funds to the schools, colleges, or programs of nursing by ~~August 1, 1991, and by August 1 of each later year.~~

Sec. 15. Minnesota Statutes 1990, section 136A.1354, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools or colleges of nursing, or programs of advanced nursing education, applying to participate in the nursing grant program based on the last academic year's enrollment of registered nurses in schools or colleges of nursing, or programs of advanced nursing education. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools or colleges of nursing, or programs of advanced nursing education. Initial applications are due by ~~January 1, 1991, and by January 1 of each later year.~~ By ~~March 1, 1991, and by March 1~~ June 30 of each ~~later~~ year, the board shall notify each applicant school or college of nursing, or program of advanced nursing education, of its approximate allocation of money to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute money to the schools or colleges of nursing, or programs of advanced nursing education, by ~~August 1, 1991, and by August 1 of each later year.~~

Sec. 16. Minnesota Statutes 1990, section 136A.29, subdivision 9, is amended to read:

Subd. 9. The authority is authorized and empowered to issue revenue bonds whose aggregate principal amount at any time shall not exceed ~~\$250,000,000~~ \$350,000,000 and to issue notes, bond anticipation notes, and revenue refunding bonds of the authority under the provisions of sections 136A.25 to 136A.42, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof.

Sec. 17. [136C.51] [WORKPLACE LITERACY RESOURCE CENTER; ESTABLISHMENT; PURPOSE.]

A workplace literacy resource center is established at Northeast Metro Technical College. The resource center must act as a clearinghouse for Minnesota and neighboring states or entities to provide information on workplace skills enhancement curricula, available services, and methods of delivery.

The center may offer the following: (1) formal classroom workplace literacy training; (2) functional literacy training; (3) workplace skills enhancement; (4) prevocational training and upgrading; (5) assessment and evaluation; (6) career exploration; and (7) preapprenticeship counseling. The center shall not offer any program for credit.

Sec. 18. Minnesota Statutes 1990, section 141.21, is amended by adding a subdivision to read:

Subd. 1a. [BOARD.] "Board" means the higher education coordinating board.

Sec. 19. Minnesota Statutes 1991 Supplement, section 168.129, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS AND PROCEDURES.] The commissioner of public safety shall issue special collegiate license plates to an applicant who:

- (1) is an owner or joint owner of a passenger automobile, pickup truck, or van;
- (2) pays a fee determined by the commissioner to cover the costs of handling and manufacturing the plates;
- (3) pays the registration tax required under section 168.12;
- (4) pays the fees required under this chapter;
- (5) contributes at least ~~\$100~~ \$25 annually to the scholarship account established in subdivision 6; and
- (6) complies with laws and rules governing registration and licensing of vehicles and drivers.

Sec. 20. Minnesota Statutes 1991 Supplement, section 168.129, subdivision 2, is amended to read:

Subd. 2. [DESIGN.] After consultation with each participating

college, university or post-secondary system, the commissioner shall design the special collegiate plates.

In consultation with the commissioner, a participating college or university annually shall indicate the anticipated number of plates needed. ~~Plates will be produced when the commissioner has received at least 200 applications.~~

Sec. 21. Minnesota Statutes 1990, section 169.965, is amended by adding a subdivision to read:

Subd. 8. [ALLOCATION OF FINES.] The fines collected in Hennepin, St. Louis, and Stevens counties shall be paid into the treasury of the University of Minnesota, except that the portion of the fines necessary to cover all costs and disbursements incurred in processing and prosecuting the violations in the court shall be transferred to the court administrator.

Sec. 22. Laws 1987, chapter 396, article 12, section 6, subdivision 2, is amended to read:

Subd. 2. [PRIVATE CONTRIBUTIONS REQUIRED.] The appropriation under subdivision 1 is not effective until sufficient private contributions or pledges have been made so that the private contributions and pledges, plus the appropriation under subdivision 1, are sufficient to establish the endowment for a chair in sustainable agriculture. The appropriation cancels on June 30, 1992 1994, if sufficient private contributions and pledges have not been made.

Sec. 23. Laws 1991, chapter 356, article 1, section 5, subdivision 4, is amended to read:

Subd. 4. Campus Initiatives

The state university board may begin implementation of its quality education plans through campus initiatives that enhance the quality of student and institutional performances. The state university board may internally allocate ~~up to \$250,000 for money during~~ the biennium to provide funding for these initiatives. The board shall evaluate the results of the initiatives and report its findings to the education divisions of the appropriations and finance committees by January 15, 1993.

Sec. 24. Laws 1991, chapter 356, article 2, section 6, subdivision 3, is amended to read:

Subd. 3. [REPORT.] The task force shall report its recommendations to the appropriations and finance committees of the legislature by September 1, ~~1992~~ 1993.

Sec. 25. Laws 1991, chapter 356, article 6, section 4, is amended by adding a subdivision to read:

Subd. 3a. [CURRENT EMPLOYEES.] It is the policy of the state of Minnesota that restructuring of peace officer education be accomplished while ensuring that fair and equitable arrangements are carried out to protect the interests of higher education system employees, and while facilitating the best possible service to the public. The affected governing boards shall make every effort to train and retrain existing employees for a changing work environment.

Options presented to employees whose positions might be eliminated by integrating peace officer education programs must include, but not be limited to, job and training opportunities necessary to qualify for another job within their current institution or a similar job in another institution.

Sec. 26. [LICENSING PRIVATE BUSINESS, TRADE, AND CORRESPONDENCE SCHOOLS; RESPONSIBILITIES TRANSFERRED.]

The responsibilities of the commissioner of education, the department of education, and the state board of education conferred and specified under Minnesota Statutes, chapter 141, are transferred under Minnesota Statutes, section 15.039, to the higher education coordinating board.

Sec. 27. [INSTRUCTION TO REVISOR.]

The revisor of statutes is directed to change the terms "commissioner," "commissioner's," "department," and "state board of education" wherever they appear in Minnesota Statutes, chapter 141, to "board" or "board's," as appropriate.

Sec. 28. [REPEALER.]

Minnesota Statutes 1990, sections 136A.143; 136C.13, subdivision 2; and 141.21, subdivision 2; Minnesota Statutes 1991 Supplement, section 135A.50; and Laws 1991, chapter 356, article 3, section 14, are repealed.

Sec. 29. [EFFECTIVE DATE.]

This article is effective the day following final enactment, except that sections 10, 13, 18, and 26 to 28 are effective July 1, 1992,

section 11 is effective July 1, 1993, and section 21 is effective July 1, 1992, for offenses committed on or after that date.

ARTICLE 2

ENVIRONMENT AND NATURAL RESOURCES

Section 1. [APPROPRIATIONS.]

Unless otherwise indicated, all sums set forth in the columns designated "1992 and 1993 APPROPRIATION CHANGE" are to be added to or reduced from general fund appropriations made by Laws 1991, chapter 254, or other law, for the fiscal years ending June 30, 1992 and June 30, 1993, respectively. Amounts to be reduced are designated by parentheses.

SUMMARY BY FUND

	1992	1993	TOTAL
APPROPRIATION CHANGE	\$(3,576,000)	\$(4,550,000)	\$ (8,126,000)
General-Direct	\$(4,734,000)	\$(6,382,000)	\$(11,116,000)
Environmental	\$ 50,000	\$ 1,499,000	\$ 1,549,000
Natural Resources	\$ 306,000	\$ 281,000	\$ 587,000
Game and Fish	\$ 42,000	\$ 52,000	\$ 94,000
Minnesota Resources	\$ 760,000	\$	\$ 760,000

APPROPRIATION CHANGE

1992	1993
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Sec. 2. POLLUTION CONTROL AGENCY

Subdivision 1. Total Appropriation Change	(639,000)	689,000
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The amounts in subdivision 1 are distributed among agency programs as specified in the following subdivisions.

	\$	1992	\$	1993
Summary by Fund				
General	(639,000)	(511,000)		
Environmental		1,200,000		
The approved environmental fund complement is increased by 18 positions effective July 1, 1992.				
Subd. 2. Water Pollution Control		(186,000)		(146,000)
The appropriation in fiscal year 1992 for grants to local units of government for the clean water partnership program is reduced by \$134,000.				
The appropriation in fiscal year 1993 must provide \$24,000 for a grant to the city of Garrison for ongoing testing of the sewage system.				
Subd. 3. Groundwater and Solid Waste Pollution Control		(98,000)		1,015,000
Summary by Fund				
General	(98,000)	(185,000)		
Environmental		1,200,000		
\$1,200,000 is appropriated in fiscal year 1993 from the landfill cleanup account for evaluation of mixed municipal solid waste disposal facilities to determine the adequacy of final cover, slopes, vegetation, and erosion control; to determine the presence and concentration of hazardous substances, pollutants or contaminants, and decomposition gases; and to determine the boundaries of fill areas.				
The appropriation for a grant to the department of administration for assistance in funding a central materials recovery facility is not reduced.				
Subd. 4. Hazardous Waste Pollution Control		(250,000)		(75,000)
Subd. 5. General Support		(105,000)		(105,000)

	1992	1993
	\$	\$
Any unencumbered balance of the fiscal year 1992 appropriation authorized in Laws 1991, chapter 347, article 3, section 5, subdivision 1, paragraph (a), is available for fiscal year 1993.		

The pollution control agency shall continue its regionalization efforts and shall report to the legislature by January 15, 1993, on the progress made toward implementing Phase II as described in the agency's regionalization report dated January 1992.

Sec. 3. OFFICE OF WASTE MANAGEMENT	(238,000)	(158,000)
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Summary by Fund

General	(288,000)	(308,000)
Environmental	50,000	150,000

The appropriation for SCORE block grants is not changed by these reductions.

\$50,000 the first year and \$150,000 the second year is from the pollution prevention account in the environmental fund. The complement is increased by an additional position for citizen education in the pollution prevention area, effective July 1, 1992.

Sec. 4. ZOOLOGICAL BOARD	(3,468,000)
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This reduction is partially offset by a reduction in nondedicated general fund revenue of \$3,174,000.

Board action to increase admission fees effective April 1, 1992, is estimated to increase nondedicated general fund revenue by \$182,000 in fiscal year 1992. An additional \$160,000 is expected through increased attendance.

The approved general fund complement is decreased by 49 positions and

	1992	1993
	\$	\$
the approved special revenue fund complement is increased by 80 positions.		

Sec. 5. NATURAL RESOURCES

Subdivision 1. Total Appropriation Change	(1,962,000)	(1,435,000)
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Summary by Fund

General	(2,310,000)	(1,768,000)
Natural Resources	306,000	281,000
Game and Fish	42,000	52,000

The amounts in subdivision 1 are to be distributed among agency programs as specified in the following subdivisions.

Subd. 2. Mineral Resources Management	(271,000)	(270,000)
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Subd. 3. Water Resources Management	(375,000)	(375,000)
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Subd. 4. Forest Management	(300,000)	139,000
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\$300,000 the first year and \$821,000 the second year are reduced from the forest management appropriation.

\$960,000 in the second year is appropriated exclusively for reforestation under Minnesota Statutes, section 89.002.

The commissioner shall continue to sell fuelwood on state lands.

Department of natural resources forestry area and district boundaries existing on January 1, 1992, may not be changed unless supported by a cost-benefit analysis of delivery of services within the current boundaries and the proposed boundaries. Proposed boundary changes may be implemented 90 days after the proposal and supporting cost-benefit analysis have been pro-

	1992	1993
	\$	\$
vided to the chairs of the environment and natural resources divisions of the senate finance and house appropriations committees.		

Subd. 5. Parks and Recreation Management	(400,000)	195,000
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Hill Annex Mine state park must be kept open and operated with no state appropriations used for water pumping. No more than \$110,000 may be spent for operating the park in fiscal year 1993.

The commissioner shall not utilize appropriations from the general fund for the purpose of hiring or contracting for staff to administer or manage the adopt-a-park program as provided in Minnesota Statutes, section 85.045.

Subd. 6. Trails and Waterways	(39,000)	27,000
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The appropriation in fiscal year 1993 must provide \$120,000 for construction of shore fishing structure projects on the Mississippi river in South St. Paul and Brooklyn Center.

Subd. 7. Fish and Wildlife Management	(32,000)	(33,000)
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Summary by Fund

General	(198,000)	(199,000)
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Natural Resources	166,000	166,000
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\$166,000 for the fiscal year ending June 30, 1992, and \$166,000 for the fiscal year ending June 30, 1993, are appropriated to the commissioner of natural resources from the water recreation account for control, public awareness, law enforcement, monitoring, and research of nuisance aquatic exotic species such as zebra mussel, purple loosestrife, and Eurasian water milfoil in

	1992	1993
	\$	\$
public waters and public wetlands. Any unencumbered balance in the first year does not cancel and is available for the second year.		
Subd. 8. Field Operations Support	(106,000)	(485,000)
Subd. 9. Regional Operations Support	(151,000)	(160,000)
Subd. 10. Special Services and Programs	(190,000)	(190,000)

Any reductions in the department of natural resources' agency operating budget or reductions in agency program efforts prompted by specific legislative action or economic conditions during the biennium shall not be applied against the budget for the Minnesota Conservation Corps in a greater proportion than the average if applied against all of the department's general fund programs. Any reductions must be accomplished in a manner that does not reduce the amount of federal grants for which the department is eligible.

Subd. 11. Administrative Management Services	82,000	67,000
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Summary by Fund

General	(100,000)	(100,000)
Natural Resources	140,000	115,000
Game and Fish	42,000	52,000

\$140,000 the first year and \$115,000 the second year are appropriated from the water recreation account in the natural resources fund for watercraft titling.

\$42,000 the first year and \$52,000 the second year are appropriated from the game and fish fund for hunting license administration.

	1992	1993
	\$	\$
Subd. 12. Wetland Administration	(180,000)	(350,000)

These reductions are from the appropriation in Laws 1991, chapter 354, article 11, section 1, subdivision 2, paragraph (b). These are one-time reductions and must not be considered reductions in the department of natural resources' base budget for the 1994-1995 biennium.

Subd. 13. Miscellaneous

The commissioners of transportation and natural resources shall confer and make every reasonable effort to obtain a permanent resolution of the problem of excessive sedimentation and vegetation in the Mississippi river resulting from the construction of a bridge over the river on marked trunk highway No. 10 near the city of Little Falls.

If the commissioners of transportation and natural resources are unable to reach a mutually agreeable resolution by February 1, 1993, the commissioner of natural resources shall file with the commissioner of transportation, the chair of the house committee on appropriations, and the senate committee on finance, a notification that specifies the project or projects that in the judgment of the commissioner of natural resources must be undertaken to achieve a permanent resolution of the excessive sedimentation and vegetation. The notification must contain an estimate of the total cost of the project or projects.

As part of the budget process for the 1994-1995 biennium, the department of natural resources shall meet and confer to develop a plan in cooperation with representatives of employee bargaining units for the consolidation, enhancement, and realignment of division, region, and area responsibilities. The plan must specify how DNR

	1992	1993
	\$	\$

direct services are increased and management and supervisory positions minimized. The department is not precluded from taking actions, after meeting and conferring with representatives of employee bargaining units, before submission of the 1994-1995 biennial budget. A report with specific recommendations shall be submitted to the environment and natural resources division of the house appropriations committee and to the environment and natural resources division of the senate finance committee by January 15, 1993.

Sec. 6. AGRICULTURE

Subdivision 1. Total Appropriation Change	(357,000)	100,000
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Summary by Fund

General	(357,000)	(49,000)
Environmental		149,000

The amounts in subdivision 1 are to be distributed among agency programs as specified in the following subdivisions.

Subd. 2. Protection Service	(240,000)	(42,000)
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Summary by Fund

General	(240,000)	(191,000)
Environmental		149,000

\$149,000 the second year is from the environmental response, compensation, and compliance account in the environmental fund. The approved complement in the environmental fund is increased by two positions effective July 1, 1992.

Subd. 3. Promotion and Marketing	(36,000)	(55,000)
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\$50,000 shall be spent in fiscal year 1993 for the WIC Coupon program in

	1992	1993
	\$	\$
the Minnesota Grown budget activity.		
Subd. 4. Family Farm Services	(67,000)	10,000

\$2,200,000 from the balance in the special account created in Minnesota Statutes, section 41.61, shall be transferred to the general fund by June 30, 1992.

Authority to charge fees for farm crisis assistance services authorized elsewhere in this legislation is expected to increase nondedicated general fund revenues by \$100,000 in fiscal year 1993.

\$200,000 is appropriated in fiscal year 1993 for transfer to the Minnesota extension service for farmer-lender mediation services. This is a one-time appropriation and is not part of the department's base budget for the 1994-1995 biennium.

Amounts available for agricultural information centers must be divided equally between the centers in Thief River Falls and St. Charles.

Subd. 5. Administrative Support and Grants	(14,000)	187,000
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The appropriation in fiscal year 1993 must provide \$50,000 to the commissioner of agriculture for legal challenges to discriminatory aspects of the current federal milk market order system. This amount, in whole or in part, may be used at the discretion of the commissioner as a contribution to the costs of initiating or continuing court challenges in cooperation with Minnesota or regional dairy organizations. The commissioner may use up to an additional \$50,000 from the dairy industry unfair trade practices account established under Minnesota Statutes, section 32A.05, subdivision 4.

	1992	1993
	\$	\$
\$150,000 the second year is for the commissioner of agriculture to conduct, in consultation with the commissioners of transportation, public service, and the pollution control agency, a public outreach and training program to educate the public, automobile mechanics, and representatives of the gasoline distribution network about the oxygenated gasoline program. This is a one-time appropriation and is not part of the department's base budget for the 1994-1995 biennium.		

Sec. 7. CITIZENS COUNCIL ON
VOYAGEURS NATIONAL PARK

(10,000)

(8,000)

Unencumbered balances remaining at the end of the first year do not cancel but are available for the second year.

The council must retain its headquarters in International Falls.

Sec. 8. SCIENCE MUSEUM OF
MINNESOTA

(30,000)

(30,000)

Sec. 9. MINNESOTA RESOURCES

The following amounts are appropriated from the Minnesota future resources fund. The appropriations are available immediately following enactment and are otherwise subject to the provisions of Laws 1991, chapter 254, article 1, section 14.

Upper Mississippi River Environmental Education Center

600,000

This appropriation is to the commissioner of natural resources for a grant to the city of Winona to develop detailed architectural designs necessary to obtain federal construction funding for an Upper Mississippi River Environmental Education Center. This appropriation is contingent upon federal commitment of at least \$6,000,000 for

	1992	1993
	\$	\$

construction and for future operation and maintenance. The deadline for the contingent match commitment is January 1, 1993.

Biological Control of Eurasian Water Milfoil

160,000

This appropriation is to the commissioner of natural resources for a research program leading to biological control of Eurasian water milfoil.

As cash flow in the Minnesota future resources fund permits, but no later than June 30, 1993, the commissioner of finance, in consultation with the director of the legislative commission on Minnesota resources, shall transfer \$876,000 from the unencumbered balance in the fund to the general fund. This transfer is in addition to the transfer specified in Laws 1991, chapter 254, article 1, section 14, subdivision 15.

Sec. 10. BOARD OF WATER AND SOIL RESOURCES

(1,100,000)

200,000

\$100,000 of this appropriation is for grants to the Minnesota association of soil and water conservation districts for education and training of local government officials relating to the implementation of Laws 1991, chapter 354.

\$100,000 is for grants to counties for local administration and enforcement of Laws 1991, chapter 354.

\$1,100,000 appropriated in Laws 1991, chapter 354, article 11, section 1, subdivision 2, paragraph (a), clause (3), is canceled.

Sec. 11. BOARD OF ANIMAL HEALTH

10,000

This appropriation is to cover the cost of testing turkeys and chickens in Minnesota for avian influenza.

Sec. 12. Minnesota Statutes 1990, section 17.03, is amended by adding a subdivision to read:

Subd. 9. [FARM CRISIS ASSISTANCE FEES; LIABILITY.] (a) The department may charge a fee for farm crisis assistance services it provides to persons outside of the department.

(b) The state is not liable for the actions of persons under contract with the department who provide farm crisis assistance services as part of their contractual duties. Persons who provide farm crisis assistance are not subject to liability for their actions that are within the scope of their contract. The immunity from liability in this subdivision is in addition to and not a limitation of immunity otherwise accorded to the state and its contractors under law.

(c) Fees collected by the department under this subdivision must be deposited in the general fund.

Sec. 13. Minnesota Statutes 1990, section 17.03, is amended by adding a subdivision to read:

Subd. 10. [GIFTS; PUBLICATION FEES; ADVERTISING; APPROPRIATION.] (a) The commissioner may accept for and on behalf of the state any gift, bequest, devise, grant, or interest in money or personal property of any kind tendered to the state for any purpose pertaining to the activities of the department of agriculture or any of its divisions.

(b) The commissioner may charge a fee for reports, publications, or other promotional or informational material produced by the department of agriculture. The commissioner may solicit and accept advertising revenue for any departmental publications or promotional materials.

(c) The fees collected by the commissioner under this section are to recover all or part of the costs of providing services for which the fees are paid. These fees are not subject to chapter 14 or sections 16A.128 and 16A.1281.

(d) Money received by the commissioner for these activities may be credited to one or more special accounts in the state treasury. Money in those special accounts is annually appropriated to the commissioner to provide the services for which the money was received.

Sec. 14. Minnesota Statutes 1991 Supplement, section 17.63, is amended to read:

17.63 [REFUND OF FEES.]

(a) Any producer, except a producer of potatoes in area number

one, as listed in section 17.54, subdivision 9, or a producer of paddy wild rice, may, by the use of forms to be provided by the commissioner and upon presentation of such proof as the commissioner requires, have the checkoff fee paid pursuant to sections 17.51 to 17.69 fully or partially refunded, provided the checkoff fee was remitted on a timely basis. The request for refund must be received in the office of the commissioner within the time specified in the promotion order following the payment of the checkoff fee. In no event shall these requests for refund be accepted more often than 12 times per year. Refund shall be made by the commissioner and council within 30 days of the request for refund provided that the checkoff fee sought to be refunded has been received. Rules governing the refund of checkoff fees for all commodities shall be formulated by the commissioner, shall be fully outlined in the promotion order, and shall be available for the information of all producers concerned with the referendum.

(b) The commissioner must allow partial refund requests from corn producers who have checked off and must allow for assignment of payment to the Minnesota corn growers association if the Minnesota corn research and promotion council requests such action by the commissioner.

(c) The Minnesota corn research and promotion council shall not elect to impose membership on any individual producer not requesting a partial refund or assignment of payment to the association.

Sec. 15. Minnesota Statutes 1990, section 18B.26, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FEE.] (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at one-tenth of one percent for calendar year 1990 and, at one-fifth of one percent for calendar year 1991, and at two-fifths of one percent for calendar year 1992 and thereafter of annual gross sales within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee of \$150 plus an additional one-tenth of one percent for each pesticide for which the United States Environmental Protection Agency, Office of Water, has published a Health Advisory Summary by December 1 of the previous year \$250. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location

and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers is \$150 shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. Of the amount collected after calendar year 1990, \$600,000 at least \$500,000 per fiscal year must be credited to the waste pesticide account under section 18B.065, subdivision 5, and the additional amount collected for pesticides with Health Advisory Summaries and \$100,000 per fiscal year shall be credited to the agricultural project utilization account under section 116O.13 to be used for pesticide use reduction grants by the agricultural utilization research institute.

(b) An additional fee of \$100 must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(c) A registrant must annually report to the commissioner the amount and type of each registered pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report and require additional information deemed necessary to determine the amount and type of pesticides annually distributed in the state. The information required shall include the brand name, amount, and formulation of each pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

Sec. 16. [INCREASE IN PESTICIDE REGISTRATION FEES.]

A registrant may not charge a customer for the increase in fees under section 15 for sales made before the effective date of that section.

Sec. 17. Minnesota Statutes 1991 Supplement, section 28A.08, is amended to read:

28A.08 [LICENSE FEES; PENALTIES.]

License fees, penalties for late renewal of licenses, and penalties for not obtaining a license before conducting business in food handling that are set in this section apply to the sections named except as provided under section 28A.09. Except as specified herein, bonds and assessments based on number of units operated or volume handled or processed which are provided for in said laws shall not be affected, nor shall any penalties for late payment of said assessments, nor shall inspection fees, be affected by this chapter. The penalties may be waived by the commissioner.

Type of food handler	License Fee	Penalties	
		Late Renewal	No License
1. Retail food handler			
(a) Having gross sales of only prepackaged nonperishable food of less than \$15,000 for the immediately previous license or fiscal year and filing a statement with the commissioner	\$ 40	\$ 15	\$ 25
(b) Having under \$15,000 gross sales including food preparation or having \$15,000 to \$50,000 gross sales for the immediately previous license or fiscal year	\$ 55	\$ 15	\$ 25
(c) Having \$50,000 to \$250,000 gross sales for the immediately previous license or fiscal year	\$105	\$ 35	\$ 75
(d) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$180	\$ 50	\$100
(e) Having \$1,000,000 to \$5,000,000 gross sales for the immediately previous license or fiscal year	\$500	\$100	\$175
(f) Having \$5,000,000 to \$10,000,000 gross sales for the immediately previous license or fiscal year	\$700	\$150	\$300
(g) Having over \$10,000,000 gross sales for the immediately previous license or fiscal year	\$800	\$200	\$350
2. Wholesale food handler			
(a) Having gross sales or service of less than \$250,000 for the immediately previous license or fiscal year	\$200	\$ 50	\$100
(b) Having \$250,000 to \$1,000,000 gross sales or service for the immediately previous license or fiscal year	\$400	\$100	\$200

	(c) Having \$1,000,000 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year	\$500	\$125	\$250
	(d) Having over \$5,000,000 gross sales for the immediately previous license or fiscal year	\$575	\$150	\$300
3.	Food broker	\$100	\$ 30	\$ 50
4.	Wholesale food processor or manufacturer			
	(a) Having gross sales of less than \$250,000 for the immediately previous license or fiscal year	\$275	\$ 75	\$150
	(b) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$400	\$100	\$200
	(c) Having \$1,000,000 to \$5,000,000 gross sales for the immediately previous license or fiscal year	\$500	\$125	\$250
	(d) Having over \$5,000,000 gross sales for the immediately previous license or fiscal year	\$575	\$150	\$300
5.	Wholesale food processor of meat or poultry products under supervision of the U.S. Department of Agriculture			
	(a) Having gross sales of less than \$250,000 for the immediately previous license or fiscal year	\$150	\$ 50	\$ 75
	(b) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$225	\$ 75	\$125
	(c) Having \$1,000,000 to \$5,000,000 gross sales for the immediately previous license or fiscal year	\$275	\$ 75	\$150
	(d) Having over \$5,000,000 gross sales for the immediately previous license or fiscal year	\$325	\$100	\$175

6.	Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota farmstead cheese	\$ 30	\$10	\$15
7.	Nonresident frozen dairy manufacturer	\$200	\$50	\$75
8.	<u>Wholesale food manufacturer processing less than 70,000 pounds per year of cultured dairy food as defined in section 32.486, subdivision 1, paragraph (b)</u>	<u>\$ 30</u>	<u>\$10</u>	<u>\$15</u>
9.	<u>A milk marketing organization without facilities for processing or manufacturing that purchases milk from milk producers for delivery to a licensed wholesale food processor or manufacturer</u>	<u>\$ 50</u>	<u>\$15</u>	<u>\$25</u>

Sec. 18. Minnesota Statutes 1991 Supplement, section 41A.09, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS FROM ACCOUNT.] The commissioner of revenue shall make cash payments from the account to producers of ethanol or wet alcohol located in the state. These payments shall apply only to ethanol or wet alcohol fermented in the state. The amount of the payment for each producer's annual production shall be as follows:

(a) For each gallon of ethanol produced on or before June 30, 2000, 20 cents per gallon.

(b) For each gallon produced of wet alcohol on or before June 30, 2000, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon. The producer payment for wet alcohol under this section may be paid to either the original producer of wet alcohol or the secondary processor, at the option of the original producer, but not to both.

(c) The total payments from the account to all producers during the period beginning July 1, 1991 and ending June 30, 1993 may not exceed ~~\$9,000,000~~ \$8,550,000. This amount may be paid in either fiscal year of the biennium. Total payments from the account to any producer in each fiscal year may not exceed \$3,000,000.

(d) The total payments from the account to all producers may not

exceed \$10,000,000 in any fiscal year during the period beginning July 1, 1993, and ending June 30, 2000. Total payments from the account to any producer in any fiscal year may not exceed \$3,000,000.

By the last day of October, January, April, and July, each producer shall file a claim for payment for production during the preceding three calendar months. The volume of production must be verified by a certified financial audit performed by an independent certified public accountant using generally accepted accounting procedures.

Payments shall be made November 15, February 15, May 15, and August 15.

Sec. 19. Minnesota Statutes 1991 Supplement, section 84.0855, is amended to read:

84.0855 [SPECIAL RECEIPTS; APPROPRIATION.]

Money received by the commissioner of natural resources as fees for seminars or workshops, from the sale of publications and maps, from the sale of other natural resource related merchandise ~~at the state fair~~, or to buy supplies for the use of volunteers, may be credited to one or more special accounts in the state treasury and is appropriated to the commissioner for the purposes for which the money was received. Money received from sales at the state fair shall be available for state fair related costs.

Sec. 20. [84.0887] [YOUTH PROGRAMS.]

Subdivision 1. [PROGRAM CONTENT] The commissioner shall operate youth corps programs which may include summer youth programs and year-round young adult programs. The commissioner shall insure that youths in all parts of the state have an equal opportunity for employment and that equal numbers of male and female youth are selected for the summer programs. Youth corps members must be 15 to 18 years old and young adult corps members must be 18 to 26 years old. Corps members are not public employees under chapter 43A or 179A. Youth corps programs may provide services that include but are not limited to the following:

(1) conservation, rehabilitation, and the improvement of wildlife habitat, prairie, parks, and recreational areas;

(2) urban and rural revitalization, historical and cultural site preservation, and reforestation of both urban and rural areas;

(3) fish culture, wildlife habitat maintenance and improvement, and other fishery assistance;

- (4) road and trail development, maintenance, and improvement;
- (5) erosion, flood, drought, and storm damage assistance and controls;
- (6) stream, lake, waterfront harbor, and port improvement;
- (7) wetlands protection and pollution control;
- (8) insect, disease, rodent, and fire prevention and control;
- (9) the improvement of abandoned railroad beds and rights-of-way;
- (10) energy conservation projects, renewable resource enhancement, and recovery of biomass;
- (11) reclamation and improvement of strip-mined land; and
- (12) forestry, nursery, and cultural operations.

Subd. 2. [ADDITIONAL SERVICES.] In addition to services under subdivision 1, youth corps programs may coordinate with or provide services to:

- (1) making public facilities accessible to individuals with disabilities;
- (2) federal, state, local, and regional governmental agencies;
- (3) nursing homes, hospices, senior centers, hospitals, local libraries, parks, recreational facilities, child and adult day care centers, programs servicing individuals with disabilities, and schools;
- (4) law enforcement agencies, and penal and probation systems;
- (5) private nonprofit organizations that primarily focus on social service such as community action agencies;
- (6) activities that focus on the rehabilitation or improvement of public facilities, neighborhood improvements, literacy training that benefits educationally disadvantaged individuals, weatherization of and basic repairs to low-income housing including housing occupied by older adults, activities that focus on drug and alcohol abuse education, prevention, and treatment; and
- (7) any other nonpartisan civic activities and services that the commissioner determines to be of a substantial social benefit in meeting unmet human, educational, or environmental needs, par-

ticularly needs related to poverty, or in the community where volunteer service is to be performed.

Subd. 3. [INELIGIBLE SERVICES.] Ineligible service categories include:

(1) business organized for profit;

(2) labor unions;

(3) partisan political organizations;

(4) organizations engaged in religious activities, unless such activities do not involve the use of funds provided under this title by program participants and program staff to give religious instruction, conduct worship services, or engage in any form of proselytization; or

(5) domestic or personal service companies or organizations.

Subd. 4. [ADVISORY COMMITTEE.] The commissioner shall establish a youth corps advisory committee with broad state representation including youth.

Subd. 5. [OLDER MEMBERS.] Youth corps programs may enroll a limited number of special corps members over age 26 so that the corps may draw on their unique knowledge, skills, or abilities to fulfill the purposes of the programs.

Subd. 6. [EXPENDITURES FROM SPECIAL FUNDS.] An appropriation from a special revenue fund or account to the commissioner for youth corps programs must be spent for projects that are consistent with the purposes of the fund or account from which the appropriation was made.

Sec. 21. [84.525] [MAINTENANCE OF CAMPSITES IN THE BWCA.]

All reservation fees paid to the state attributable to state-owned lands within the boundary waters canoe area must be credited to an account in the special revenue fund and are appropriated to the commissioner of natural resources for maintenance of state-owned campsites within the boundary waters canoe area. The commissioner may enter into cooperative agreements with the federal government for maintenance of the campsites.

Sec. 22. Minnesota Statutes 1990, section 85A.04, subdivision 1, is amended to read:

Subdivision 1. [DEPOSIT.] All receipts from parking and admission to the Minnesota zoological garden shall be deposited in the state treasury and credited to an account in the general special revenue fund, and are annually appropriated to the board for operations and maintenance.

Sec. 23. Minnesota Statutes 1990, section 89.035, is amended to read:

89.035 [INCOME FROM STATE FOREST LANDS, DISPOSITION.]

All income which may be received from lands acquired by the state heretofore or hereafter for state forest purposes by gift, purchase or eminent domain and tax-forfeited lands to which the county has relinquished its equity to the state for state forest purposes shall be paid into the state treasury and credited to the state forest account general fund except where the conveyance to and acceptance by the state of lands for state forest purposes provides for other disposition of receipts.

Sec. 24. Minnesota Statutes 1991 Supplement, section 89.37, subdivision 4, is amended to read:

Subd. 4. [PROCEEDS OF SALE.] All moneys received in payment for tree planting stock supplied under this section shall be deposited in the state treasury and credited to the state a forest nursery account pursuant to section 89.035 and are available to the commissioner of natural resources for the purposes of sections 89.35 to 89.37.

Sec. 25. Minnesota Statutes 1990, section 89.37, is amended by adding a subdivision to read:

Subd. 5. [INVESTMENT INCOME.] Income earned from the investment of funds in the forest nursery account beginning July 1, 1989, shall be credited to the account and are annually appropriated to the commissioner of natural resources for the purposes of sections 89.35 to 89.37.

Sec. 26. [115B.42] [LANDFILL CLEANUP ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] The landfill cleanup account is established in the environmental fund in the state treasury. The account consists of money credited to the account and interest earned on the money in the account.

Subd. 2. [EXPENDITURES.] Subject to appropriation, money in the account may be spent for inspection of mixed municipal solid waste disposal facilities to:

(1) evaluate the adequacy of final cover, slopes, vegetation, and erosion control;

(2) determine the presence and concentration of hazardous substances, pollutants or contaminants, and decomposition gases; and

(3) determine the boundaries of fill areas.

Sec. 27. Minnesota Statutes 1990, section 116P.11, is amended to read:

116P.11 [AVAILABILITY OF FUNDS FOR DISBURSEMENT.]

(a) The amount biennially available from the trust fund for the budget plan developed by the commission consists of the interest earnings generated from the trust fund.

(b) For funding projects through fiscal year 1997, the following additional amounts are available from the trust fund for the budget plans developed by the commission:

(1) for the 1991-1993 biennium, up to 25 percent of the revenue deposited in the trust fund in fiscal years 1990 and 1991;

(2) for the 1993-1995 biennium, up to 20 percent of the revenue deposited in the trust fund in fiscal year 1992 and up to 15 percent of the revenue deposited in the fund in fiscal year 1993; ~~and~~

(3) for the 1993-1995 biennium, up to 25 percent of the revenue deposited in the trust fund in fiscal years 1994 and 1995, to be expended only for capital investments in parks and trails; and

(4) for the 1995-1997 biennium, up to ten percent of the revenue deposited in the fund in fiscal year 1994 and up to five percent of the revenue deposited in the fund in fiscal year 1995 1996.

(c) Any appropriated funds not encumbered in the biennium in which they are appropriated cancel and must be credited to the principal of the trust fund.

Sec. 28. Laws 1991, chapter 254, article 1, section 7, subdivision 5, is amended to read:

Subd. 5. Administrative Support and Grants

5,688,000 5,533,000

Summary by Fund

General 5,503,000 5,348,000

Special Revenue 185,000 185,000

\$185,000 the first year and \$185,000 the second year are from the commodities research and promotion account in the special revenue fund.

\$80,000 the first year and \$80,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture. If a project cost is more than \$25,000, the amount above \$25,000 must be cost-shared at a state-applicant ratio of one to one. Priorities must be given for projects involving multiple parties. Up to \$20,000 each year may be used for dissemination of information about the demonstration grant projects. If the appropriation for either year is insufficient, the appropriation for the other is available.

The unexpended balance appropriated for grants to farmers for demonstration projects involving sustainable agriculture in Laws 1989, chapter 269, section 7, subdivision 5, does not cancel and is reappropriated to the commissioner and added to other appropriations for the biennium ending June 30, 1993, to carry out such demonstrations to be used in either year of the biennium.

\$70,000 the first year and \$70,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment and are available until spent.

\$40,000 the first year and \$40,000 the second year are for payment of claims relating to livestock damaged by endangered animal species. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$80,000 the first year and \$80,000 the second year are for the seaway port authority of Duluth.

\$10,000 the first year is for payment of claims relating to agricultural crops damaged by elk and is available until June 30, 1993.

\$19,000 the first year and \$19,000 the second year is for a grant to the Minnesota livestock breeder's association.

\$100,000 the first year and \$100,000 the second year are for a base adjustment to grants to the state agricultural society to be spent as grants to county agricultural societies for premiums for county fair competitions in arts and crafts. This appropriation must be included in the 1994-1995 biennial budget base.

\$160,000 the first year is for farm safety programs. \$120,000 is for payment to instructors in a youth farm safety program and \$40,000 is for a farm safety audit pilot project. This appropriation is available for either year of the biennium. If any amount of the appropriation for either program remains unencumbered on September 1, 1992, it becomes available for the other program or for other farm safety projects and programs at the discretion of the commissioner.

Sec. 29. [CHECKOFF FEE REFUND TRANSFER POLICY; REPORT.]

Not later than August 1, 1992, the commissioner of agriculture shall appoint a task force to review the issue of direct transfer of commodity checkoff fee refunds to commodity associations and/or farm organizations. The task force must include representatives of farm organizations, research and promotion councils, commodity associations, and commodity producers. Not later than February 1, 1993, the commissioner shall report to the legislature on the findings and recommendations of the task force.

Sec. 30. [SOLID WASTE FEES.]

Subdivision 1. [METROPOLITAN AREA LANDFILLS.] (a) The proceeds of fees paid from July 1, 1992 to June 30, 1993, under Minnesota Statutes, section 473.843, including interest and penalties, must be deposited as follows:

(1) three-fourths of the proceeds must be deposited in the metropolitan landfill abatement account established in Minnesota Statutes, section 473.844;

(2) an amount equal or equivalent to 20 cents per cubic yard of waste subject to the fees must be deposited as provided in subdivision 4; and

(3) the remainder of the proceeds must be deposited in the metropolitan landfill contingency action trust fund established in Minnesota Statutes, section 473.845.

(b) The amount of the fee in Minnesota Statutes, section 473.843, subdivision 1, must be reduced by 20 cents per cubic yard, or the equivalent, and paragraph (a), clause (2), does not apply, for waste for which the fee in subdivision 3 has been paid.

Subd. 2. [NONMETROPOLITAN AREA LANDFILLS.] (a) From July 1, 1992 to June 30, 1993, a county, statutory or home rule charter city, or sanitary district that receives fees under Minnesota Statutes, section 115A.923, may impose a surcharge of up to 20 cents per cubic yard, or the equivalent, of solid waste subject to the fees.

(b) From July 1, 1992 to June 30, 1993, a county, statutory or home rule charter city, or sanitary district that receives fees under Minnesota Statutes, section 115A.923, shall remit to the commissioner of revenue an amount equal or equivalent to 20 cents per cubic yard of solid waste that is subject to the fees and on which the fee in subdivision 3 has not been paid. The remittance must be made on or before the 20th day of each month for fees received the previous month, using a form provided by the commissioner.

(c) The amount of the fee in Minnesota Statutes, section 115A.923, subdivision 1, must be reduced by 20 cents per cubic yard, or the equivalent, for waste for which the fee in subdivision 3 has been paid.

Subd. 3. [OTHER FACILITIES.] (a) Except as provided in paragraph (b), the operator of a mixed municipal solid waste processing facility that is permitted by the pollution control agency shall pay a fee in an amount equal or equivalent to 20 cents per cubic yard of solid waste accepted for processing at the facility from July 1, 1992 to June 30, 1993.

(b) The fee does not apply to:

(1) waste that has previously been accepted at another mixed municipal solid waste processing facility; or

(2) waste residue from a recycling facility at which recyclable

materials are separated or processed for the purposes of recycling, if there is at least an 85 percent volume reduction in the solid waste processed at the facility.

To qualify for exemption under this clause, the waste residue must be brought separately to the processing facility in paragraph (a). The commissioner of revenue, with the advice and assistance of the metropolitan council, the director of the office of waste management, and the commissioner of the pollution control agency, shall prescribe procedures for determining the amount of waste residue qualifying for exemption under this clause.

(c) The fee must be remitted to the commissioner of revenue on or before the 20th day of each month for waste accepted at the facility during the previous month, using a form provided by the commissioner.

Subd. 4. [DISPOSITION OF PROCEEDS.] Of the amounts specified in subdivisions 1, clause (2); 2, paragraph (b); and 3:

(1) \$360,000 must be deposited in the environmental fund for appropriations made under Laws 1991, chapter 254, article 1, section 2, subdivision 4; and

(2) the remainder must be credited to the landfill cleanup account established in Minnesota Statutes, section 115B.42.

The amount in clause (1) includes indirect costs.

Sec. 31. Minnesota Statutes 1990, section 115D.04, subdivision 2, is amended to read:

Subd. 2. [ASSISTANCE.] The pollution prevention assistance program must include at least the following:

(1) a program to assemble, catalog, and disseminate information on pollution prevention;

(2) a program to provide technical research and assistance, including on-site consultations to identify alternative methods that may be applied to prevent pollution and to provide assistance for planning under section 115D.07, excluding design engineering services; and

(3) outreach programs including seminars, workshops, training programs, and other similar activities designed to provide pollution prevention information and assistance to eligible recipients and other interested persons.

Sec. 32. [REPEALER.]

(a) Minnesota Statutes 1990, section 84.0885, is repealed.

(b) Minnesota Statutes 1990, section 89.036, is repealed.

Sec. 33. [EFFECTIVE DATES.]

This article is effective the day following final enactment, except that sections 4 and 22 are effective July 1, 1992, and sections 23 and 32, paragraph (b), are effective July 15, 1992.

ARTICLE 3

INFRASTRUCTURE AND REGULATION

Section 1. [TRANSPORTATION AND OTHER AGENCIES; APPROPRIATIONS.]

Unless otherwise indicated, all sums set forth in the columns designated "1992 and 1993 APPROPRIATION CHANGE" are to be added to or reduced from general fund appropriations made by Laws 1991, chapter 233, or another named law, for the fiscal years ending June 30, 1992, and June 30, 1993, respectively. Amounts to be reduced are designated by parentheses.

SUMMARY BY FUND

	1992	1993	TOTAL
APPROPRIATION CHANGE	\$(1,112,000)	\$ (3,820,000)	\$ (4,932,000)
GENERAL FUND	\$(3,112,000)	\$(11,255,000)	\$(14,367,000)
TRUNK HIGHWAY FUND	\$ 2,000,000	\$	\$ 2,000,000
WORKERS' COMPENSATION	\$	\$ 3,274,000	\$ 3,274,000
STATE AIRPORTS FUND	\$	\$ 10,000	\$ 10,000
SPECIAL REVENUE FUND	\$	\$ 4,151,000	\$ 4,151,000
REVENUE CHANGE	\$ 49,000	\$ 8,961,000	\$ 9,010,000
GENERAL FUND	\$ 49,000	\$ 2,596,000	\$ 2,645,000
WORKERS' COMPENSATION	\$	\$ 2,214,000	\$ 2,214,000
SPECIAL REVENUE FUND	\$	\$ 4,151,000	\$ 4,151,000

APPROPRIATION CHANGE
1992 1993

Sec. 2. TRANSPORTATION

Subdivision 1. Total Appropriation Changes	2,000,000
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The amounts in subdivision 1 are to be distributed among agency programs as specified in the following subdivisions.

Subd. 2. State Road Construction		
	1992	1993
	(1,700,000)	(4,800,000)

This appropriation is from the trunk highway fund.

Subd. 3. Construction Engineering		
	1,700,000	4,800,000

This appropriation is from the trunk highway fund.

Subd. 4. State Road Operations	
	2,000,000

This appropriation is from the trunk highway fund.

The commissioner of transportation shall hold at least one public hearing in each department of transportation construction district before December 31, 1992. At each hearing the commissioner or the commissioner's designees shall explain to persons attending the hearing the commissioner's most recent two-year highway improvement program and six-year highway improvement work program, including the process used to determine the final programs; the sources of funding available to finance the programs and any major expansions of the programs, including anticipated federal highway funds; and the status of the designation

	1992	1993
\$	\$	

in Minnesota of highways to be included in the national highway system established under the federal Intermodal Surface Transportation Efficiency Act of 1991, and the process to be used in making these designations. The commissioner shall receive public comment on these programs, processes, systems, and funding sources.

The commissioner of transportation shall establish an advisory board to advise the commissioner on designation in Minnesota of highways to be included in the national highway system established under the federal Intermodal Surface Transportation Efficiency Act of 1991. The committee must be composed of citizens who have demonstrated an interest and involvement in the improvement of highways and other forms of surface transportation in Minnesota. No more than 20 percent of the members may be highway engineers. The advisory committee shall function from the date of the commissioner's appointments to it until November 30, 1993. The commissioner shall not propose to the United States secretary of transportation any highways in Minnesota for inclusion in the national highway system, or take any other steps that would lead to such a designation, without first consulting with the advisory board.

Subd. 5. Aeronautics

10,000

This appropriation is from the state airports fund for the advisory council on metropolitan airports planning.

Subd. 6. Greater Minnesota Transit Assistance

440,000

This appropriation is from the general fund.

	1992	1993
	\$	\$
Sec. 3. REGIONAL TRANSIT BOARD	1,500,000	

This appropriation is for Metro Mobility, and is notwithstanding any restriction in Laws 1991, chapter 233, section 3. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Sec. 4. PUBLIC SAFETY

Subdivision 1. Total Appropriation Changes	(1,420,000)	(998,000)
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The amounts in this subdivision are to be distributed among agency programs as specified in the following subdivisions.

Subd. 2. Emergency Management

88,000	54,000
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Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

This appropriation is to match federal funds for winter storm damage as provided in the Presidential Disaster Declaration awarded on December 26, 1991.

Subd. 3. Emergency Management and Emergency Response Reduction

(173,000)	(45,000)
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The commissioner of public safety shall consolidate the emergency response commission with the division of emergency management into a single division known as the division of emergency management.

Subd. 4. Criminal Apprehension

(590,000)	(500,000)
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	1992	1993
	\$	\$

Subd. 5. Fire Marshal

(69,000)	(7,000)
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Subd. 6. Driver and Vehicle Services

(399,000)	(299,000)
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The appropriation in Laws 1991, chapter 233, section 5, subdivision 8, for fiscal year 1992 for costs relating to collegiate plates for academic excellence scholarships is available for fiscal year 1993.

Subd. 7. Liquor Control

(40,000)	(70,000)
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Subd. 8. Drug Policy

(10,000)	(20,000)
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Subd. 9. Private Detective Board

(3,000)	
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Subd. 10. State Patrol

(16,000)	(40,000)
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Subd. 11. Capitol Security

(75,000)	
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Subd. 12. Gambling Enforcement

(130,000)	
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Subd. 13. General Reductions

(3,000)	(71,000)
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Sec. 5. BOARD OF PEACE OFFICER STANDARDS AND TRAINING

Subdivision 1. Total Appropriation Changes

(151,000)	669,000
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Summary by Fund

General Fund	(151,000)(3,482,000)
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Special Revenue

Fund	4,151,000
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	1992	1993
	\$	\$
This appropriation is from the peace officers training account in the special revenue fund.		

Any funds deposited into the peace officer training account in the special revenue fund in fiscal year 1993 in excess of \$4,151,000 must be transferred and credited to the general fund.

Sec. 6. COMMERCE

Subdivision 1. Registration and Analysis		275,000
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This appropriation is for unclaimed property administrative expenses.

The approved general fund complement is increased by two positions effective July 1, 1992.

Sec. 7. NON-HEALTH-RELATED BOARDS

Subdivision 1. Total for this section	59,000	88,000
Subd. 2. Board of Accountancy	10,000	14,000
Subd. 3. Board of Architecture, Engineering, Land Surveying, and Landscape Architecture	49,000	74,000

Sec. 8. PUBLIC SERVICE

Subdivision 1. Total Appropriation Changes	(87,000)	196,000
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The approved general fund complement is increased by five positions in the classified service, effective July 1, 1992.

The amounts in subdivision 1 are to be distributed among agency programs as specified in the following subdivisions.

	1992	1993
	\$	\$
Except for the weights and measures division, the department of public service shall maintain its offices in the same building in which the public utilities commission maintains its offices.		

Subd. 2. Information and Operations Management

(15,000)	(15,000)
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Subd. 3. Energy

(72,000)	(72,000)
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Subd. 4. Weights and Measures

283,000

This appropriation is for gasoline octane and oxygenated fuels enforcement.

\$111,000 of this appropriation is for the first-year cost of the purchase of equipment through lease-purchase with a term of five years or less.

Sec. 9. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. Total Appropriation Changes	(45,000)	(25,000)
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Subd. 2. General Reduction	(95,000)	(95,000)
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The reduction specified in this section can be taken in either year of the 1992-1993 biennium.

This reduction shall not apply to the fiscal agent program.

Subd. 3. Greater Cloquet-Moose Lake Forest Fire Center	20,000
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The society shall spend this amount as a grant to the city of Cloquet to complete planning and design for development of the center.

	1992	1993
	\$	\$
Subd. 4. Statewide Outreach	50,000	50,000

These appropriations are for historic site grants to encourage local historic preservation projects. To be eligible for a grant, a county or local project group must provide a 50 percent match, in accordance with the historical society's guidelines. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Sec. 10. MINNESOTA HUMANITIES COMMISSION	(10,000)
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The reduction specified in this section can be taken in either year of the 1992-1993 biennium.

Sec. 11. BOARD OF THE ARTS

Subdivision 1. Total Appropriation Changes	(55,000)
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Subd. 2. General Reduction	(75,000)
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The reduction specified in this subdivision can be taken in either year of the 1992-1993 biennium.

Subd. 3. Kee Theatre	20,000
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The board shall spend this amount as a grant for the restoration of the Kee Theatre in Kiester. It is the intent of the legislature that no further direct appropriation will be made for this purpose. The board may not use any part of this sum for administrative expenses.

Sec. 12. MINNESOTA TECHNOLOGY, INC.	(3,361,000)	(4,490,000)
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(a) \$3,000,000 of the appropriation reduction in fiscal year 1992 is to be replaced by money from the agency's fund balance. The remainder of the reductions in fiscal year 1992 are ex-

	1992	1993
	\$	\$
penditure reductions to be allocated by the agency's board among agency operations and grants.		

(b) Agricultural Utilization Research Institute		(1,000,000)
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The reduction of this grant is intended to be a one-time appropriation reduction and shall be reinstated in the base appropriation for the next biennium.

(c) General Reduction	(361,000)	(540,000)
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(d) Minnesota High Technology Corridor Corporation		50,000
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(e) The remainder of the reduction in fiscal year 1993 is intended as a one-time reduction and may be replaced by money from the agency's fund balance or the agency's seed capital account, or taken as reductions in agency operations expenditures, as determined by the agency's board.

(f) Grants to the organizations required to receive grants and funding by Laws 1991, chapter 233, section 21, subdivision 1, and Laws 1991, chapter 322, section 18, other than grants to the agricultural utilization research institute, must not be reduced by more than 6.3 percent, and must not be included in the \$3,000,000 reduction for the second year. Grants to the agricultural utilization research institute may not be reduced by more than the amount specified in paragraph (b).

Sec. 13. WORLD TRADE CENTER CORPORATION

Subdivision 1. Total Appropriation Changes	530,000
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Subd. 2. General Reduction	(50,000)
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This reduction is from the money appropriated from the general fund for

	1992	1993
	\$	\$
the regional international trade service center pilot project in Laws 1991, chapter 348, section 2, paragraph (a).		

Subd. 3. Privatization of corporation	580,000
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(a) The commissioner of finance shall release all or part of this appropriation as provided in this subdivision. Any portion of the appropriation not released reverts to the general fund.

(b) The commissioner of finance shall release \$220,000 of this appropriation on the day following final enactment of this act. Of this amount (1) \$120,000 is for preservation of the assets of the corporation during the 90 days following the day following final enactment of this act, and (2) \$100,000 shall be used to conduct an analysis of the feasibility of privatizing (through merger, asset sale, or public offering) all or part of the corporation. That analysis must include a full market value accounting study of the corporations's assets, liabilities, liens, and encumbrances. Subject to the approval of the commissioner of administration, the World Trade Center Corporation board shall select an investment advisor to perform the privatization analysis required under clause (2).

The study must be delivered to the board and the commissioner of administration not later than 90 days after the release of funds under this paragraph.

(c) Should the commissioner of administration determine that the study conducted under paragraph (b) shows a reasonable potential for the state to recover a significant proportion of its investment in the World Trade Center Corporation in a sale of all or part of the corporation, the commissioner of administration shall request the com-

	1992	1993
	\$	\$

missioner of finance to release an additional \$240,000 of this appropriation. The World Trade Center Corporation board shall utilize this amount during the 180 days following the expiration of the period described in paragraph (b) to prepare and execute a plan for accomplishing the privatization and to preserve the assets and goodwill of the corporation.

(d) If the commissioner of administration determines the release of the remaining \$120,000 of this appropriation is necessary during the 90 days following the completion of the period described in paragraph (c) to preserve the assets and goodwill of the corporation and to facilitate the sale of all or part of the corporation, the commissioner of administration may request the commissioner of finance to release the remaining \$120,000 of this appropriation.

(e) This appropriation is available until expended.

(f) Any money remaining in the World Trade Center Corporation account in the special revenue fund after sale of the assets or ownership of the corporation reverts to the general fund under Minnesota Statutes, section 44A.0311, as amended by this act.

(g) The proceeds of the sale must be applied in the following order:

(1) Any liabilities and obligations of the corporation must be paid, satisfied, or discharged or adequate provision must be made to do so; and

(2) Any remaining proceeds must be deposited in the general fund.

	1992	1993
	\$	\$
Sec. 14. LABOR AND INDUSTRY		
Subdivision 1. Total Appropriation Changes	(80,000)	385,000

Summary by Fund

General (80,000)(2,889,000)

Workers' Compensation 3,274,000

The approved general fund complement is decreased by 62.5 positions and the approved workers' compensation fund complement is increased by 101.5 positions effective July 1, 1992.

The amounts in subdivision 1 are to be distributed among agency programs as specified in the following subdivisions.

Subd. 2. Workers' Compensation Regulation and Enforcement

Summary by Fund

General Fund (1,458,000)

Workers' Compensation 1,633,000

The general fund reduction is from the money appropriated in Laws 1991, chapter 292, article 1, section 5, subdivision 1.

The appropriation of \$1,633,000 in the second year is for the Workers' Compensation Vocational Rehabilitation Unit which is funded from the workers' compensation fund effective July 1, 1992.

Subd. 3. Workplace Regulation and Enforcement

Summary by Fund

General Fund (40,000)(1,431,000)

Workers' Compensation 1,641,000

	1992	1993
\$		\$

The appropriation of \$1,641,000 in the second year is for the Occupational Safety and Health Act program which is funded from the workers' compensation fund effective July 1, 1992.

Subd. 4. General Support

General Fund (40,000)

Sec. 15. SECRETARY OF STATE

Subdivision 1. General Reduction (248,000)

The reduction specified in this section can be taken in either year of the 1992-1993 biennium.

Sec. 16. Laws 1991, chapter 233, section 2, subdivision 2, is amended to read:

Subd. 2. Aeronautics	15,814,000	15,562,000
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This appropriation is from the state airports fund.

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Airport Development and Assistance

1992	1993
11,892,000	11,645,000

~~\$1,749,000~~ \$1,834,000 the first year
and ~~\$1,752,000~~ \$1,837,000 the second
year are for navigational aids.

~~\$6,089,000~~ \$7,200,000 the first year
and ~~\$6,089,000~~ \$7,200,000 the second
year are for airport construction
grants.

	1992	1993
	\$	\$
\$1,773,000 <u>\$2,100,000</u> the first year		
and \$1,773,000 <u>\$2,100,000</u> the second		
year are for airport maintenance		
grants.		

If the appropriation for either year for navigational aids, airport construction grants, or airport maintenance grants is insufficient, the appropriation for the other year is available for it. The appropriations for construction grants and maintenance grants must be expended only for grant-in-aid programs for airports that are not state owned.

These appropriations must be expended in accordance with Minnesota Statutes, section 360.305, subdivision 4.

The commissioner of transportation may transfer unencumbered balances among the appropriations for airport development and assistance with the approval of the governor after consultation with the legislative advisory commission.

\$8,000 the first year and \$8,000 the second year are for maintenance of the Pine Creek Airport.

\$500,000 the first year and \$500,000 the second year are for air service grants.

~~\$15,000 the first year and \$15,000 the second year are for the advisory council on metropolitan airport planning.~~

(b) Civil Air Patrol

65,000	65,000
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(c) Aeronautics Administration

3,857,000	3,852,000
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1992

1993

\$

\$

\$15,000 the first year and \$25,000 the second year are for the advisory council on metropolitan airport planning. The commissioner of transportation shall transfer these funds to the legislative coordinating commission by July 15, 1992.

Sec. 17. Minnesota Statutes 1990, section 3.21, is amended to read:

3.21 [NOTICE.]

At least four months before the election, the attorney general shall furnish to the secretary of state a statement of the purpose and effect of all amendments proposed, showing clearly the form of the existing sections and how they will read if amended. If a section to which an amendment is proposed exceeds 150 words in length, the statement shall show the part of the section in which a change is proposed, both its existing form and as it will read when amended, together with the portions of the context that the attorney general deems necessary to understand the amendment. In October before the election, the secretary of state shall publish the statement once in all qualified newspapers of the state. The secretary of state shall furnish the statement to the newspapers in reproducible form approved by the secretary of state, set in 7-1/2 point type on an 8-point body. The maximum rate for publication is that provided in section 331A.06 or 18 cents per standard line, whichever is less. If a newspaper refuses to publish the amendments, the refusal shall have no effect on the validity of the amendments. The secretary of state shall also forward to each county auditor enough copies of the statement, in poster form, to supply each election district of the county with two copies. The auditor shall have two copies conspicuously posted at or near each polling place on election day. Willful or negligent failure by an official named to perform a duty imposed by this section is a misdemeanor.

Sec. 18. Minnesota Statutes 1990, section 5.09, is amended to read:

5.09 [LEGISLATIVE MANUAL, STUDENTS' EDITION.]

The secretary of state, subject to the approval of the president of the senate and speaker of the house of representatives, shall may prepare, compile, edit, and distribute a brief edition of the legislative manual, as provided in section 5.08, suitable for school pupils.

Sec. 19. Minnesota Statutes 1990, section 5.14, is amended to read:

5.14 [TRANSACTION SURCHARGE.]

The secretary of state may impose a surcharge of \$5 \$10 on each transaction involving over-the-counter expedited service, other than simple copying requests, that takes place at the office of the secretary of state.

Sec. 20. Minnesota Statutes 1990, section 10A.31, subdivision 4, is amended to read:

Subd. 4. The amounts designated by individuals for the state elections campaign fund, less three percent, are appropriated from the general fund and shall be credited to the appropriate account in the state elections campaign fund and annually appropriated for distribution as set forth in subdivisions 5, 6 and 7. An amount equal to three percent shall be retained in the general fund for administrative costs.

Sec. 21. Minnesota Statutes 1990, section 15.0597, subdivision 4, is amended to read:

Subd. 4. [NOTICE OF VACANCIES.] The chair of an existing agency, shall notify the secretary of a vacancy scheduled to occur in the agency as a result of the expiration of membership terms at least 45 days before the vacancy occurs. The chair of an existing agency shall give written notification to the secretary of each vacancy occurring as a result of newly created agency positions and of every other vacancy occurring for any reason other than the expiration of membership terms as soon as possible upon learning of the vacancy and in any case within 15 days after the occurrence of the vacancy. The appointing authority for newly created agencies shall give written notification to the secretary of all vacancies in the new agency within 15 days after the creation of the agency. ~~Every 21 days,~~ The secretary shall publish monthly in the State Register a list of all vacancies of which the secretary has been so notified. Only one notice of a vacancy shall be so published, unless the appointing authority rejects all applicants and requests the secretary to republish the notice of vacancy. One copy of the listing shall be made available at the office of the secretary to any interested person. The secretary shall distribute by mail copies of the listings to requesting persons. The listing for all vacancies scheduled to occur in the month of January shall be published in the State Register together with the compilation of agency data required to be published pursuant to subdivision 3.

Sec. 22. Minnesota Statutes 1990, section 44A.0311, is amended to read:

44A.0311 [WORLD TRADE CENTER CORPORATION ACCOUNT.]

The world trade center corporation account is in the special revenue fund. All money received by the corporation, including money generated from the use of the conference and service center, except money generated from the use of the center by the Minnesota trade division and by the sale of the assets or ownership of the corporation under section 44A.12, must be deposited in the account. Money in the account including interest earned is appropriated to the board and must be used exclusively for corporation purposes. Any money remaining in the account after sale of the assets or ownership of the corporation under section 44A.12 shall revert to the general fund.

Sec. 23. [44A.12] [PRIVATIZATION OF CORPORATION.]

Subdivision 1. [SALE OF CORPORATION.] The board shall privatize the corporation through a sale of the assets or ownership of the corporation, on or before December 31, 1993.

Subd. 2. [REQUESTS FOR PROPOSALS.] The board shall solicit proposals to privatize the corporation under subdivision 1.

Subd. 3. [EVALUATION FACTORS.] Proposals shall be evaluated according to, but not limited to, the following factors:

(1) the ability of the proposed buyer to maintain the mission and vision of the world trade center;

(2) the price offered by the proposed buyer for the assets or ownership of the corporation;

(3) the extent to which the proposed buyer will assume any liabilities and obligations of the corporation;

(4) the ability of the proposed buyer to provide the capital needed for continuing development, promotion and marketing of world trade center programs, services, and business activities; and

(5) the ability of the proposed buyer to maintain and expand employment in the state of Minnesota using the assets or ownership purchased from the corporation.

Subd. 4. [EVALUATION METHODS.] The board, in conjunction with the commissioner of the department of administration, shall establish:

(1) the relative importance of each factor in subdivision 3; and

(2) other procedures to be used to review and evaluate proposals.

Subd. 5. [DISTRIBUTION OF PROCEEDS.] The proceeds of the sale must be applied in the following order:

(1) any liabilities and obligations of the corporation must be paid, satisfied, or discharged or adequate provision must be made to do so; and

(2) any remaining proceeds must be deposited in the general fund.

Subd. 6. [APPROVAL.] A final agreement for sale under this section is not effective until it has been approved by the board of the World Trade Center Corporation and the commissioner of administration.

Sec. 24. Minnesota Statutes 1991 Supplement, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. [FEES OTHER THAN EXAMINATION FEES.] In addition to the fees and charges provided for examinations, the following fees must be paid to the commissioner for deposit in the general fund:

(a) by township mutual fire insurance companies:

(1) for filing certificate of incorporation \$25 and amendments thereto, \$10;

(2) for filing annual statements, \$15;

(3) for each annual certificate of authority, \$15;

(4) for filing bylaws \$25 and amendments thereto, \$10.

(b) by other domestic and foreign companies including fraternal and reciprocal exchanges:

(1) for filing certified copy of certificate of articles of incorporation, \$100;

(2) for filing annual statement, \$225;

(3) for filing certified copy of amendment to certificate or articles of incorporation, \$100;

(4) for filing bylaws, \$75 or amendments thereto, \$75;

(5) for each company's certificate of authority, \$575, annually.

(c) the following general fees apply:

(1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, ~~\$15~~ \$25;

(2) for each copy of paper on file in the commissioner's office 50 cents per page, and \$2.50 for certifying the same;

(3) for license to procure insurance in unadmitted foreign companies, \$575;

(4) for receiving and forwarding each notice, proof of loss, summons, complaint or other process served upon the commissioner of commerce, as attorney for service of process upon any nonresident agent or insurance company, including reciprocal exchanges, \$15 plus the cost of effectuating service by certified mail, which amount must be paid by the party serving the notice and may be taxed as other costs in the action;

(5) for valuing the policies of life insurance companies, one cent per \$1,000 of insurance so valued, provided that the fee shall not exceed \$13,000 per year for any company. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;

(6) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, \$50;

(7) for issuing an initial license to an individual agent, ~~\$25~~ \$30 per license, for issuing an initial agent's license to a partnership or corporation, ~~\$50~~ \$100, and for issuing an amendment (variable annuity) to a license, ~~\$25~~ \$50, and for renewal of amendment, \$25;

(8) for each appointment of an agent filed with the commissioner, a domestic insurer shall remit \$5 and all other insurers shall remit \$3;

(9) for renewing an individual agent's license, ~~\$25~~ \$30 per year per license, and for renewing a license issued to a corporation or partnership, ~~\$50~~ \$60 per year;

(10) for issuing and renewing a surplus lines agent's license, ~~\$150~~ \$250;

(11) for issuing duplicate licenses, \$5 \$10;

(12) for issuing licensing histories, ~~\$10~~ \$20;

(13) for filing forms and rates, \$50 per filing;

(14) for annual renewal of surplus lines insurer license, \$300.

The commissioner shall adopt rules to define filings that are subject to a fee.

Sec. 25. Minnesota Statutes 1990, section 60A.1701, subdivision 5, is amended to read:

Subd. 5. [POWERS OF THE ADVISORY TASK FORCE.] (a) Applications for approval of individuals responsible for monitoring course offerings must be submitted to the commissioner on forms prescribed by the commissioner and must be accompanied by a fee of not more than ~~\$50~~ \$100 payable to the state of Minnesota for deposit in the general fund. A fee of ~~\$5~~ \$10 for each hour or fraction of one hour of course approval sought must be forwarded with the application for course approval. If the advisory task force is created, it shall make recommendations to the commissioner regarding the accreditation of courses sponsored by institutions, both public and private, which satisfy the criteria established by this section, the number of credit hours to be assigned to the courses, and rules which may be promulgated by the commissioner. The advisory task force shall seek out and encourage the presentation of courses.

(b) If the advisory task force is created, it shall make recommendations and provide subsequent evaluations to the commissioner regarding procedures for reporting compliance with the minimum education requirement.

(c) The advisory task force shall recommend the approval or disapproval of professional designation examinations that meet the criteria established by this section and the number of continuing education credit hours to be awarded for passage of the examination. In order to be approved, a professional designation examination must:

(1) lead to a recognized insurance or financial planning professional designation used by agents; and

(2) conclude with a written examination that is proctored and graded.

Sec. 26. Minnesota Statutes 1990, section 72B.04, subdivision 10, is amended to read:

Subd. 10. [FEES.] A fee of ~~\$20~~ \$40 is imposed for each initial license or temporary permit and ~~\$20~~ \$25 for each renewal thereof or

amendment thereto. A fee of \$20 is imposed for each examination taken. A fee of \$20 is imposed for the registration of each nonlicensed adjuster who is required to register under section 72B.06. All fees shall be transmitted to the commissioner and shall be payable to the state treasurer. If a fee is paid for an examination and if within one year from the date of that payment no written request for a refund is received by the commissioner or the examination for which the fee was paid is not taken, the fee is forfeited to the state of Minnesota.

Sec. 27. Minnesota Statutes 1990, section 80A.28, subdivision 2, is amended to read:

Subd. 2. Every applicant for an initial or renewal license shall pay a filing fee of \$200 in the case of a broker-dealer, \$50 in the case of an agent, and \$100 in the case of an investment adviser. When an application is denied or withdrawn, the filing fee shall be retained. A licensed agent who has terminated employment with one broker-dealer shall, before beginning employment with another broker-dealer, pay a transfer fee of ~~\$20~~ \$25.

Sec. 28. Minnesota Statutes 1990, section 82.21, subdivision 1, is amended to read:

Subdivision 1. [AMOUNTS.] The following fees shall be paid to the commissioner:

(a) A fee of ~~\$50~~ \$100 for each initial individual broker's license, and a fee of ~~\$25~~ \$50 for each annual renewal thereof;

(b) A fee of ~~\$25~~ \$50 for each initial salesperson's license, and a fee of ~~\$10~~ \$20 for each annual renewal thereof;

(c) A fee of ~~\$25~~ \$55 for each initial real estate closing agent license, and a fee of ~~\$10~~ \$30 for each annual renewal;

(d) A fee of ~~\$50~~ \$100 for each initial corporate or partnership license, and a fee of ~~\$25~~ \$50 for each annual renewal thereof;

(e) A fee not to exceed \$40 per year for payment to the education, research and recovery fund in accordance with section 82.34;

(f) A fee of ~~\$10~~ \$20 for each transfer;

(g) A fee of ~~\$25~~ \$50 for a corporation or partnership name change;

(h) A fee of ~~\$5~~ \$10 for an agent name change;

(i) A fee of ~~\$10~~ \$20 for a license history;

- (j) A fee of ~~\$5~~ \$10 for a duplicate license; ~~and~~
- (k) A fee of \$50 for license reinstatement;
- (l) A fee of \$20 for reactivating a corporate or partnership license without land;
- (m) A fee of \$100 for course coordinator approval; and
- (n) A fee of ~~\$5~~ \$10 for each hour or fraction of one hour of course approval sought.

Sec. 29. Minnesota Statutes 1990, section 82B.09, subdivision 1, is amended to read:

Subdivision 1. [AMOUNTS.] The following fees must be paid to the commissioner:

- (1) a fee of ~~\$50~~ \$100 for each initial individual real estate appraiser's license and a fee of ~~\$25~~ \$50 for each annual renewal;
- (2) a fee of ~~\$5~~ \$10 for a change in personal name or trade name or personal address or business location;
- (3) a fee of \$10 for a license history; ~~and~~
- (4) a fee of ~~\$20~~ \$25 for a duplicate license;
- (5) a fee of \$100 for appraiser course coordinator approval; and
- (6) a fee of \$10 for each hour or fraction of one hour of course approval sought.

Sec. 30. Minnesota Statutes 1990, section 138.56, is amended by adding a subdivision to read:

Subd. 18. [DESIGNATION.] The former Sibley county courthouse located on land owned by the city of Henderson in Sibley county is designated as the Joseph R. Brown historical interpretive center.

Sec. 31. Minnesota Statutes 1990, section 138.763, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] There is a St. Anthony Falls heritage board consisting of ~~ten~~ thirteen members with the director of the Minnesota historical society as chair. The members include the mayor, the chairman of the Hennepin county board of commissioners, two members each from the city council, the Hennepin county board, and the park board, and one each from the preserva-

tion commission, the preservation office, Hennepin county historical society, and the society.

Sec. 32. Minnesota Statutes 1990, section 138.766, is amended to read:

138.766 [MATCH.]

The city of Minneapolis, Hennepin county, and the park board shall provide match in money or in kind for the project under sections 138.761 to 138.765 on a dollar for dollar basis.

Sec. 33. Minnesota Statutes 1990, section 169.01, subdivision 55, is amended to read:

Subd. 55. [IMPLEMENT OF HUSBANDRY.] (a) "Implement of husbandry" means every vehicle designed and adapted exclusively for agricultural, horticultural, or livestock-raising operations or for lifting or carrying an implement of husbandry and in either case not subject to registration if used upon the highways.

(b) A towed vehicle meeting the description in paragraph (a) is an implement of husbandry without regard to whether the vehicle is towed by an implement of husbandry or by a registered motor vehicle.

Sec. 34. Minnesota Statutes 1990, section 176.104, subdivision 2, is amended to read:

Subd. 2. [LIABILITY FOR ~~PAST~~ REHABILITATION; LIEN.] (a) If liability is determined after the employee has commenced rehabilitation under this section the liable party is responsible for the cost of rehabilitation provided. Future rehabilitation after liability is established is governed by section 176.102.

(b) If the employer, insurer, or defendant is given written notice by the department of a claim for rehabilitation services or disbursements, the claim is a lien against the amount paid or payable as compensation.

Sec. 35. Minnesota Statutes 1990, section 176.104, is amended by adding a subdivision to read:

Subd. 3. [REIMBURSEMENTS.] All money received under this section must be credited to the special compensation fund.

Sec. 36. Minnesota Statutes 1990, section 176.104, is amended by adding a subdivision to read:

Subd. 4. [VOCATIONAL REHABILITATION UNIT FUNDING.] The cost of the vocational rehabilitation unit shall be financed by the special compensation fund beginning July 1, 1992.

Sec. 37. Minnesota Statutes 1990, section 176.129, subdivision 1, is amended to read:

Subdivision 1. [DEPOSIT OF FUNDS.] The special compensation fund is created for the purposes provided for in this chapter and chapter 182. The state treasurer is the custodian of the special compensation fund. Sums paid to the commissioner pursuant to this section shall be deposited with the state treasurer for the benefit of the fund and used to pay the benefits under this chapter and administrative costs pursuant to subdivision 11. Any interest or profit accruing from investment of these sums shall be credited to the special compensation fund. Subject to the provisions of this section, all the powers, duties, functions, obligations, and rights vested in the special compensation fund immediately prior to January 1, 1984 are transferred to and vested in the special compensation fund recreated by this section. All rights and obligations of employers with regard to the special compensation fund which existed immediately prior to January 1, 1984, continue, subject to the provisions of this section.

Sec. 38. Minnesota Statutes 1990, section 176.129, subdivision 11, is amended to read:

Subd. 11. [ADMINISTRATIVE PROVISIONS.] The accounting, investigation, and legal costs necessary for the administration of the programs financed by the special compensation fund shall be paid from the fund during each biennium commencing July 1, 1981. Staffing and expenditures related to the administration of the special compensation fund shall be approved through the regular budget and appropriations process. All sums recovered by the special compensation fund as a result of action under section 176.061, or recoveries of payments made by the special compensation fund under section 176.183 or 176.191, or sums recovered under chapter 182, shall be credited to the special compensation fund.

Sec. 39. Minnesota Statutes 1990, section 176.183, subdivision 1, is amended to read:

Subdivision 1. When any employee sustains an injury arising out of and in the course of employment while in the employ of an employer, other than the state or its political subdivisions, not insured or self-insured as provided for in this chapter, the employee or the employee's dependents shall nevertheless receive benefits as provided for in this chapter from the special compensation fund, and the commissioner has a cause of action against the employer for reimbursement for all moneys paid out or to be paid out, and, in the discretion of the court, as punitive damages an additional amount

not exceeding 50 percent of all moneys paid out or to be paid out. As used in this subdivision, "employer" includes officers of corporations who have legal control, either individually or jointly with another or others, of the payment of wages. An action to recover the moneys shall be instituted unless the commissioner determines that no recovery is possible. ~~All moneys recovered shall be deposited in the general fund.~~ There shall be no payment from the special compensation fund if there is liability for the injury under the provisions of section 176.215, by an insurer or self-insurer.

Sec. 40. Minnesota Statutes 1991 Supplement, section 182.666, subdivision 2, is amended to read:

Subd. 2. Any employer who has received a citation for a serious violation of its duties under section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, shall be assessed a fine not to exceed \$7,000 for each violation. If the violation causes or contributes to the cause of the death of an employee, the employer shall be assessed a fine of up to ~~\$10,000~~ \$25,000.

Sec. 41. Minnesota Statutes 1990, section 182.666, subdivision 7, is amended to read:

Subd. 7. Fines imposed under this chapter shall be paid to the commissioner for deposit in the ~~general~~ special compensation fund and may be recovered in a civil action in the name of the department brought in the district court of the county where the violation is alleged to have occurred or the district court where the commissioner has an office. Unpaid fines shall be increased to 125 percent of the original assessed amount if not paid within 60 days after the fine becomes a final order. After that 60 days, unpaid fines shall accrue an additional penalty of ten percent per month compounded monthly until the fine is paid in full.

Sec. 42. Minnesota Statutes 1990, section 204B.11, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT; DISHONORED CHECKS; CONSEQUENCES.] Except as provided by subdivision 2, a filing fee shall be paid by each candidate who files an affidavit of candidacy. The fee shall be paid at the time the affidavit is filed. The amount of the filing fee shall vary with the office sought as follows:

(a) for the office of governor, lieutenant governor, attorney general, state auditor, state treasurer, secretary of state, representative in congress, judge of the supreme court, judge of the court of appeals, judge of the district court, or judge of the county municipal court of Hennepin county, ~~\$200~~ \$300;

(b) for the office of senator in congress, ~~\$300~~ \$400;

(c) for office of senator or representative in the legislature, ~~\$75~~ \$100;

(d) for a county office, \$50; and

(e) for the office of soil and water conservation district supervisor, \$20.

For the office of presidential elector, and for those offices for which no compensation is provided, no filing fee is required.

The filing fees received by the county auditor shall immediately be paid to the county treasurer. The filing fees received by the secretary of state shall immediately be paid to the state treasurer.

When an affidavit of candidacy has been filed with the appropriate filing officer and the requisite filing fee has been paid, the filing fee shall not be refunded. If a candidate's filing fee is paid with a check, draft, or similar negotiable instrument for which sufficient funds are not available or that is dishonored, notice to the candidate of the worthless instrument must be sent by the filing officer via registered mail no later than immediately upon the closing of the filing deadline with return receipt requested. The candidate will have five days from the time the filing officer receives proof of receipt to issue a check or other instrument for which sufficient funds are available. The candidate issuing the worthless instrument is liable for a service charge pursuant to section 332.50. If adequate payment is not made, the name of the candidate must not appear on any official ballot and the candidate is liable for all costs incurred by election officials in removing the name from the ballot.

Sec. 43. Minnesota Statutes 1990, section 204B.27, subdivision 2, is amended to read:

Subd. 2. [ELECTION LAW AND INSTRUCTIONS.] The secretary of state shall prepare and publish a volume containing all state general laws relating to elections. The attorney general shall provide annotations to the secretary of state for this volume. On or before July 1 of every even numbered year the secretary of state shall furnish to the county auditors and municipal clerks enough copies of this volume so that each county auditor and municipal clerk will have at least one copy. ~~The secretary of state shall prepare an extract of this volume containing all the election laws related to the duties of election judges. On or before August 1 of every even-numbered year, the secretary of state shall furnish to the county auditors and municipal clerks enough copies of this extract so that each election precinct will have at least one copy. The secretary of state shall determine the manner in which the volume~~

~~and extract are distributed.~~ The secretary of state may prepare and transmit to the county auditors and municipal clerks detailed written instructions for complying with election laws relating to the conduct of elections, conduct of voter registration and voting procedures.

Sec. 44. Minnesota Statutes 1990, section 204D.11, subdivision 1, is amended to read:

Subdivision 1. [WHITE BALLOT; RULES; REIMBURSEMENT]
The names of the candidates for all partisan offices voted on at the state general election shall be placed on a single ballot printed on white paper which shall be known as the "white ballot." This ballot shall be prepared by the county auditor subject to the rules of the secretary of state. ~~The state shall contribute to the cost of preparing the white ballot and the envelopes required for the returns of that ballot.~~ The secretary of state shall adopt rules for preparation and time of delivery of the white ballot ~~and for establishing a basis for distributing to the counties the money appropriated by the state for white ballot costs.~~ The appropriation shall be available both years of the biennium and shall be used for all state general and special elections. The secretary of state shall report to the chairs of the senate finance and house appropriations committees on all money used for special elections.

Sec. 45. Minnesota Statutes 1990, section 204D.11, subdivision 2, is amended to read:

Subd. 2. [PINK BALLOTS.] Amendments to the state constitution shall be placed on a ballot printed on pink paper which shall be known as the "pink ballot." ~~The pink ballot shall be prepared by the secretary of state.~~

Sec. 46. Minnesota Statutes 1991 Supplement, section 240.13, subdivision 5, is amended to read:

Subd. 5. [PURSES.] (a) From the amounts deducted from all pari-mutuel pools by a licensee, an amount equal to not less than the following percentages of all money in all pools must be set aside by the licensee and used for purses for races conducted by the licensee, provided that a licensee may agree by contract with an organization representing a majority of the horsepersons racing the breed involved to set aside amounts in addition to the following percentages:

(1) for live races conducted at a class A facility, and for races that are part of full racing card simulcasting or full racing card telereace simulcasting that takes place within the time period of the live races, 8.4 percent;

(2) for simulcasts and telereace simulcasts conducted during the

racing season other than as provided for in clause (1), 50 percent of the takeout remaining after deduction for taxes on pari-mutuel pools, payment to the breeders fund, and payment to the sending out-of-state racetrack for receipt of the signal; and

(3) for simulcasts and telerace simulcasts conducted outside of the racing season, 25 percent of the takeout remaining after deduction for the state pari-mutuel tax, payment to the breeders fund, payment to the sending out-of-state racetrack for receipt of the signal and, before January 1, 2005, a further deduction of eight percent of all money in all pools; provided, however, that in the event that wagering on simulcasts and telerace simulcasts outside of the racing season exceeds \$125 million in any calendar year, the amount set aside for purses by this formula is increased to 30 percent on amounts between \$125,000,000 and \$150,000,000 wagered; 40 percent on amounts between \$150,000,000 and \$175,000,000 wagered; and 50 percent on amounts in excess of \$175,000,000 wagered. In lieu of the eight percent deduction, a deduction as agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing at the licensee's class A facility during the preceding 12 months, is allowed after December 31, 2004.

The commission may by rule provide for the administration and enforcement of this subdivision. The deductions for payment to the sending out-of-state racetrack must be actual, except that when there exists any overlap of ownership, control, or interest between the sending out-of-state racetrack and the receiving licensee, the deduction must not be greater than three percent unless agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed racing the majority of races during the existing racing meeting or, if outside of the racing season, during the most recent racing meeting.

In lieu of the amount the licensee must pay to the commission for deposit in the Minnesota breeders fund under section 240.15, subdivision 1, the licensee shall pay 5-1/2 percent of the takeout from all pari-mutuel pools generated by wagering at the licensee's facility on full racing card simulcasts and full racing card telerace simulcasts of races not conducted in this state.

(b) From the money set aside for purses, the licensee shall pay to the horseperson's organization representing the majority of the horsepersons racing the breed involved and contracting with the licensee with respect to purses and the conduct of the racing meetings and providing representation, benevolent programs, benefits, and services for horsepersons and their on-track employees, an amount, sufficient to perform these services, as may be determined by agreement by the licensee and the horseperson's organization. The amount paid may be deducted only from the money set aside for purses to be paid in races for the breed represented by the horseperson's organization. With respect to racing meetings where more than

one breed is racing, the licensee may contract independently with the horseperson's organization representing each breed racing.

(c) Notwithstanding sections 325D.49 to 325D.66, a horseperson's organization representing the majority of the horsepersons racing a breed at a meeting, and the members thereof, may agree to withhold horses during a meeting.

(d) Money set aside for purses from wagering, during the racing season, on simulcasts and telerrace simulcasts must be used for purses for live races conducted at the licensee's class A facility during the same racing season, over and above the 8.4 percent purse requirement or any higher requirement to which the parties agree, for races conducted in this state. Money set aside for purses from wagering, outside of the racing season, on simulcasts and telerrace simulcasts must be for purses for live races conducted at the licensee's class A facility during the next racing season, over and above the 8.4 percent purse requirement or any higher requirement to which the parties agree, for races conducted in this state.

(e) Money set aside for purses from wagering on simulcasts and telerrace simulcasts must be used for purses for live races involving the same breed involved in the simulcast or telerrace simulcast except that money set aside for purses and payments to the breeders fund from wagering on full racing card simulcasts and full racing card telerrace simulcasts of races not conducted in this state, occurring during a live mixed meet, must be allotted to the purses and breeders fund for each breed participating in the mixed meet in the same proportion that the number of live races run by each breed bears to the total number of live races conducted during the period of the mixed meet.

(f) The allocation of money set aside for purses to particular racing meets may be adjusted, relative to overpayments and underpayments, by contract between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed involved at the licensee's facility.

(g) Subject to the provisions of this chapter, money set aside from pari-mutuel pools for purses must be for the breed involved in the race that generated the pool, except that if the breed involved in the race generating the pari-mutuel pool is not racing in the current racing meeting, or has not raced within the preceding 12 months at the licensee's class A facility, money set aside for purses ~~must~~ may be distributed proportionately to those breeds that have run during the preceding 12 months or paid to the commission and used for purses or to promote racing for the breed involved in the race generating the pari-mutuel pool, or both, in a manner prescribed by the commission.

Sec. 47. Minnesota Statutes 1991 Supplement, section 240.13, subdivision 6, is amended to read:

Subd. 6. [SIMULCASTING.] The commission may permit an authorized licensee to conduct simulcasting or telerece simulcasting at the licensee's facility on any day authorized by the commission. All simulcasts and telerece simulcasts must comply with the Interstate Horse Racing Act of 1978, United States Code, title 15, sections 3001 to 3007. In addition to telerecing programs featuring live racing conducted at the licensee's class A facility, the class E licensee may conduct not more than seven telerecing programs per week during the racing season, unless additional telerece simulcasting is authorized by the director and approved by the horsepersons' organization representing the majority of horsepersons racing the breed racing the majority of races at the licensee's class A facility during the preceding 12 months. The commission may not authorize any day for simulcasting at a class A facility during the racing season, and a licensee may not be allowed to transmit out-of-state telecasts of races the licensee conducts, unless the licensee has obtained the approval of the horsepersons' organization representing the majority of the horsepersons racing the breed involved at the licensed racetrack during the preceding 12 months. The licensee may pay fees and costs to an entity transmitting a telecast of a race to the licensee for purposes of conducting pari-mutuel wagering on the race. The licensee may deduct fees and costs related to the receipt of televised transmissions from a pari-mutuel pool on the televised race, provided that one-half of any amount recouped in this manner must be added to the amounts required to be set aside for purses.

With the approval of the commission and subject to the provisions of this subdivision, a licensee may transmit telecasts of races it conducts, for wagering purposes, to locations outside the state, and the commission may allow this to be done on a commingled pool basis.

Except as otherwise provided in this section, simulcasting and telerece simulcasting may be conducted on a separate pool basis or, with the approval of the commission, on a commingled pool basis. All provisions of law governing pari-mutuel betting apply to simulcasting and telerece simulcasting except as otherwise provided in this subdivision or in the commission's rules. If pools are commingled, wagering at the licensed facility must be on equipment electronically linked with the equipment at the licensee's class A facility or with the sending racetrack via the totalizator computer at the licensee's class A facility. Subject to the approval of the commission, the types of betting, takeout, and distribution of winnings on commingled pari-mutuel pools are those in effect at the sending racetrack. Breakage for pari-mutuel pools on a televised race must be calculated in accordance with the law or rules governing the sending racetrack for these pools, and must be distributed in a manner agreed to between the licensee and the sending racetrack.

Notwithstanding subdivision 7 and section 240.15, subdivision 5, the commission may approve procedures governing the definition and disposition of unclaimed tickets that are consistent with the law and rules governing unclaimed tickets at the sending racetrack. For the purposes of this section, "sending racetrack" is either the racetrack outside of this state where the horse race is conducted or, with the consent of the racetrack, an alternative facility that serves as the racetrack for the purpose of commingling pools.

If there is more than one class B licensee conducting racing within the seven-county metropolitan area, simulcasting and telerece simulcasting may be conducted only on races run by a breed that ran at the licensee's class A facility within the 12 months preceding the event. That portion of the takeout allocated for purses from pari-mutuel pools generated by wagering on standardbreds must be set aside and must be paid to the racing commission and used for purses as otherwise provided by this section or to promote standardbred racing or both, in a manner prescribed by the commission. In the event that a licensee conducts live standardbred racing, pools generated by live, simulcast, or telerece simulcasting at the licensee's facilities on standardbred racing are subject to the purse set-aside requirements otherwise provided by law.

Contractual agreements between licensees and horsepersons' organizations entered into before June 5, 1991, regarding money to be set aside for purses from pools generated by simulcasts at a class A facility, are controlling regarding purse requirements through the end of the 1992 racing season.

Sec. 48. Minnesota Statutes 1990, section 240.14, subdivision 3, is amended to read:

Subd. 3. [COUNTY FAIR RACING DAYS.] The commission may assign to a class D licensee the following racing days:

(1) those racing days, not to exceed ten racing days, that coincide with the days on which the licensee's county fair is running; and

(2) additional racing days, not to exceed ten racing days, immediately before or after the days on which the licensee's county fair is running.

In no event shall the number of racing days assigned by the commission exceed 20 days.

The commission may not assign any days before July 1, 1989, as racing days to a class D licensee.

Sec. 49. Minnesota Statutes 1991 Supplement, section 240.15, subdivision 6, is amended to read:

Subd. 6. [DISPOSITION OF PROCEEDS.] The commission shall distribute all money received under this section, and all money received from license fees and fines it collects, as follows: all money designated for deposit in the Minnesota breeders fund must be paid into that fund for distribution under section 240.18 except that all money generated by full racing card simulcasts, or full racing card telercase simulcasts of races not conducted in this state, must be distributed as provided in section 240.18, ~~clause (2), paragraphs (a), (b), and (c)~~ subdivisions 2, paragraph (d), ~~clauses (1), (2), and (3); and~~ 3. Revenue from an admissions tax imposed under subdivision 1 must be paid to the local unit of government at whose request it was imposed, at times and in a manner the commission determines. All other revenues received under this section by the commission, and all license fees, fines, and other revenue it receives, must be paid to the state treasurer for deposit in the general fund.

Sec. 50. Minnesota Statutes 1991 Supplement, section 240.18, is amended by adding a subdivision to read:

Subd. 3a. [OTHER CATEGORIES.] Available money apportioned to breeds other than breeds contained in subdivisions 2 and 3 must be distributed as financial incentives to encourage horse racing and horse breeding for such breeds.

Sec. 51. Minnesota Statutes 1990, section 298.221, is amended to read:

298.221 [RECEIPTS FROM CONTRACTS; APPROPRIATION.]

(a) All moneys paid to the state of Minnesota pursuant to the terms of any contract entered into by the state under authority of Laws 1941, chapter 544, section 4, or of said section as amended and any fees which may, in the discretion of the commissioner of iron range resources and rehabilitation, be charged in connection with any project pursuant to that section as amended, shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund and are hereby appropriated for the purposes of section 298.22.

(b) Notwithstanding section 7.09, merchandise may be accepted by the commissioner of the iron range resources and rehabilitation board for payment of advertising contracts if the commissioner determines that the merchandise can be used for special event prizes or mementos at facilities operated by the board. Nothing in this paragraph authorizes the commissioner or a member of the board to receive merchandise for personal use.

Sec. 52. Minnesota Statutes 1990, section 299E.01, subdivision 1, is amended to read:

Subdivision 1. A division in the department of public safety to be known as the capitol complex security division is ~~hereby created,~~ under the supervision and control of the director of capitol complex security, who must be a member of the state patrol and to whom shall be assigned the duties and responsibilities described in this section. The commissioner may place the director's position in the unclassified service if the position meets the criteria of section 43A.08, subdivision 1a.

Sec. 53. Minnesota Statutes 1990, section 340A.301, subdivision 6, is amended to read:

Subd. 6. [FEES.] The annual fees for licenses under this section are as follows:

(a) Manufacturers (except as provided in clauses (b) and (c))	\$7,500	<u>15,000</u>
Duplicates	\$3,000	
(b) Manufacturers of wines of not more than 25 percent alcohol by volume	\$ 500	
(c) Brewers other than those described in clause (d)	\$1,250	<u>2,500</u>
(d) Brewers who also hold a retail on-sale license and who manufacture fewer than 2,000 barrels of malt liquor in a year, the entire production of which is solely for consumption on tap on the licensed premises	\$ 250	<u>500</u>
(e) Wholesalers (except as provided in clauses (f), (g), and (h))	\$7,500	<u>15,000</u>
Duplicates	\$3,000	
(f) Wholesalers of wines of not more than 25 percent alcohol by volume	\$ 750	<u>2,000</u>
(g) Wholesalers of intoxicating malt liquor	\$ 300	<u>600</u>
Duplicates	\$ 45	<u>25</u>
(h) Wholesalers of nonintoxicating malt liquor	\$ 10	

If a business licensed under this section is destroyed, or damaged to the extent that it cannot be carried on, or if it ceases because of the death or illness of the licensee, the commissioner may refund the license fee for the balance of the license period to the licensee or to the licensee's estate.

Sec. 54. Minnesota Statutes 1990, section 340A.302, subdivision 3, is amended to read:

Subd. 3. [FEES.] Annual fees for licenses under this section are as follows:

Importers of distilled spirits, wine, or ethyl alcohol	\$300	<u>420</u>
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Importers of malt liquor	\$200	<u>800</u>
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Sec. 55. Minnesota Statutes 1991 Supplement, section 340A.311, is amended to read:

340A.311 [BRAND REGISTRATION.]

(a) A brand of intoxicating liquor or nonintoxicating malt liquor may not be manufactured, imported into, or sold in the state unless the brand label has been registered with and approved by the commissioner. A brand registration must be renewed every three years in order to remain in effect. The fee for an initial brand registration is ~~\$20~~ \$30. ~~The fee for brand registration renewal is \$20.~~ The brand label of a brand of intoxicating liquor or nonintoxicating malt liquor for which the brand registration has expired, is conclusively deemed abandoned by the manufacturer or importer.

(b) In this section "brand" and "brand label" include trademarks and designs used in connection with labels.

(c) The label of any brand of wine or intoxicating or nonintoxicating malt beverage may be registered only by the brand owner or authorized agent. No such brand may be imported into the state for sale without the consent of the brand owner or authorized agent. This section does not limit the provisions of section 340A.307.

Sec. 56. Minnesota Statutes 1990, section 340A.315, subdivision 1, is amended to read:

Subdivision 1. [LICENSES.] The commissioner may issue a farm winery license to the owner or operator of a farm winery located within the state and producing table or sparkling wines. Licenses may be issued and renewed for an annual fee of ~~\$25~~ \$50, which is in lieu of all other license fees required by this chapter.

Sec. 57. Minnesota Statutes 1991 Supplement, section 340A.316, is amended to read:

340A.316 [SACRAMENTAL WINE.]

The commissioner may issue licenses for the importation and sale of wine exclusively for sacramental purposes. The holder of a sacramental wine license may sell wine only to a rabbi, priest, or minister of a church, or other established religious organization, or individual members of a religious organization who conduct ceremonies in their homes, if the purchaser certifies in writing that the wine will be used exclusively for sacramental purposes in religious

ceremonies. The annual fee for a sacramental wine license is ~~\$25~~ \$50.

A rabbi, priest, or minister of a church or other established religious organization may import wine exclusively for sacramental purposes without a license.

Sec. 58. Minnesota Statutes 1990, section 340A.317, subdivision 2, is amended to read:

Subd. 2. [LICENSE REQUIRED.] All brokers and their employees must obtain a license from the commissioner. The annual license fee for a broker is ~~\$300~~ \$600, for an employee of a broker the license fee is ~~\$12~~ \$20. An application for a broker's license must be accompanied by a written statement from the distillery, winery, or importer the applicant proposes to represent verifying the applicant's contractual arrangement, and must contain a statement that the distillery, winery, or importer is responsible for the actions of the broker. The license shall be issued for one year. The broker, or employee of the broker may promote a vendor's product and may call upon licensed retailers to insure product identification, give advance notice of new products or product changes, and share other pertinent market information. The commissioner may revoke or suspend for up to 60 days a broker's license or the license of an employee of a broker if the broker or employee has violated any provision of this chapter, or a rule of the commissioner relating to alcoholic beverages. The commissioner may suspend for up to 60 days, the importation license of a distillery or winery on a finding by the commissioner that its broker or employee of its broker has violated any provision of this chapter, or rule of the commissioner relating to alcoholic beverages.

Sec. 59. Minnesota Statutes 1990, section 340A.408, subdivision 4, is amended to read:

Subd. 4. [LAKE SUPERIOR TOUR BOATS; COMMON CARRIERS.] (a) The annual license fee for licensing of Lake Superior tour boats under section 340A.404, subdivision 8, shall be \$1,000.

(b) The annual license fee for common carriers licensed under section 340A.407 is:

(1) ~~\$25~~ \$50 for nonintoxicating malt liquor, and ~~\$2~~ \$20 for a duplicate license; and

(2) ~~\$100~~ \$200 for intoxicating liquor, and ~~\$10~~ \$20 for a duplicate license.

Sec. 60. Minnesota Statutes 1991 Supplement, section 340A.504, subdivision 3, is amended to read:

Subd. 3. [INTOXICATING LIQUOR; SUNDAY SALES; ON-SALE.] (a) A restaurant, club, bowling center, or hotel with a seating capacity for at least 30 persons and which holds an on-sale intoxicating liquor license may sell intoxicating liquor for consumption on the premises in conjunction with the sale of food between the hours of 12:00 noon on Sundays and 1:00 a.m. on Mondays.

(b) The governing body of a municipality may after one public hearing by ordinance permit a restaurant, hotel, bowling center, or club to sell intoxicating liquor for consumption on the premises in conjunction with the sale of food between the hours of 10:00 a.m. on Sundays and 1:00 a.m. on Mondays, provided that the licensee is in conformance with the Minnesota clean air act.

(c) An establishment serving intoxicating liquor on Sundays must obtain a Sunday license. The license must be issued by the governing body of the municipality for a period of one year, and the fee for the license may not exceed \$200.

(d) A city may issue a Sunday intoxicating liquor license only if authorized to do so by the voters of the city voting on the question at a general or special election. A county may issue a Sunday intoxicating liquor license in a town only if authorized to do so by the voters of the town as provided in paragraph (e). A county may issue a Sunday intoxicating liquor license in unorganized territory only if authorized to do so by the voters of the election precinct that contains the licensed premises, voting on the question at a general or special election.

(e) An election conducted in a town on the question of the issuance by the county of Sunday sales licenses to establishments located in the town must be held on the day of the annual election of town officers.

(f) Voter approval is not required for licenses issued by the metropolitan airports commission or common carrier licenses issued by the commissioner. Common carriers serving intoxicating liquor on Sunday must obtain a Sunday license from the commissioner at an annual fee of \$50, plus ~~\$5~~ \$20 for each duplicate.

Sec. 61. Minnesota Statutes 1990, section 345.32, is amended to read:

345.32 [PROPERTY HELD BY BANKING OR FINANCIAL ORGANIZATIONS OR BY BUSINESS ASSOCIATIONS.]

The following property held or owing by a banking or financial organization or by a business association is presumed abandoned:

(a) Any demand, savings or matured time deposit made in this

state with a banking organization, together with any interest or dividend thereon, excluding contracted service charges which may be deducted for a period not to exceed one year, unless the owner has, within ~~five~~ three years:

(1) increased or decreased the amount of the deposit, or presented the passbook or other similar evidence of the deposit for the crediting of interest; or

(2) corresponded in writing with the banking organization concerning the deposit; or

(3) otherwise indicated an interest in the deposit as evidenced by a memorandum on file with the banking organization; or

(4) received tax reports or regular statements of the deposit by mail from the banking or financial organization regarding the deposit. Receipt of the statement by the owner should be presumed if the statement is mailed first class by the banking or financial organization and not returned; or

(5) acted as provided in paragraphs (1), (2), (3) and (4) of this subsection in regard to another demand, savings or time deposit made with the banking or financial organization.

(b) Any funds or dividends deposited or paid in this state toward the purchase of shares or other interest in a business association where the stock certificates or other evidence of interest in the business have not been issued, or in a financial organization, and any interest or dividends thereon, excluding contracted service charges which may be deducted for a period not to exceed one year, unless the owner has within ~~five~~ three years:

(1) increased or decreased the amount of the funds or deposit, or presented an appropriate record for the crediting of interest or dividends; or

(2) corresponded in writing with the financial organization concerning the funds or deposit; or

(3) otherwise indicated an interest in the funds or deposit as evidenced by a memorandum on file with the financial organization; or

(4) received tax reports or regular statements of the deposit or accounting by mail from the financial organization or business association regarding the deposit. Receipt of the statement by the owner should be presumed if the statement is mailed first class by the financial organization or business association and not returned.

(c) Any sum, excluding contracted service charges which may be deducted for a period not to exceed one year, payable on checks certified in this state or on written instruments issued in this state, or issued in any other state the law in which for any reason does not apply to the abandonment of sums payable on checks certified in that state or written instruments issued in that state, on which a banking or financial organization or business association is directly liable, including, by way of illustration but not of limitation, drafts, money orders and traveler's checks, that has been outstanding for more than ~~five~~ three years from the date it was payable, or from the date of its issuance if payable on demand, or, in the case of traveler's checks, has been outstanding for more than 15 years from the date of its issuance, or, in the case of money orders, has been outstanding for more than seven years from the date of its issuance, unless the owner has within ~~five~~ three years, or within 15 years in the case of traveler's checks, or within seven years in the case of money orders, corresponded in writing with the banking or financial organization or business association concerning it, or otherwise indicated an interest as evidenced by a memorandum on file with the banking or financial organization or business association.

(d) Any funds or other personal property, tangible or intangible, removed from a safe deposit box or any other safekeeping repository in this state on which the lease or rental period has expired due to nonpayment of rental charges or other reason, that have been unclaimed by the owner for more than five years from the date on which the lease or rental period expired.

(1) If the amount due for the use or rental of a safe deposit box has remained unpaid for a period of six months, the bank, savings bank, trust company, savings and loan, or safe deposit company shall, within 60 days of the expiration of that period, send by certified mail, addressed to the renter or lessee of the safe deposit box, directed to the address standing on its books, a written notice that, if the amount due for the use or rental of the safe deposit box is not paid within 60 days after the date of the mailing of the notice, it will cause the safe deposit box to be opened and its contents placed in one of its general safe deposit boxes.

(2) Upon the expiration of 60 days from the date of mailing the notice, and in default of payment within the 60 days of the amount due for the use or rental of the safe deposit box, the bank, savings bank, trust company, savings and loan, or safe deposit company, in the presence of its president, vice-president, secretary, treasurer, assistant secretary, assistant treasurer or superintendent, or such other person as specifically designated by its board of directors, and of a notary public not in its employ, shall cause the safe deposit box to be opened and the contents thereof, to be removed and sealed by the notary public in a package, in which the notary public shall enclose a detailed description of the contents of the safe deposit box and upon which the notary public shall mark the name of the renter

or lessee and, in the presence of one of the bank officers listed above, the notary public shall place the package in one of the bank's general safe deposit boxes and set out the proceedings in a certificate under the notary public's official seal, which shall be delivered to the bank, savings bank, trust company, savings and loan, or safe deposit company.

(3) The bank, savings bank, trust company, savings and loan, or safe deposit company shall hold the contents of abandoned safe deposit boxes until they are claimed by the owner or the bank turns them over to the commissioner pursuant to this chapter.

Sec. 62. Minnesota Statutes 1990, section 345.33, is amended to read:

345.33 [UNCLAIMED FUNDS HELD BY LIFE INSURANCE CORPORATIONS.]

(a) Unclaimed funds, as defined in this section, held and owing by a life insurance corporation shall be presumed abandoned if the last known address, according to the records of the corporation, of the person entitled to the funds is within this state. If a person other than the insured or annuitant is entitled to the funds and no address of such person is known to the corporation or if it is not definite and certain from the records of the corporation what person is entitled to the funds, it is presumed that the last known address of the person entitled to the funds is the same as the last known address of the insured or annuitant according to the records of the corporation.

(b) "Unclaimed funds," as used in this section, means all moneys held and owing by any life insurance corporation unclaimed and unpaid for more than ~~five~~ three years after the moneys became due and payable as established from the records of the corporation under any life or endowment insurance policy or annuity contract which has matured. A life insurance policy not matured by actual proof of the death of the insured is deemed to be matured and the proceeds thereof are deemed to be due and payable if such policy was in force when the insured attained the limiting age under the mortality table on which the reserve is based, unless the person appearing entitled thereto has within the preceding ~~five~~ three years, (1) assigned, readjusted or paid premiums on the policy, or subjected the policy to loan, or (2) corresponded in writing with the life insurance corporation concerning the policy. Moneys or drafts otherwise payable according to the records of the corporation are deemed due and payable although the policy or contract has not been surrendered as required.

Sec. 63. Minnesota Statutes 1990, section 345.34, is amended to read:

345.34 [DEPOSITS HELD BY UTILITIES.]

Any deposit held or owing by any utility made by a subscriber after ~~January 1, 1960~~, to secure payment for, or any sum paid in advance for, utility services to be furnished in this state, excluding any charges that may lawfully be withheld, that has remained unclaimed by the person appearing on the records of the utility entitled thereto for more than one year after the termination of the services for which the deposit or advance payment was made is presumed abandoned.

Sec. 64. Minnesota Statutes 1990, section 345.35, is amended to read:

345.35 [STOCK AND OTHER INTANGIBLE INTERESTS IN BUSINESS ASSOCIATIONS.]

(a) Except as provided in paragraphs (b) and (e), stock or other intangible ownership interest in a business association, the existence of which is evidenced by records available to the association, is presumed abandoned and, with respect to the interest, the association is the holder, if a dividend distribution or other sum payable as a result of the interest has remained unclaimed by the owner for ~~seven~~ three years and the owner within ~~seven~~ three years has not:

(1) communicated in writing with the association regarding the interest or a dividend, distribution, or other sum payable as a result of the interest; or

(2) otherwise communicated with the association regarding the interest or a dividend, distribution, or other sum payable as a result of the interest, as evidenced by a memorandum or other record on file with the association prepared by an employee of the association.

(b) At the expiration of a ~~seven-year~~ three-year period following the failure of the owner to claim a dividend, distribution, or other sum payable to the owner as a result of the interest, the interest is not presumed abandoned unless there have been at least ~~seven~~ three dividends, distributions, or other sums paid during the period, none of which has been claimed by the owner. If ~~seven~~ three dividends, distributions, or other sums are paid during the ~~seven-year~~ three-year period, the period leading to a presumption of abandonment commences on the date payment of the first such unclaimed dividend, distribution, or other sum became due and payable. If ~~seven~~ three dividends, distributions, or other sums are not paid during the presumptive period, the period continues to run until there have been ~~seven~~ three dividends, distributions, or other sums that have not been claimed by the owner.

(c) The running of the ~~seven-year~~ three-year period of abandonment ceases immediately upon the occurrence of a communication referred to in paragraph (a). If any future dividend, distribution, or other sum payable to the owner as a result of the interest is

subsequently not claimed by the owner, a new period of abandonment commences and relates back to the time a subsequent dividend, distribution, or other sum became due and payable.

(d) At the time an interest is presumed abandoned under this section, any dividend, distribution, or other sum then held for or owing to the owner as a result of the interest, and not previously presumed abandoned, is presumed abandoned.

(e) This section does not apply to any stock or other intangible ownership interest enrolled in a plan that provides for the automatic reinvestment of dividends, distributions, or other sums payable as a result of the interest unless the records available to the administrator of the plan show, with respect to any intangible ownership interest not enrolled in the reinvestment plan, that the owner has not within ~~seven~~ three years communicated in any manner described in paragraph (a).

(f) For purposes of this section, stock or other intangible ownership interest in a business association is presumed abandoned if:

(1) it is held or owing by a business association organized under the laws of or created in this state; or

(2) it is held or owing by a business association doing business in this state, but not organized under the laws of or created in this state, and the records of the business association indicate that the last known address of the person entitled thereto is in this state.

Sec. 65. Minnesota Statutes 1990, section 345.36, is amended to read:

345.36 [PROPERTY OF BUSINESS ASSOCIATIONS AND BANKING OR FINANCIAL ORGANIZATIONS HELD IN COURSE OF DISSOLUTION.]

All intangible personal property distributable in the course of a voluntary dissolution of a business association, banking organization or financial organization organized under the laws of or created in this state, that is unclaimed by the owner within ~~two years~~ six months after the date for final distribution, is presumed abandoned.

Sec. 66. Minnesota Statutes 1990, section 345.37, is amended to read:

345.37 [PROPERTY HELD BY FIDUCIARIES.]

All intangible personal property and any income or increment thereon, held in a fiduciary capacity for the benefit of another person is presumed abandoned unless the owner has, within ~~five~~ three years

after it becomes payable or distributable, increased or decreased the principal, accepted payment of principal or income, corresponded in writing concerning the property, or otherwise indicated an interest as evidenced by a memorandum on file with the fiduciary if:

(a) the property is held by a banking organization or a financial organization or by a business association organized under the laws of or created in this state; or

(b) it is held by a business association, doing business in this state, but not organized under the laws of or created in this state, and the records of the business association indicate that the last known address of the person entitled thereto is in this state; or

(c) it is held in this state by any other person.

Sec. 67. Minnesota Statutes 1990, section 345.38, is amended to read:

345.38 [PROPERTY HELD BY STATE COURTS AND PUBLIC OFFICERS AND AGENCIES.]

Subdivision 1. All intangible personal property held for the owner by any court, public corporation, public authority or public officer of this state, or a political subdivision thereof, that has remained unclaimed by the owner for more than ~~five~~ three years is presumed abandoned except as provided in section 524.3-914.

Subd. 2. This section shall not apply to property held for persons while residing in public correctional or other institutions. As to such persons, said property shall be presumed abandoned if it has remained unclaimed by the owner for more than ~~five~~ three years after such residence ceases.

Subd. 3. All intangible personal property held for the owner by any government or political subdivision or agency, that has remained unclaimed by the owner for more than ~~five~~ three years is presumed abandoned and is reportable pursuant to section 345.41, if:

(a) the last known address as shown on the records of the holder of the apparent owner is in this state; or

(b) no address of the apparent owner appears on the records of the holder; and

(1) the last known address of the apparent owner is in this state; or

(2) the holder is domiciled in this state and has not previously transferred the property to the state of the last known address of the apparent owner.

Sec. 68. Minnesota Statutes 1990, section 345.39, is amended to read:

345.39 [MISCELLANEOUS PERSONAL PROPERTY HELD FOR ANOTHER PERSON.]

Subdivision 1. [PRESUMED ABANDONMENT.] All intangible personal property, not otherwise covered by sections 345.31 to 345.60, including any income or increment thereon, but excluding any charges that may lawfully be withheld, that is held or owing in this state in the ordinary course of the holder's business and has remained unclaimed by the owner for more than ~~five~~ three years after it became payable or distributable is presumed abandoned. Property covered by this section includes, but is not limited to: (a) unclaimed ~~wages or~~ worker's compensation; (b) deposits or payments for repair or purchase of goods or services; (c) credit checks or memos, or customer overpayments; (d) unidentified remittances, unrefunded overcharges; (e) unpaid claims, unpaid accounts payable or unpaid commissions; (f) unpaid mineral proceeds, royalties or vendor checks; and (g) credit balances, accounts receivable and miscellaneous outstanding checks. This section does not include money orders.

Subd. 2. [COOPERATIVE PROPERTY.] Notwithstanding subdivision 1, any profit, distribution, or other sum held or owing by a cooperative for or to a participating patron of the cooperative is presumed abandoned only if it has remained unclaimed by the owner for more than seven years after it became payable or distributable.

Subd. 3. [UNPAID COMPENSATION.] Notwithstanding subdivision 1, unpaid compensation for personal services or wages, including wages represented by unpresented payroll checks, owing in the ordinary course of the holder's business that remain unclaimed by the owner for more than one year after becoming payable are presumed abandoned.

Sec. 69. Minnesota Statutes 1990, section 345.42, subdivision 3, is amended to read:

Subd. 3. On or before April 1 of each year, the commissioner shall ~~may~~ mail a notice to each person having an address listed therein who appears to be entitled to property of the value of \$25 or more presumed abandoned under sections 345.31 to 345.60. Said notice shall contain:

(a) a statement that, according to a report filed with the commissioner, property is being held to which the addressee appears entitled;

(b) the name and address of the person holding the property and any necessary information regarding changes of name and address of the holder; and

(c) a statement that, if satisfactory proof of claim is not presented by the owner to the holder by the date specified in the published notice, the property will be placed in the custody of the commissioner to whom all further claims must be directed.

Sec. 70. Minnesota Statutes 1991 Supplement, section 349A.10, subdivision 3, is amended to read:

Subd. 3. [LOTTERY OPERATIONS.] (a) The director shall establish a lottery operations account in the lottery fund. The director shall pay all costs of operating the lottery, including payroll costs or amounts transferred to the state treasury for payroll costs, but not including lottery prizes, from the lottery operating account. The director shall credit to the lottery operations account amounts sufficient to pay the operating costs of the lottery.

(b) The director may not credit in ~~any~~ fiscal year 1993 amounts to the lottery operations account which when totaled exceed ~~15~~ 14.5 percent of gross revenue to the lottery fund. The director may not credit in any fiscal year thereafter amounts to the lottery operations account which when totaled exceed 15 percent of gross revenue to the lottery fund in that fiscal year. In computing total amounts credited to the lottery operations account under this paragraph the director shall disregard amounts transferred to or retained by lottery retailers as sales commissions or other compensation.

(c) The director of the lottery may not expend after July 1, 1991, more than 2-3/4 percent of gross revenues in a fiscal year for contracts for the preparation, publication, and placement of advertising.

(d) Except as the director determines, the division is not subject to chapter 16A relating to budgeting, payroll, and the purchase of goods and services.

Sec. 71. Minnesota Statutes 1991 Supplement, section 357.021, subdivision 2, is amended to read:

Subd. 2. [FEE AMOUNTS.] The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, the plaintiff,

petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of \$85.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of \$85.

The party requesting a trial by jury shall pay \$30.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under chapter 103E, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding, \$5, plus 25 cents per page after the first page, and \$3.50, plus 25 cents per page after the first page for an uncertified copy.

(3) Issuing a subpoena, \$3 for each name.

(4) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$10.

(5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$7.50.

(6) Filing and entering a satisfaction of judgment, partial satisfaction, or assignment of judgment, \$5.

(7) Certificate as to existence or nonexistence of judgments docketed, \$5 for each name certified to.

(8) Filing and indexing trade name; ~~or recording notary commission;~~ or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians, or optometrists, \$5.

(9) For the filing of each partial, final, or annual account in all trusteeships, \$10.

(10) For the deposit of a will, \$5.

(11) For recording notary commission, \$25, of which, notwithstanding subdivision 1a, paragraph (b), \$20 must be forwarded to the state treasurer to be deposited in the state treasury and credited to the general fund.

(12) All other services required by law for which no fee is provided, such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

Sec. 72. Minnesota Statutes 1990, section 359.01, subdivision 3, is amended to read:

Subd. 3. [FEES.] The fee for each commission shall not exceed \$10 \$40.

Sec. 73. Minnesota Statutes 1990, section 514.67, is amended to read:

514.67 [INSPECTIONS, EXAMINATIONS, OR OTHER GOVERNMENTAL SERVICES.]

All charges and expenses for any inspection, examination, or other governmental service of any nature now or hereafter authorized or required by law, including services performed by a deputy registrar of motor vehicles in handling an application for registration of a motor vehicle under section 168.33, shall constitute and be a first and prior lien from the date of such inspection, examination, or service upon all property in this state subject to taxation as the property of the person from whom such charges and expenses are by law authorized or required to be collected. No record of such lien shall be deemed necessary, but the same shall be duly presented or proven in any bankruptcy, insolvency, receivership, or other similar proceeding, or be barred thereby.

As used in this section the following words and terms have the following meanings:

(1) "Person" means and includes any natural person in any individual or representative capacity, and any firm, copartnership, corporation, or other association of any nature or kind.

(2) The term "first and prior lien" means a lien equivalent to, and of the same force and effect as a lien for taxes; but any such lien or claim shall be deemed barred unless proceedings to enforce same shall have been commenced within two years from the date when such claim becomes due.

For purposes of this section, the charges and expenses for services performed by a deputy registrar of motor vehicles in handling an application for registration of a motor vehicle includes the entire amount paid to the deputy registrar for the registration of a motor vehicle, including all license taxes, filing fees, and other fees, charges, and taxes required to be paid for registration of the motor vehicle.

Sec. 74. Minnesota Statutes 1991 Supplement, section 626.861, subdivision 1, is amended to read:

Subdivision 1. [LEVY OF ASSESSMENT.] There is levied a penalty assessment of 12 15 percent on each fine imposed and collected by the courts of this state for traffic offenses in violation of chapters 168 to 173 or equivalent local ordinances, other than a fine or forfeiture for a violation of a local ordinance or other law relating to the parking of a vehicle. In cases where the defendant is convicted but a fine is not imposed, or execution of the fine is stayed, the court shall impose a penalty assessment of not less than \$5 nor more than \$10 when the conviction is for a misdemeanor or petty misdemeanor, and shall impose a penalty assessment of not less than \$10 but not more than \$50 when the conviction is for a gross misdemeanor or felony. Where multiple offenses are involved, the penalty assessment shall be assessed separately on each offense for which the defendant is sentenced. If imposition or execution of sentence is stayed for all of the multiple offenses, the penalty assessment shall be based upon the most serious offense of which the defendant was convicted. Where the court suspends a portion of a fine, the suspended portion shall not be counted in determining the amount of the penalty assessment unless the offender is ordered to pay the suspended portion of the fine. Suspension of an entire fine shall be treated as a stay of execution for purposes of computing the amount of the penalty assessment.

Sec. 75. Minnesota Statutes 1990, section 626.861, subdivision 3, is amended to read:

Subd. 3. [COLLECTION BY COURT.] After a determination by the court of the amount of the fine or penalty assessment due, the court administrator shall collect the appropriate penalty assessment and transmit it to the county treasurer separately with designation of its origin as a penalty assessment, but with the same frequency as fines are transmitted. Amounts collected under this subdivision shall then be transmitted to the state treasurer for deposit in the general fund for peace officers training, in the same manner as fines collected for the state by a county. The state treasurer shall identify and report to the commissioner of finance all amounts deposited in the general fund under this section.

Sec. 76. Minnesota Statutes 1991 Supplement, section 626.861, subdivision 4, is amended to read:

Subd. 4. [PEACE OFFICERS TRAINING ACCOUNT.] Receipts from penalty assessments must be credited to the general fund a peace officer training account in the special revenue fund. For fiscal years 1993 and 1994, the peace officers standards and training board shall, and after fiscal year 1994 may, allocate from funds appropriated funds, net of operating expenses, as follows:

(a) Up to 30 (1) at least 25 percent may be provided for reimbursement to board approved skills courses; and

(b) Up to 15 (2) at least 13.5 percent may be used for the school of law enforcement.

(c) The balance may be used to pay each local unit of government an amount in proportion to the number of licensed peace officers and constables employed, at a rate to be determined by the board. The disbursed amount must be used exclusively for reimbursement of the cost of in-service training required under this chapter and chapter 214.

Sec. 77. [STONE ARCH BRIDGE.]

Notwithstanding any other law to the contrary, the board of Hennepin county commissioners, in its capacity as the county board or as the Hennepin county regional rail authority, shall transfer legal title to the James J. Hill stone arch bridge to the commissioner of transportation for a consideration of \$1,001. The deed of conveyance shall provide for reversion of the property to the county in the event the county has need of the bridge for light rail transit.

Sec. 78. [LOTTERY ADVERTISING EXPENDITURES.]

The director of the state lottery may not reduce expenditures for advertising in fiscal year 1993 in order to comply with the requirement in section 70 that amounts credited to the lottery operations account in fiscal year 1993 not exceed 14.5 percent of gross revenue in that fiscal year.

Sec. 79. [REPEALER.]

Minnesota Statutes 1990, section 211A.04, subdivision 2, is repealed. Minnesota Statutes 1991 Supplement, section 97A.485, subdivision 1a, is repealed.

Sec. 80. [EFFECTIVE DATES.]

(a) Except as provided in paragraph (b), this article is effective the day following final enactment.

(b) Sections 19, 24 to 29, 34 to 45, 52 to 72, and 74 to 79 are effective July 1, 1992. Section 20 is effective for taxable years after December 31, 1989.

ARTICLE 4

STATE GOVERNMENT AFFAIRS

Section 1. [STATE GOVERNMENT AFFAIRS; APPROPRIATIONS.]

Unless otherwise indicated, all sums set forth in the columns designated "1992 and 1993 APPROPRIATION CHANGE" are to be added to or reduced from general fund appropriations made by Laws 1991, chapter 345, or another named law, for the fiscal years ending June 30, 1992, and June 30, 1993, respectively. Amounts to be reduced are designated by parentheses.

SUMMARY BY FUND

	1992	1993	TOTAL
APPROPRIATION CHANGE	\$(1,611,000)	\$(806,000)	\$(2,417,000)

APPROPRIATION CHANGE
1992 1993

Sec. 2. LEGISLATURE (3,564,000)

Any part of this reduction may be taken from balances carried forward.

After the effective date of this section, the information policy office is responsible for the administration of the state information systems project. By November 1, 1992, the information policy office will evaluate the usefulness of continuing this information systems directory and report its findings to the legislature and the commissioner of administration.

Sec. 3. SUPREME COURT 600,000

\$5,000 is for alternative dispute resolution in Anoka county.

\$50,000 is for a judges workload, updated weighted caseload time survey, and telecommunications study.

	1992	1993
\$	\$	
<p>\$625,000 is to be distributed to qualified legal services programs according to the percentages in Minnesota Statutes, section 480.242, subdivision 2, paragraphs (a) and (b).</p>		

The supreme court, in consultation with representatives of official and free lance court reporters, shall study and report to the legislature on the certification of shorthand court reporters by January 1, 1993. The study shall consider testing, registration, continuing education, discipline, and fees necessary to offset the cost of the certification program.

By January 1, 1993, the supreme court shall adopt rules governing vacation leave of judges and paid judicial leave for educational and other professional purposes. In developing these rules, the supreme court shall consider employee leave plans of the legislative and executive branches, including graduated accrual systems.

By January 1, 1993, the supreme court shall adopt rules governing the acceptance of fees, honoraria, or other compensation for work performed by judges on time for which they are compensated by the state or related in any way to their official positions or duties. In developing these rules, the supreme court shall consider the prohibitions in Minnesota Statutes, section 43A.38, subdivision 2.

Sec. 4. COURT OF APPEALS		(28,000)
Sec. 5. DISTRICT COURTS	180,000	(247,000)
Sec. 6. BOARD OF PUBLIC DEFENSE		60,000

Approved complement addition:

General fund - 1

	1992	1993
	\$	\$

\$140,000 is for an automated data collection system and transfer of fiscal agent functions from the counties to the state.

\$160,000 is for costs associated with defense of persons involved in the sting operation at Stillwater correctional facility.

The board of public defense may forward to the respective host counties in the multicounty judicial districts one-half of the individual districts' allotted funding for fiscal year 1993 as close to July 1, 1992, as possible. Expenses of district public defender offices in the multicounty districts shall be paid from these funds through December 31, 1992. The host counties may use interest earnings on these funds for public defense related expenses which occur prior to January 1, 1993, but which may be paid after January 1, 1993. After December 31, 1992, the board may only pay expenses which occur on or after January 1, 1993.

Notwithstanding any law to the contrary, district public defenders in multicounty districts who currently have fringe benefits provided through a county program shall continue to be eligible to receive these benefits after December 31, 1992. Persons hired in these positions after the effective date of this section are eligible to receive these benefits under the same conditions as those hired before. Participation is subject to Minnesota Statutes, section 611.26, subdivision 9. After December 31, 1992, premiums may be billed by the counties to the board of public defense in a manner prescribed by the board.

District public defenders in multicounty districts who currently participate in the public employee retirement

	1992	1993
	\$	\$

association may continue their participation after December 31, 1992. District public defenders in multicounty districts hired after the effective date of this section may participate in the public employees retirement association under the same conditions as those hired before.

The board may transfer funds among appropriations and programs.

\$50,000 the second year is for one position relating to planning and technical services.

Sec. 7. GOVERNOR AND LIEUTENANT GOVERNOR

503,000

105,000

\$503,000 in fiscal year 1992 is for plaintiffs' fee award for attorneys' fees and expenses in the case of Jane Hodgson et al. vs. State of Minnesota.

\$365,000 the second year is to cover costs of employees in the governor's office who are currently being charged to other agencies.

On August 15 of each year the commissioner of finance shall report to the chairs of the economic and state affairs division of the senate finance committee and the state government division of the house appropriations committee those personnel costs incurred by the office of the governor and the lieutenant governor that were supported by appropriations of other agencies during the previous fiscal year. The office of the governor shall inform the chairs of the divisions before initiating any interagency agreements.

Sec. 8. STATE AUDITOR

(30,000)

Sec. 9. STATE TREASURER

(63,000)

Sec. 10. ATTORNEY GENERAL

50,000

(600,000)

1992

1993

\$

\$

\$50,000 is to pay the costs of appealing the trial court decision in the case of Sheridan and Dianne Skeen vs. State of Minnesota.

Sec. 11. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING

(60,000)

No reductions may be made to the environmental quality board.

\$50,000 of appropriations previously made must be used to pay for services previously rendered by the Minneapolis public library.

The temporary unclassified position currently used to administer the generic environmental impact study on timber harvesting must be continued with the current incumbent until the study is completed. Upon completion of the study, responsibility for analyzing and implementing study recommendations is transferred to the department of natural resources under Minnesota Statutes, section 15.039, at which time the complement of the office of strategic and long-range planning must be reduced by one and the complement of the department of natural resources must be increased by one.

Sec. 12. BOARD OF INVESTMENT

(20,000)

Sec. 13. ADMINISTRATION

826,000

The balance of the appropriation made to the commissioner of administration by Laws 1991, chapter 345, article 1, section 17, subdivision 4, for the development of a framework for an integrated infrastructure management system is available until June 30, 1993, to improve the capital budget planning process.

\$85,000 of the appropriation in fiscal year 1993 is to be used to manage the costs of freight for state purchases.

	1992	1993
	\$	\$

No reductions may be made for the intergovernmental information systems advisory council.

No reductions may be made to the land management information center.

\$13,781,000 of the appropriation for costs relating to agency relocation, consolidation, and collocation in Laws 1991, chapter 345, article 1, section 17, subdivision 4, is available until expended. \$75,000 of this amount is for a grant to Itasca county to plan and do other preliminary work for construction of the Itasca Center.

Up to \$50,000 of this amount is for a grant to the city of St. Paul for the stabilization and renovation of the Warren Burger House, available upon receipt of dollar-for-dollar nonstate funds as a cash match or in-kind contribution of materials and supplies.

The commissioner of administration is directed to review existing general project fund accounts for repairs, betterments and relocation of agencies, to cancel unobligated funding no longer required for specific projects, and to transfer \$300,000 to the general fund by June 30, 1992.

\$240,000 is for matching grants to public television stations.

\$720,000 is for public television equipment needs. Equipment grant allocations shall be made after considering the recommendations of the Minnesota Public Television Association.

\$116,000 the second year is for equipment grants to public educational radio stations, which must be allocated after considering the recommendations of

	1992	1993
	\$	\$

the Association of Minnesota Public Educational Radio Stations.

\$278,000 the second year is for equipment grants to affiliate stations of Minnesota Public Radio, Incorporated, which must be allocated after considering the recommendations of Minnesota Public Radio, Incorporated.

The commissioner of administration is directed to transfer \$82,000 in fiscal year 1992 and \$186,000 in fiscal year 1993 from the special revenue parking fund to the general fund and to provide for a reserve for replacement of parking facilities from the proceeds of the fee increases.

The commissioner of administration is directed to transfer travel provider rebates of \$40,000 in fiscal year 1992 and \$45,000 in fiscal year 1993 from the motor pool to the general fund. Future rebates will be transferred annually.

The commissioner of administration is directed to transfer bookstore excess earnings of \$250,000 in fiscal year 1992 and \$50,000 in fiscal year 1993 to the general fund. Future excess earnings exceeding amounts necessary for cash flow purposes will be transferred annually.

The commissioner of administration shall study the possible purchase and staffing of a bookmobile; rental of space in St. Paul, Minneapolis, or other high traffic locations; advertising, participation in book fairs, and displays at events. Consideration may be given to use of future excess revenues as debt service for a new retail location.

The matching requirements in Laws 1991, chapter 345, article 1, section 17,

	1992	1993
	\$	\$
subdivision 9, need not be met in either year of the biennium.		

\$200,000 is to be divided equally between the Northeast STARS region and the Southeast STARS region to install and administer a regional telecommunications network pilot project to validate the STARS telecommunications regions development study findings in the regions and continue work on the master plan for regional telecommunications. The funds must be matched in-kind or monetarily dollar-for-dollar by the region.

The master plan must include a technology assessment that compares the function, performance, benefits, and costs of available telecommunications technologies, including full and fractional DS1 narrowband communications, DS3 wideband communications, and AM and FM video on fiber optics. The master plan should review regional requirements for telecommunications and make recommendations on the standardization of telecommunications architecture in relation to the technology assessment. The master plan must establish a policy for participation in a communications system.

Selection of participants shall be based on geographical proximity and natural connections within the general regional areas surrounding Duluth and Rochester. Participants shall be selected from the following categories: education, state and local governments, and other public service entities including but not limited to libraries, courts and criminal justice agencies, health and human services, community and economic development entities, and cultural and nonprofit organizations or institutions. Participants shall demonstrate collaboration with one or more other entities in mak-

	1992	1993
	\$	\$

ing their connections to the regional system. Participants in the pilot project and master plan must be represented on the regional advisory organization and together determine the design of the pilot and future master plan of regional telecommunications network systems.

If successful, this matching fund program for pilot projects and master planning must be considered for replication statewide in the next biennium.

\$4,000 the second year is for the state band.

Sec. 14. FINANCE

(176,000)	2,096,000
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Approved complement addition:

General fund – 1

\$1,800,000 in fiscal year 1993 is for the continuation of the statewide systems project. This appropriation is available until expended.

Reductions of \$176,000 in fiscal year 1992 and \$176,000 in fiscal year 1993 are from administrative expenditures.

The position of deputy commissioner is reestablished in the department of finance.

An estimated \$166,000 will be transferred to the general fund in fiscal year 1993 through a comprehensive review of statewide indirect costs. \$42,000 in fiscal year 1993 is for implementation of a comprehensive review of statewide indirect cost allocation policies and collection methodologies to increase recoveries to the general fund.

\$1,450,000 shall be reimbursed to the general fund in fiscal year 1993

	1992	1993
	\$	\$
through a six-month write-off cycle for unclaimed warrants. \$20,000 in fiscal year 1993 is for temporary staff to handle one-time additional workload to process claims for warrants.		

\$10,000 is for a refund to the city of Redwood Falls of the application fee and deposit for allocation No. 378 received by the department of finance during calendar year 1991 from the city under Minnesota Statutes, section 474A.091.

Up to \$300,000 is to support enhanced collection activities in the departments of finance, human services, and revenue. Any unspent balance for these collection activities may be transferred to the accounts receivable restructuring study. This appropriation is available upon enactment.

\$100,000 is for the attorney general and the commissioners of finance, revenue, and human services, under the supervision of the legislative commission on planning and fiscal policy, to conduct a study to identify long-term options on restructuring the state of Minnesota accounts receivable process and recommend changes in policies governing management of receivables. The study should address organizational changes that may improve collections, accounting mechanisms that would better monitor agency performance, and incentive structures to improve the level of performance. The results of the study must be reported to the legislative commission on planning and fiscal policy.

Sec. 15. EMPLOYEE RELATIONS

(269,000)

Approved complement addition:

Special revenue – 3

	1992	1993
\$		\$

In order to control bureaucratic bloat, i.e., top-heavy bureaucracies, the department shall present an analysis of a span of control ratio (number of employees per manager) throughout state government. The commissioner shall prepare a report indicating the ratio of managers and supervisors to other employees in state government by agency program. The department shall report to the appropriate committees of the legislature by January 1, 1993. The report must recommend an appropriate ratio and a plan to control bureaucratic bloat where it exists.

\$500,000 appropriated by Laws 1987, chapter 404, section 19, subdivision 5; \$116,000 appropriated by Laws 1988, chapter 686, article 1, section 9, item (a); and \$40,000 appropriated by Laws 1989, chapter 335, article 1, section 18, subdivision 3, to establish the state-wide fringe benefit plan must be transferred from the employee insurance trust fund to the general fund by January 1, 1993.

Notwithstanding any law to the contrary, during fiscal year 1993 \$944,000 in excess police state aid collected by the public employees retirement association must be transferred to the general fund.

Sec. 16. REVENUE

(580,000)	(580,000)
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The revolving fund which is used to pay the initial costs of local property tax assessment ordered by the department of revenue is abolished and the balance of \$250,000 in fiscal year 1993 is transferred to the general fund.

The department of revenue is directed to add collection activities and to increase or redirect collections initiatives as necessary to increase revenue collections by \$1,800,000 in fiscal year 1993.

	\$	1992	\$	1993
Sec. 17. TRADE AND ECONOMIC DEVELOPMENT				
Subdivision 1. Total Appropriation Changes		(1,046,000)		2,619,000
Subd. 2. Community Development				

The appropriation reduction in fiscal year 1992 includes a reduction of \$200,000 for a grant to the World Trade Center Corporation for establishment of an annual medical exposition, trade fair, and health care congress to begin in 1993. The remainder of this appropriation does not cancel but is available to the World Trade Center Corporation until expended.

\$50,000 of the unobligated balance in the economic recovery grant account in the special revenue fund shall be transferred to the general fund by June 30, 1992.

\$1,422,000 is for grants to the cities of Minneapolis and St. Paul for debt service payments due on bonds issued for metropolitan area parks.

\$2,356,000 the second year is for payment of a grant to the metropolitan council for metropolitan area regional parks maintenance and operation.

From money previously appropriated for economic recovery grants, the commissioner shall make up to \$500,000 available for grants of up to \$50,000 to assist in the purchase of advanced technology used in production operations located in facilities outside the seven-county metropolitan area. The amount of each grant shall not exceed 50 percent of the purchase price of eligible equipment. Requests for the grants must be accompanied by a synopsis of a plan for any necessary employee retraining. The commissioner shall de-

	1992	1993
\$		\$

velop criteria for awarding grants and is encouraged to coordinate the awards with other programs such as the job skills partnership program under Minnesota Statutes, chapter 116L. A company may receive no more than one grant per year. Any funds not obligated by May 31, 1993, may be used for economic recovery grants.

\$200,000 of the unobligated balance in the agricultural and economic development account in the special revenue fund shall be transferred to the general fund by June 30, 1992.

The department of trade and economic development shall provide \$50,000 from the economic recovery grant program to the city of Brooklyn Center to serve as the project coordinator of the first stage of a four-city business retention and local market expansion pilot project. The city shall share all results and written reports with the department of trade and economic development.

\$250,000 the first year and \$250,000 the second year are for transfer to the commissioner of jobs and training for a wage subsidy program to alleviate summer youth unemployment under Minnesota Statutes, section 268.552. No more than five percent of this appropriation may be used for administration.

Subd. 3. Minnesota Trade Office

The appropriation for grants to non-profit organizations to support international cultural and educational exchange programs and to make grants to and loans to qualifying Minnesota businesses for the support of the international partnership program is reduced by \$20,000.

	1992	1993
	\$	\$
Any balance in excess of \$1,000,000 in the export finance working capital account on June 30 of each year must be transferred by the commissioner to the general fund. It is estimated that \$225,000 will transfer in fiscal year 1992, and \$70,000 will transfer in fiscal year 1993.		

Subd. 4. Tourism

The office of tourism shall meet with representatives from department of natural resources-operated parks, hotel and motel associations, Indian gaming associations, and other organizations to plan a unified state-based telephone/electronic mail reservation system. The office shall report to the appropriate legislative committees by January 15, 1993.

The department shall define beneficiaries of state appropriations for the promotion of significant tourism-related events and attempt to recover those appropriations. Money recovered, and money returned under contracts to host major events, must be credited to a special account to be used, when directly appropriated, to attract and host significant tourism-related events.

The department shall assist in the re-establishment and promotion of the Northern League, a baseball minor league, which will begin operations in the Upper Midwest in 1993.

\$150,000 the second year is for a grant to Nicollet county to establish a tourist information and interpretive center on the site of the treaty of Traverse des Sioux. The grant is available only as matched by \$2 of nonstate money for each \$1 of this appropriation.

Subd. 5. Business Development and Analysis

1992

1993

\$

\$

\$50,000 is reduced from the fiscal year 1992 appropriation for Minnesota jobs skills partnership grants.

\$125,000 is reduced from the fiscal year 1992 appropriation for a grant to Advantage Minnesota, Inc.

The department shall proceed with the small business incubator pilot project authorized in Laws 1991, chapter 345, article 1, section 23, subdivision 5, and need not adopt rules for the project.

The unobligated appropriation balance in Laws 1983, chapter 334, section 6, for jobs skills partnership grants shall cancel to the general fund. The estimated cancellation is \$43,000.

The unobligated appropriation balance in Laws 1987, chapter 386, article 10, section 9, with carry forward authority in Laws 1989, chapter 335, article 1, section 25, subdivision 3, for jobs skills partnership grants shall cancel to the general fund. The estimated cancellation is \$20,000.

No reductions may be made to the Minnesota motion picture board.

The Minnesota motion picture board shall investigate and promote the use of rural Minnesota as a setting for video, film, and television production and location.

The Minnesota motion picture board shall study and make recommendations for the establishment of an annual Asian film festival. The board shall report and make recommendations to the appropriate committees of the legislature by January 15, 1993.

	1992	1993
	\$	\$
The reduction of \$542,000 in fiscal year 1992 and \$542,000 in fiscal year 1993 is associated with the closing of armories and the expenses attributed to maintenance and operation of armories.		
Except for reduction of the tuition reimbursement for enlistment or reenlistment, reductions totaling \$300,000 in either fiscal year 1992 or 1993 shall be allocated at the discretion of the department.		
Sec. 19. VETERANS AFFAIRS		(29,000)
Sec. 20. POLICE AND FIRE AMORTIZATION AID		(2,020,000)

This reduction is due to excess investment earnings by the Minneapolis police and fire relief associations and reduces the aid apportionment otherwise payable to the city of Minneapolis on July 15, September 15, and November 15, 1992.

Sec. 21. CONTINGENT ACCOUNTS	1,240,000
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This appropriation is available with the approval of the governor after receiving the recommendation of the legislative advisory commission under Minnesota Statutes, section 3.30.

\$800,000 is for expenses of the commission on reform and efficiency.

Sec. 22. CANCELLATIONS

Subdivision 1. Freight expense

The commissioner of administration through executive authority is directed to improve management of freight costs by developing an aggressive freight management program. The commissioner of administration shall identify projected savings from this program

1992

1993

\$

\$

and provide a listing to the commissioner of finance. The commissioner of finance shall direct the agencies to reduce allotments as these savings occur and cancel them to the general fund at the end of the fiscal year. Projected saving for this program is \$1,901,000 in fiscal year 1993.

Subd. 2. Intertech

The commissioner of finance shall direct agencies to reduce allotments to reflect a credit in Intertech billings of \$2,000,000 which will result in savings to the general fund by June 30, 1993. This credit is based upon extra earnings made in the prior fiscal year that caused certain services to exceed their net revenue projections.

Subd. 3. Plant management retained earnings

The commissioner of administration is directed to refund in fiscal year 1993 \$1,400,000 of excess earnings in the plant management internal service fund of which \$1,000,000 will be savings to the general fund. The commissioner of administration shall furnish a list of the general fund refunds prior to preparation of agencies' 1993 annual budget plans and the commissioner of finance shall direct the agencies to reduce their fiscal year 1993 allotments.

Subd. 4. Improve workers' compensation case management

The commissioner of employee relations is directed to conduct comprehensive medical utilization reviews of state employee workers' compensation medical claims. Any other law to the contrary notwithstanding, reductions to original medical billings resulting from utilization reviews shall be ac-

	1992	1993
	\$	\$

counted for by the commissioner and deposited in a separate account within the special revenue fund according to procedures specified by the commissioner of finance. Deposits to this account shall be transferred to the appropriate funds in proportion to the claims savings attributable. The commissioner shall provide staff to administer a return-to-work unit within the health, safety, and workers' compensation program to enhance procedures and agency personnel practices in order to facilitate the return of claimants to suitable state employment. It is estimated that the general fund savings attributable to this program will yield a net savings to the general fund of \$222,000 in fiscal year 1992 and \$1,350,000 in fiscal year 1993. Three new positions are to staff and implement a return-to-work unit which will manage internal file review and reduce costs.

Subd. 5. Prior injuries and illnesses

The commissioner of employee relations is directed to develop and coordinate implementation procedures to enhance agency registrations of state employees' prior injuries and illnesses. The commissioner shall also develop and implement procedures for medical claim file reviews, intensive monitoring of potential second injury claims, and expedition of second injury and supplemental reimbursement applications from the special compensation fund administered by the commissioner of labor and industry. Implementation of the procedures required under this section are expected to yield savings to the general fund of \$708,000 in fiscal year 1992 and \$465,000 in fiscal year 1993. Any other law to the contrary notwithstanding, reimbursements in excess of the total obtained in fiscal year 1991 shall be deposited in a spe-

	1992	1993
	\$	\$

cial account within the special revenue fund and transferred to the appropriate funds from which associated claims originate according to procedures and by dates specified by the commissioner of finance.

Subd. 6. Pretax FICA and Medicare savings

The commissioner of employee relations, in conjunction with the commissioner of finance, shall develop and implement procedures to account for the savings accruing to agency budgets due to reductions to federal old age, survivors, disability, and health insurance program and supplemental Medicare obligations that occur as a result of reductions to taxable gross income for employees participating in health, dental, and life plans administered by the commissioner of employee relations. The savings that accrue to agencies' budgets shall be accounted for, unallotted, and canceled to the appropriate funds according to the procedures and dates specified by the commissioner of finance. It is expected that savings to the general fund resulting from the actions required under this section will be \$576,000 in fiscal year 1993.

Subd. 7. Insurance Premiums

This reduction is to agency budgets to account for premium holidays to be declared by the commissioner of employee relations. For periods deemed appropriate by the commissioner of employee relations to adjust balances in the accounts of the insurance trust fund, the commissioner shall declare premium holidays in the basic life and dental insurance plans in the health and benefits program within the current biennium. The commissioner of finance shall reduce agency allotments

	1992	1993
	\$	\$

and cancel to the respective funds savings accruing to agency budgets as a result of premium holidays or reductions made effective by the commissioner of employee relations. It is estimated that these cancellations will save the general fund \$623,000 the first year and \$4,900,000 the second year.

Subd. 8. MSRS

The commissioner of finance shall reduce agencies' fiscal year 1993 annual spending plans by the amount of the savings attributable to reductions to the employer retirement contribution rate to the state employees retirement fund. It is estimated that the savings to the general fund will be \$1,731,000 in fiscal year 1993.

Subd. 9. Governor's office employees

\$365,000, representing the cost of employees in the governor's office who are currently being charged to other agencies, must be taken from allotments to those agencies and canceled to the general fund.

Sec. 23. BUILDING PROJECT

Effective July 1, 1992, no state agency or department shall propose and the legislature shall not consider building or relocation projects without reviewing implications of utilizing information technology on space utilization.

Sec. 24. [MANAGING REDUCTIONS.]

The general fund appropriation reductions to an agency in this article may be taken by the agency in either year of the biennium, except that an agency in the executive branch, other than a constitutional officer, must obtain the advance approval of the commissioner of finance before moving a reduction to a different fiscal year. Moving a reduction out of fiscal year 1993 does not

increase the agency's appropriation base for the 1994-1995 biennium.

Sec. 25. Minnesota Statutes 1990, section 3.305, is amended to read:

3.305 [LEGISLATIVE COORDINATING COMMISSION; BUDGET REVIEW AUTHORITY.]

Subdivision 1. [REVIEW.] The administrative budget request of any statutory commission the majority of whose members are members of the legislature shall be submitted to the legislative coordinating commission for review and comment before its submission to the finance committee of the senate and the appropriations committee of the house of representatives. No such commission shall employ additional personnel without first having received the recommendation of the legislative coordinating commission. The commission shall establish the compensation of all employees of any statutory commission, except classified employees of the legislative audit commission, the majority of whose members are members of the legislature.

Subd. 2. [TRANSFERS.] The legislative coordinating commission may transfer unobligated balances among general fund appropriations to the legislature.

Sec. 26. Minnesota Statutes 1990, section 3.736, subdivision 8, is amended to read:

Subd. 8. [LIABILITY INSURANCE.] A state agency, including an entity defined as a part of the state in section 3.732, subdivision 1, clause (1), may procure insurance against liability of the agency and its employees for damages resulting from the torts of the agency and its employees. Procurement of the insurance is a waiver of the defense limits of governmental immunity liability under subdivisions 4 and 4a only to the extent of the liability stated in the policy but that valid and collectible insurance, including where applicable, proceeds from the Minnesota Guarantee Fund, exceeds those limits and covers the claim. Purchase of insurance has no other effect on the liability of the agency and its employees beyond the coverage provided by the policy. Procurement of commercial insurance, participation in the risk management fund under section 16B.85, or provisions of an individual self-insurance plan with or without a reserve fund or reinsurance does not constitute a waiver of any governmental immunities or exclusions.

Sec. 27. [4A.04] [COOPERATIVE CONTRACTS.]

(a) The director may apply for, receive, and expend money from municipal, county, regional, and other planning agencies; apply for,

accept, and disburse grants and other aids for planning purposes from the federal government and from other public or private sources; and may enter into contracts with agencies of the federal government, local governmental units, the University of Minnesota, and other educational institutions, and private persons as necessary to perform the director's duties. Contracts made pursuant to this section are not subject to the provisions of chapter 16B, as they relate to competitive bidding.

(b) The director may apply for, receive, and expend money made available from federal sources or other sources for the purposes of carrying out the duties and responsibilities of the director relating to local and urban affairs.

(c) All money received by the director pursuant to this section shall be deposited in the state treasury and is appropriated to the director for the purposes for which the money has been received. The money shall not cancel and is available until expended.

Sec. 28. Minnesota Statutes 1991 Supplement, section 16A.45, subdivision 1, is amended to read:

Subdivision 1. [CANCEL; CREDIT.] Once each fiscal year the commissioner and the treasurer shall cancel upon their books all outstanding unpaid commissioner's warrants, except warrants issued for federal assistance programs, that have been issued and delivered for more than five years six months prior to that date and credit to the general fund the respective amounts of the canceled warrants. These warrants are presumed abandoned under section 345.38 and are subject to the provisions of sections 345.31 to 345.60. The commissioner and the treasurer shall cancel upon their books all outstanding unpaid commissioner's warrants issued for federal assistance programs that have been issued and delivered for more than the period of time set pursuant to the federal program and credit to the general fund and the appropriate account in the federal fund, the amount of the canceled warrants.

Sec. 29. Minnesota Statutes 1990, section 16A.45, is amended by adding a subdivision to read:

Subd. 4. [LOCATING UNPAID WARRANTS.] A person may not seek or receive from another person, or contract with a person for, a fee or compensation for locating outstanding unpaid commissioner's warrants before the warrants have been reported to the commissioner of commerce under section 345.41.

Sec. 30. Minnesota Statutes 1990, section 16A.48, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE.] A verified claim may be submitted

to the concerned agency head for refund of money in the treasury to which the state is not entitled. The claimant must submit with the claim a complete statement of facts and reasons for the refund. The agency head shall consider and approve or disapprove the claim, attach a statement of reasons, and forward the claim to the commissioner for settlement. ~~No claim may be approved unless the agency head first obtains from the attorney general written certification that the refund will not jeopardize any rights of setoff or recoupment held by the state and any subdivision thereof, including local governments. Upon the exercise of any setoff or recoupment, the attorney general shall certify the amount of the remainder, if any, that may be appropriated and paid.~~

Sec. 31. Minnesota Statutes 1991 Supplement, section 16A.723, subdivision 2, is amended to read:

Subd. 2. [APPROPRIATION.] The reimbursements collected under subdivision 1 are appropriated for payment of residence expenses relating to, including dry cleaning, carpet cleaning, and the repair and replacement of household equipment and supplies used for events conducted at the governor's residence.

Sec. 32. Minnesota Statutes 1990, section 16B.85, subdivision 5, is amended to read:

Subd. 5. [RISK MANAGEMENT FUND NOT CONSIDERED INSURANCE.] A state agency, including an entity defined as a part of the state in section 3.732, subdivision 1, clause (1), may procure insurance against liability of the agency and its employees for damages resulting from the torts of the agency and its employees. The procurement of this insurance constitutes a waiver of the limits ~~of~~ of governmental liability under section 3.736, subdivisions 4 and 4a, only to the extent of the liability stated in the policy but that valid and collectible insurance, including where applicable, proceeds from the Minnesota Guarantee Fund, exceeds those limits and covers the claim. Purchase of insurance has no other effect on the liability of the agency and its employees ~~beyond the coverage as provided.~~ Procurement of commercial insurance, participation in the risk management fund under this section, or provisions of an individual self-insurance plan with or without a reserve fund or reinsurance does not constitute a waiver of any ~~of the~~ governmental immunities or exclusions ~~under section 3.736.~~

Sec. 33. Minnesota Statutes 1990, section 116J.9673, subdivision 4, is amended to read:

Subd. 4. [WORKING CAPITAL ACCOUNT.] An export finance authority working capital account is created as a special account in the state treasury. All premiums and interest collected under subdivision 3, clause (6), must be deposited into this account. Fees collected must be credited to the general fund. The balance in the

account may exceed \$1,000,000 through accumulated earnings. Any balance in excess of \$1,000,000 on June 30 of every year must be transferred to the general fund. Money in the account including interest earned and appropriations made by the legislature for the purposes of this section, is appropriated annually to the finance authority for the purposes of this section. The balance in the account may decline below \$1,000,000 as required to pay defaults on guaranteed loans.

Sec. 34. Minnesota Statutes 1990, section 270.063, is amended to read:

270.063 [COLLECTION OF DELINQUENT TAXES.]

For the purpose of collecting delinquent state tax liabilities, there is appropriated to the commissioner of revenue an amount representing the cost of collection, ~~not to exceed one-third of the amount collected by contract with collection agencies, revenue departments of other states, or attorneys to enable the commissioner to reimburse these agencies, departments, or attorneys for this service, or provide for the operating costs of collection activities of the department of revenue.~~ The commissioner shall report quarterly on the status of this program to the chair of the house tax and appropriation committees and senate tax and finance committees.

Notwithstanding section 16A.15, subdivision 3, the commissioner of revenue may authorize the prepayment of sheriff's fees, attorney fees, fees charged by revenue departments of other states, or court costs to be incurred in connection with the collection of delinquent tax liabilities owed to the commissioner of revenue.

Sec. 35. Minnesota Statutes 1990, section 270.71, is amended to read:

270.71 [ACQUISITION AND RESALE OF SEIZED PROPERTY.]

For the purpose of enabling the commissioner of revenue to purchase or redeem seized property in which the state of Minnesota has an interest arising from a lien for unpaid taxes, ~~or to provide for the operating costs of collection activities of the department of revenue,~~ there is appropriated to the commissioner an amount representing the cost of such purchases ~~or~~ redemptions, or collection activities. Seized property acquired by the state of Minnesota to satisfy unpaid taxes shall be resold by the commissioner. The commissioner shall preserve the value of seized property while controlling it, including but not limited to the procurement of insurance. For the purpose of refunding the proceeds from the sale of levied or redeemed property which are in excess of the actual tax liability plus costs of acquiring the property, there is hereby created a levied and redeemed property refund account in the agency fund. All amounts deposited into this account are appropriated to the

commissioner of revenue. The commissioner shall report quarterly on the status of this program to the chairs of the house taxes and appropriations committees and senate taxes and tax laws and finance committees.

Sec. 36. Minnesota Statutes 1990, section 349.161, subdivision 4, is amended to read:

Subd. 4. [FEES.] The annual fee for a distributor's license is ~~\$2,500~~ \$3,500.

Sec. 37. Minnesota Statutes 1990, section 349.163, subdivision 2, is amended to read:

Subd. 2. [LICENSE; FEE.] A license under this section is valid for one year. The annual fee for the license is ~~\$2,500~~ \$5,000.

Sec. 38. Minnesota Statutes 1990, section 352.04, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund must be equal to ~~4.15~~ 3.99 percent of salary. These contributions must be made by deduction from salary as provided in subdivision 4.

Sec. 39. Minnesota Statutes 1990, section 352.04, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTIONS.] (a) The employer contribution to the fund must be equal to ~~4.29~~ 4.12 percent of salary.

(b) By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the employer and employee contribution rates in effect and whether the total amount is less than, the same as, or more than the actuarial requirement determined under section 356.215.

(c) If the legislative commission on pensions and retirement, based on the most recent valuation performed by its actuary, determines that the total amount raised by the employer and employee contributions under subdivision 2 and paragraph (b) is less than the actuarial requirements determined under section 356.215, the employer and employee rates must be increased by equal amounts as necessary to meet the actuarial requirements. The employee rate may not exceed 4.15 percent of salary and the employer rate may not exceed 4.29 percent of salary. The increases are effective on the next January 1 following the determination by the commission. The

executive director of the Minnesota state retirement system shall notify employing units of any increases under this paragraph.

Sec. 40. Minnesota Statutes 1990, section 353.27, subdivision 13, is amended to read:

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

Sec. 41. Minnesota Statutes 1990, section 356.65, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, unless the context clearly indicates otherwise, the following terms shall have the meanings given to them:

(a) "Public pension fund" means any public pension plan as defined in section 356.61 and any Minnesota volunteer firefighters relief association which is established pursuant to chapter 424A and governed pursuant to sections 69.771 to 69.776.

(b) "Unclaimed public pension fund amounts" means any amounts representing accumulated member contributions, any outstanding unpaid annuity, service pension or other retirement benefit payments, including those made on warrants issued by the commissioner of finance, which have been issued and delivered for more than six years months prior to the date of the end of the fiscal year applicable to the public pension fund, and any applicable interest to the credit of:

(1) an inactive or former member of a public pension fund who is not entitled to a defined retirement annuity and who has not applied for a refund of those amounts within five years after the last member contribution was made;

(2) a deceased inactive or former member of a public pension fund if no survivor is entitled to a survivor benefit and no survivor, designated beneficiary or legal representative of the estate has applied for a refund of those amounts within five years after the date of death of the inactive or former member.

Sec. 42. Minnesota Statutes 1991 Supplement, section 357.021, subdivision 2, is amended to read:

Subd. 2. [FEE AMOUNTS.] The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, the plaintiff,

petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of ~~\$85~~ \$110.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of ~~\$85~~ \$110.

The party requesting a trial by jury shall pay \$30.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under chapter 103E, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding, \$5, plus 25 cents per page after the first page, and \$3.50, plus 25 cents per page after the first page for an uncertified copy.

(3) Issuing a subpoena, \$3 for each name.

(4) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$10.

(5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$7.50.

(6) Filing and entering a satisfaction of judgment, partial satisfaction, or assignment of judgment, \$5.

(7) Certificate as to existence or nonexistence of judgments docketed, \$5 for each name certified to.

(8) Filing and indexing trade name; or recording notary commission; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians, or optometrists, \$5.

(9) For the filing of each partial, final, or annual account in all trusteeships, \$10.

(10) For the deposit of a will, \$5.

(11) All other services required by law for which no fee is provided, such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

The fees in clauses (3) and (4) need not be paid by a public authority or the party the public authority represents.

Sec. 43. Minnesota Statutes 1990, section 357.18, is amended by adding a subdivision to read:

Subd. 3. [SURCHARGE.] In addition to the fees imposed in subdivision 1, a \$2 surcharge shall be collected: on each fee charged under subdivision 1, clauses (1) and (6), and for each abstract certificate under subdivision 1, clause (4). Forty cents of each surcharge shall be retained by the county to cover its administrative costs and \$1.60 shall be paid to the state treasury and credited to the general fund.

Sec. 44. Minnesota Statutes 1990, section 466.06, is amended to read:

466.06 [LIABILITY INSURANCE.]

The governing body of any municipality may procure insurance against liability of the municipality and its officers, employees, and agents for damages, including punitive damages, resulting from its torts and those of its officers, employees, and agents, including torts specified in section 466.03 for which the municipality is immune from liability. The insurance may provide protection in excess of the limit of liability imposed by section 466.04. If a municipality other than a school district has the authority to levy taxes, the premium costs for such insurance may be levied in excess of any per capita or local tax rate tax limitation imposed by statute or charter. Any independent board or commission in the municipality having authority to disburse funds for a particular municipal function without approval of the governing body may similarly procure liability insurance with respect to the field of its operation. The procurement of such insurance constitutes a waiver of the limits of governmental liability under section 466.04 only to the extent of the liability stated in the policy but that valid and collectible insurance, including where applicable, proceeds from the Minnesota Guarantee Fund, exceeds those limits and covers the claim. The purchase of insurance has no other effect on the liability of the municipality beyond the coverage so provided or its employees. Procurement of commercial insurance, participation in a self-insurance pool pursuant to section 471.981, or provision for an individual self-insurance plan with or without a reserve fund or reinsurance shall not constitute a waiver of any of the governmental immunities conferred under section 466.03 or exclusions.

Sec. 45. Minnesota Statutes 1990, section 490.123, is amended by adding a subdivision to read:

Subd. 1c. [JUDGES NOT PARTICIPATING IN POSTRETIREMENT FUND.] For retired judges not participating in the postretire-

ment fund, as defined in section 11A.18, the amount necessary to pay retirement benefits is appropriated from the general fund to the executive director of the Minnesota state retirement system. The executive director shall certify to the commissioner of finance the total amount required to pay such benefits each year on or before July 15. The certification shall include the number of anticipated benefit recipients, including survivors and designated beneficiaries, the total estimated requirements for each recipient group, and the total amount for all groups. The commissioner of finance shall, after any necessary reconciling adjustments or corrections, transfer the total required amount to a separate account within the judges' retirement fund. Any unencumbered balance at the end of the first year does not cancel, but is available for the second year. Any unencumbered balance remaining on June 30 of the second year of a biennium cancels and shall be credited to the general fund.

Sec. 46. Minnesota Statutes 1991 Supplement, section 508.82, is amended to read:

508.82 [REGISTRAR'S FEES.]

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

(1) of the fees provided herein, five percent of the fees collected under clauses (3), (4), (11), (13), (14), (15), (17), (18), and (19), for filing or memorializing shall be paid to the state treasurer and credited to the general fund; plus a \$2 surcharge shall be charged and collected in addition to the total fees charged for each transaction under clauses (2) to (4), (6), (11), (13), (15), and (19), with 40 cents of this surcharge to be retained by the county to cover its administrative costs and \$1.60 to be paid to the state treasury and credited to the general fund;

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

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

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

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

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

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

- (8) for each certificate showing condition of the register, \$10;
- (9) for any certified copy of any instrument or writing on file in the registrar's office, the same fees allowed by law to county recorders for like services;
- (10) for a noncertified copy of any instrument or writing on file in the office of the registrar of titles, or any specified page or part of it, an amount as determined by the county board for each page or fraction of a page specified. If computer or microfilm printers are used to reproduce the instrument or writing, a like amount per image;
- (11) for filing two copies of any plat in the office of the registrar, \$30;
- (12) for any other service under this chapter, such fee as the court shall determine;
- (13) for issuing a duplicate certificate of title pursuant to the directive of the examiner of titles in counties in which the compensation of the examiner is paid in the same manner as the compensation of other county employees, \$50, plus \$10 to memorialize;
- (14) for issuing a duplicate certificate of title pursuant to the directive of the examiner of titles in counties in which the compensation of the examiner is not paid by the county or pursuant to an order of the court, \$10;
- (15) for filing a condominium plat or an amendment to it in accordance with chapter 515, \$30;
- (16) for a copy of a condominium plat filed pursuant to chapters 515 and 515A, the fee shall be \$1 for each page of the condominium plat with a minimum fee of \$10;
- (17) for filing a condominium declaration and plat or an amendment to it in accordance with chapter 515A, \$10 for each certificate upon which the document is registered and \$30 for the filing of the condominium plat or an amendment thereto;
- (18) for the filing of a certified copy of a plat of the survey pursuant to section 508.23 or 508.671, \$10;
- (19) for filing a registered land survey in triplicate in accordance with section 508.47, subdivision 4, \$30;
- (20) for furnishing a certified copy of a registered land survey in accordance with section 508.47, subdivision 4, \$10.

Sec. 47. Minnesota Statutes 1991 Supplement, section 508A.82, is amended to read:

508A.82 [REGISTRAR'S FEES.]

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

(1) of the fees provided herein, five percent of the fees collected under clauses (3), (4), (11), (13), (14), (15), (17), and (19), for filing or memorializing shall be paid to the state treasurer and credited to the general fund; plus a \$2 surcharge shall be charged and collected in addition to the total fees charged for each transaction under clauses (2) to (4), (6), (11), (13), (15), and (19), with 40 cents of this surcharge to be retained by the county to cover its administrative costs and \$1.60 to be paid to the state treasury and credited to the general fund;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 48. Minnesota Statutes 1990, section 609.131, is amended by adding a subdivision to read:

Subd. 1a. [PETTY MISDEMEANOR SCHEDULE.] Prior to August 1, 1992, the conference of chief judges shall establish a schedule of misdemeanors that shall be treated as petty misdemeanors. A person charged with a violation that is on the schedule is not eligible for court-appointed counsel.

Sec. 49. Minnesota Statutes 1990, section 609.5315, is amended by adding a subdivision to read:

Subd. 6. [REPORTING REQUIREMENT.] The appropriate agency shall provide a written record of each forfeiture incident to the state auditor. The record shall include the amount forfeited, date, and a brief description of the circumstances involved. Reports shall be made on a monthly basis in a manner prescribed by the state auditor. The state auditor shall report annually to the legislature on the nature and extent of forfeitures.

Sec. 50. Minnesota Statutes 1991 Supplement, section 611.27, subdivision 7, is amended to read:

Subd. 7. [PUBLIC DEFENDER SERVICES; RESPONSIBILITY.] Notwithstanding subdivision 4, the state's obligation for the costs of the public defender services is limited to the appropriations made to the board of public defense. Services and expenses beyond those appropriated for in cases where adequate representation cannot be provided by the district public defender shall be the responsibility of the counties within a judicial district. Expenses shall be distributed among the counties in proportion to their populations state board of public defense.

Sec. 51. Minnesota Statutes 1990, section 611.27, is amended by adding a subdivision to read:

Subd. 8. [PUBLIC DEFENDER SERVICES; STATE PUBLIC DEFENDER REVIEW.] In a case where the chief district public defender does not believe that the office can provide adequate representation the chief public defender of the district shall immediately notify the state public defender.

Sec. 52. Minnesota Statutes 1990, section 611.27, is amended by adding a subdivision to read:

Subd. 9. [PUBLIC DEFENDER SERVICES; REQUEST TO THE COURT.] The chief district public defender with the approval of the state public defender may request that the chief judge of the district court, or a district court judge designated by the chief judge, authorize appointment of counsel other than the district public defender in such cases.

Sec. 53. Minnesota Statutes 1990, section 611.27, is amended by adding a subdivision to read:

Subd. 10. [PUBLIC DEFENDER SERVICES; NO PERMANENT STAFF.] The chief public defender may not request the court nor may the court order the addition of permanent staff under subdivision 7.

Sec. 54. Minnesota Statutes 1990, section 611.27, is amended by adding a subdivision to read:

Subd. 11. [PUBLIC DEFENDER SERVICES; APPOINTMENT OF COUNSEL.] If the court finds that the provision of adequate legal representation, including associated services, is beyond the ability of the district public defender to provide, the court shall order counsel to be appointed, with compensation and expenses to be paid under the provisions of this subdivision and subdivision 7. Counsel in such cases shall be appointed by the chief district public defender. If the court issues an order denying the request, the court shall make written findings of fact and conclusions of law. Upon denial, the chief district public defender may immediately appeal the order denying the request to the court of appeals and may request an expedited hearing.

Sec. 55. Minnesota Statutes 1990, section 611.27, is amended by adding a subdivision to read:

Subd. 12. [PUBLIC DEFENDER SERVICES; COMPENSATION AND EXPENSES.] Counsel appointed under this subdivision shall document the time worked and expenses incurred in a manner prescribed by the chief district public defender.

Sec. 56. Minnesota Statutes 1990, section 611.27, is amended by adding a subdivision to read:

Subd. 13. [PUBLIC DEFENSE SERVICES; CORRECTIONAL FACILITY INMATES.] All billings for services rendered and ordered under subdivision 7 shall require the approval of the chief district public defender before being forwarded on a monthly basis to the state public defender. In cases where adequate representation cannot be provided by the district public defender and where counsel has been appointed under a court order, the state public defender shall forward to the commissioner of finance all billings for services rendered under the court order. The commissioner shall pay for services from county criminal justice aid retained by the commissioner of revenue for that purpose under section 477A.0121, subdivision 4.

The costs of appointed counsel and associated services in cases arising from new criminal charges brought against indigent inmates who are incarcerated in a Minnesota state correctional facility are the responsibility of the state board of public defense. In such cases the state public defender may follow the procedures outlined in this section for obtaining court-ordered counsel.

Sec. 57. Minnesota Statutes 1990, section 611.27, is amended by adding a subdivision to read:

Subd. 14. [PUBLIC DEFENDER SERVICES; REPORT.] The state public defender shall report to the legislature in the supplemental budget or the biennial budget document the number and costs of all successful petitions during the previous fiscal year.

Sec. 58. [FINDINGS.]

The legislature finds that the state of Minnesota faces immediate and serious financial problems. As a result, public employers may have insufficient resources to maintain their work forces at the current level. The legislature determines that the public interest is best served if public employers' budgets can be balanced without layoffs of public employees. This section and section 59 are enacted as a temporary measure to help solve the financial crisis facing units of state and local government, while minimizing layoffs of public employees.

Sec. 59. [EMPLOYER-PAID HEALTH INSURANCE.]

Subdivision 1. [STATE EMPLOYEES.] A state employee, as defined in Minnesota Statutes, section 43A.02, subdivision 21, or an employee of the state university system, community college system, higher education board, Minnesota state retirement system, the teachers retirement association, or the public employees retirement association, is eligible for state-paid hospital, medical, and dental benefits if the person:

(1) is eligible for state-paid insurance under Minnesota Statutes, section 43A.18, or other law;

(2) (i) has at least 25 years of service in the state civil service as defined in Minnesota Statutes, section 43A.02, subdivision 10; or (ii) has at least 25 years of service as an employee of the Minnesota state retirement system, the teachers retirement association, or the public employees retirement association; or (iii) has at least 25 years of service credit in the public pension plan that the person is a member of on the day before retirement;

(3) upon retirement is immediately eligible for a retirement annuity;

(4) is at least 55 and not yet 65 years of age; and

(5) retires on or after July 1, 1992, and before October 1, 1992.

During the biennium ending June 30, 1993, an executive branch state agency may not hire a replacement for a person who retires under this subdivision, except under conditions specified by the commissioners of finance and employee relations.

Subd. 2. [OTHER PUBLIC EMPLOYEES.] The University of Minnesota or the governing body of a city, county, school district, joint vocational technical district formed under Minnesota Statutes, sections 136C.60 to 136C.69, or other political subdivision of the

state may provide employer-paid hospital, medical, and dental benefits to a person who:

(1) is eligible for employer-paid insurance under collective bargaining agreements or personnel plans in effect on the day before the effective date of this section;

(2) has at least 25 years of service credit in the public pension plan that the person is a member of on the day before retirement; or in the case of a teacher has a total of at least 25 years of service credit in the teachers retirement association, a first-class city teacher retirement fund, or any combination of these groups;

(3) upon retirement is immediately eligible for a retirement annuity;

(4) is at least 55 and not yet 65 years of age; and

(5) in the case of a school district employee, retires on or after May 15, 1992, and before July 21, 1992; and in the case of an employee of another employer in this subdivision, retires on or after July 1, 1992, and before October 1, 1992.

An employer that pays for insurance under this subdivision may not exclude any eligible employees.

Subd. 3. [CONDITIONS; COVERAGE.] An employee who is eligible both for the health insurance benefit under this section and for an early retirement incentive under a collective bargaining agreement or personnel plan established by the employer must select either the early retirement incentive in the collective bargaining agreement, personnel plan, or the incentive provided under this section, but may not receive both. For purposes of this section, a person retires when the person terminates active employment and applies for retirement benefits. The retired employee is eligible for single and dependent coverages and employer payments to which the person was entitled immediately before retirement, subject to any changes in coverage and employer and employee payments through collective bargaining or personnel plans, for employees in positions equivalent to the position from which the employee retired. The retired employee is not eligible for employer-paid life insurance. Eligibility ceases when the retired employee attains the age of 65, or when the employee chooses not to receive the retirement benefits for which the employee has applied, or when the employee is eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program. Nothing in this section obligates, limits, or otherwise affects the right of the University of Minnesota to provide employer-paid hospital, medical, dental benefits, and life insurance to any person.

Subd. 4. [RULE OF 90.] An employee who retires under this section using the rule of 90 must not be included in the calculations required by Minnesota Statutes, section 356.85.

Subd. 5. [APPLICATION OF OTHER LAWS.] Unilateral implementation of this section by a public employer is not an unfair labor practice for purposes of Minnesota Statutes, chapter 179A. The authority provided in this section for an employer to pay health insurance costs for certain retired employees is not subject to the limits in Minnesota Statutes, section 179A.20, subdivision 2a.

Sec. 60. [REPEALER.]

Minnesota Statutes 1990, section 41A.051, is repealed. Minnesota Statutes 1990, section 270.185, is repealed effective January 1, 1993. On that date, any balance in the reassessment account of the special revenue fund is transferred to the general fund. The repeal of Minnesota Statutes 1991 Supplement, section 326.991, provided for in Laws 1991, chapter 306, section 26, is postponed until July 31, 1994.

Sec. 61. [LAYOFFS.]

It is the policy of the legislature to maximize the delivery of services to the public. If layoffs of state employees as defined in Minnesota Statutes, chapter 43A, are necessary in an agency with 50 or more employees, the agency shall make an effort to reduce at least the same percentage of management and supervisory personnel as line and support personnel for the biennium ending June 30, 1993. This section does not modify any employee rights contained in any other law or collective bargaining agreement under Minnesota Statutes, chapter 179A.

Sec. 62. [LEGISLATIVE INTENT.]

The amendments in this article to Minnesota Statutes, sections 3.736, 16B.85, and 466.06, are intended to clarify, rather than to change, the original intent of the statutes amended.

Sec. 63. [EFFECTIVE DATE.]

This article is effective the day following final enactment, except that sections 36, 37, 42, 43, 46, and 47, are effective July 1, 1992.

Sections 26, 32, and 44 apply to cases pending or brought on or after their effective date.

ARTICLE 5

HUMAN DEVELOPMENT

Section 1. [HUMAN DEVELOPMENT; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1992" and "1993," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1992, or June 30, 1993, respectively. Where a dollar amount appears in parenthesis, it means a reduction of an appropriation.

SUMMARY BY FUND

	1992	1993	TOTAL
APPROPRIATION CHANGE			
General	(\$1,799,000)	\$3,802,000	\$2,003,000
Special Revenue	63,000	755,000	818,000

APPROPRIATIONS	
Available for the Year	
Ending June 30	
1992	1993

Sec. 2. HUMAN SERVICES

Subdivision 1. Total General Fund		
Appropriation	1,639,000	(2,497,000)

This appropriation is added to the appropriation in Laws 1991, chapter 292, article 1, section 2.

For the fiscal year ending June 30, 1993, total state spending is offset by \$65,000,000 in provider payments deposited in the general fund under the broad-based health care provider tax program.

The commissioner of finance shall prepare a biennial budget for fiscal years

	1992	1993
	\$	\$
1994-1995 that does not include revenues from the provider surcharge that exceed the estimated cost associated with the Healthright program. The commissioner of finance shall also prepare a plan to phase out the non-Healthright provider surcharges by June 30, 1995.		
Subd. 2. Human Services Administration	(2,150,000)	(3,939,000)
Up to \$500,000 may be transferred within the department as the commissioner considers necessary, with the advance approval of the commissioner of finance.		
\$75,000 is appropriated to the commissioner for a cooperative project with Alexandria technical college regarding MAXIS data. If the commissioner and the college jointly develop a feasible project, the commissioner may transfer the \$75,000 to the college and may transfer summary data from the MAXIS data system to the college for the purpose of developing graphic representation of the data for legislative and executive branch use, as requested, utilizing geographic information systems. For purposes of this section, summary data has the meaning given it in Minnesota Statutes, section 13.02, subdivision 19.		
Subd. 3. Finance and Management Administration	.,-0-,...	(180,000)
Subd. 4. Economic Support and Services to the Elderly	.,-0-,...	(32,000)
Because nine percent or more of the total preadmission screenings done for a SAIL county under Minnesota Statutes, section 256B.0917, subdivision 4, in fiscal year 1991 were not listed in the October 17, 1991, printing of OD-8043 (State of Minnesota, Department of		

	1992	1993
	\$	\$
Human Services Long Term Care Management Division, Preadmission Screening Records for MA and Private Pay Persons Reconciliation List) due to computer error, the commissioner shall make a one-time adjustment on May 1, 1992, to that county's fiscal year 1992 estimated number of preadmission screenings by the actual number of county-verified unlisted names.		
Subd. 5. Services to Special Needs Adults	(2,803,000)	(2,227,000)
Subd. 6. Economic Support and Transition Services for Families and Individuals	(12,989,000)	(11,611,000)

Unexpended fiscal year 1991 start work grant funds may be used to pay fiscal year 1991 work readiness services obligations.

For the biennium ending June 30, 1993, general assistance grant funds are appropriated to the commissioner of human services to cover the costs of the refugee cash assistance and refugee medical assistance programs that exceed the federal fiscal year 1992 appropriation for those programs. Federal funds received on or after September 30, 1992, as reimbursement for the federal fiscal year 1992 refugee cash assistance and refugee medical assistance costs must be deposited in the general assistance grant account and are appropriated for general assistance grants.

The commissioner shall transfer up to \$2,800,000 of state funds from the basic sliding fee program to the AFDC child care program to establish the base for the non-STRIDE AFDC child care program. The department shall make the transfer over the biennium ending June 30, 1993. The amount of federal child care and development block grant

	1992	1993
	\$	\$
funds committed to the basic sliding fee program must be increased by an amount equivalent to the transfer. The state funds transferred to the AFDC child care program will provide state matching funds for additional federal funds earned by the department pursuant to Public Law Number 100-485.		

Money appropriated for fiscal year 1992 for paying contract institutions fees for cashing public assistance warrants under Laws 1991, chapter 292, article 1, section 2, subdivision 4, does not cancel, but is available for that purpose in fiscal year 1993.

Any unexpended balance of the \$50,000 appropriation in Laws 1991, chapter 292, article 1, section 2, subdivision 5, in fiscal year 1992 for modifications to adult foster care homes under provisions of Minnesota Statutes 1991 Supplement, section 256B.0917, does not cancel and is available for these purposes for fiscal year 1993.

Subd. 7. Health Care for Families and Individuals	23,026,000	24,108,000
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A nursing facility downsized under Minnesota Statutes, section 256B.431, subdivision 2m, and ineligible for the OBRA adjustments in Minnesota Statutes, section 256B.431, subdivision 7, shall receive a one-time state grant of \$50,600 to cover the up-front costs of meeting OBRA requirements.

The commissioner of human services shall submit a plan to the legislature to downsize an existing 48 bed intermediate care facility for persons with mental retardation or related conditions located in Dakota county. The plan must include the projected costs of the facility's rate adjustment and the alternative services for the residents being relocated, and the impact of the down-

	1992	1993
	\$	\$
sizing of the facility on the quality of care for clients.		

For fiscal year 1993, the commissioner may transfer up to \$250,000 from the Minnesota supplemental aid grants account to the medical assistance grants account to reimburse the medical assistance account for nursing facility receivership costs incurred by counties. These transfers must be made from the account of the county of financial responsibility for particular receivership costs and in the amount of individual county cost.

For the fiscal year ending June 30, 1993, \$390,000 is transferred from Minnesota supplemental aid group residential housing grants to Rule 14 supported housing grants. This amount represents Minnesota supplemental aid payments for 170 unlicensed supported housing beds which are permanently removed from the group residential housing census. These beds must not be replaced by other group residential housing agreements.

Up to \$30,000 of the appropriation for preadmission screening alternative care for fiscal year 1992 contained in Laws 1991, chapter 292, article 1, section 2, subdivision 6, may be transferred to the health care administration account to pay the state's share of county claims for conducting nursing home assessments for persons with mental illness or mental retardation as required by Public Law Number 100-203.

For the fiscal year ending June 30, 1993, a newly constructed or newly established intermediate care facility for the mentally retarded that is developed and financed during that period shall not be subject to the equity requirements in Minnesota Statutes, sec-

1992

1993

\$

\$

tion 256B.501, subdivision 11, paragraph (d), or Minnesota Rules, part 9553.0060, subpart 3, item F, provided that the provider's interest rate does not exceed the interest rate available through state agency tax exempt financing.

The paragraph in Laws 1991, chapter 292, article 1, section 2, subdivision 9, providing for the implementation of a reduced reimbursement rate for therapy services provided by a physical or occupational therapy assistant is repealed. Services provided by a physical therapy assistant shall be reimbursed at the same rate as services performed by a physical therapist when the services of the physical therapy assistant are provided under the direction of a physical therapist who is on the premises. Services provided by a physical therapy assistant that are provided under the direction of a physical therapist who is not on the premises shall be reimbursed at 65 percent of the physical therapist rate. Services provided by an occupational therapy assistant shall be reimbursed at the same rate as services performed by an occupational therapist when the services of the occupational therapy assistant are provided under the direction of the occupational therapist who is on the premises. Services provided by an occupational therapy assistant that are not provided under the direction of an occupational therapist who is not on the premises shall be reimbursed at 65 percent of the occupational therapist rate.

During the biennium ending June 30, 1993, the commissioner shall identify long-term care providers with high mortgage rates on existing debt and work with them and their mortgagees or other lenders to negotiate debt refinancing at lower interest rates that

	1992	1993
	\$	\$
produce annual interest expense savings under existing laws.		

Effective for the biennium beginning July 1, 1993, the commissioner shall allocate sufficient home- and community-based waived service openings and money to serve persons who are being relocated from existing intermediate care facilities for the mentally retarded that are projected to close and who otherwise would have been required to be relocated into newly developed intermediate care facilities for the mentally retarded.

In the event that a large community-based facility licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, for more than 16 beds but not certified as an intermediate care facility for persons with mental retardation or related conditions closes and alternative services for the residents are necessary, the commissioner may transfer on a quarterly basis to the medical assistance state account from each affected county's community social service allocation an amount equal to the state share of medical assistance reimbursement for residential and day habilitation services funded by medical assistance and provided to clients for whom the county is financially responsible.

For the fiscal year ending June 30, 1993, if a facility which is in receivership under Minnesota Statutes, section 245A.12 or 245A.13, is sold to an unrelated organization: (a) the facility shall be considered a newly established facility for rate setting purposes notwithstanding any provisions to the contrary in Minnesota Statutes, section 256B.501, subdivision 11; and (b) the facility's historical basis for the physical plant, land, and land improvements for each facility must not exceed the

1992

1993

\$

\$

prior owner's aggregate historical basis for these same assets for each facility. The allocation of the purchase price between land, land improvements, and physical plant shall be based on the real estate appraisal using the depreciated replacement cost method.

The number of home- and community-based waiver openings used for persons with mental retardation or related conditions who are being discharged from nursing homes shall not exceed 50 openings in fiscal year 1992 and 80 openings in fiscal year 1993.

The commissioner shall not spend money to study and shall not implement a system to pay hospitals under the medical assistance and general assistance medical care programs on a peer grouping basis during the biennium ending June 30, 1993.

The money appropriated to health care management to increase federal medical assistance reimbursement may not be included in the base for the biennium beginning July 1, 1993. The commissioner shall request continued funding based upon the results of the increased effort to maximize federal funding and shall include an evaluation of those results when requesting additional funding.

Before implementing the managed care initiatives for people with developmental disabilities or mental illness, the commissioner shall report to the chair of the house of representatives human resources division of the appropriations committee and the chair of the senate human resources division of the finance committee regarding the proposed program. The report should include the number of people likely to be affected by the program and the effects of the proposal on the services

	1992	1993
	\$	\$
they receive. Fiscal information should be provided, including the projected costs and savings under the proposal for the biennium ending June 30, 1995.		

Effective January 1, 1993, and contingent upon federal approval of adding preplacement case management activities for persons with mental retardation or a related condition to the state Medicaid plan under title XIX of the Social Security Act, the commissioner shall transfer \$600,000 of Community Social Services Act funds, appropriated for grants for case management established under Minnesota Statutes, section 256E.14, to the state medical assistance account. This transfer is for the purpose of providing funding through June 30, 1993, for the state match necessary for preplacement activity.

The commissioner of human services may implement demonstration projects designed to create alternative delivery systems for acute and long-term care services to elderly and disabled persons which provide increased coordination, improve access to quality services, and mitigate future cost increases. Before implementing the projects, the commissioner must provide to the legislature information regarding the projects, as part of the department's fiscal year 1994-1995 biennial budget request. Demonstrations affecting elderly persons must be integrated with the provisions of Minnesota Statutes 1991 Supplement, section 256B.0917. The report must address the feasibility of and time lines for expansion of the projects or similar projects as part of a long-range strategy for reforming the long-term care delivery system.

Subd. 8. State Operated Residential Care for Special Needs Populations	(3,445,000)	(8,616,000)
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For the fiscal year ending June 30, 1993, money collected as rent under

1992

1993

\$

\$

Minnesota Statutes, section 16B.24, subdivision 5, for state property at any of the regional treatment centers or state nursing homes administered by the commissioner of human services is dedicated to the facility generating the rental income and is appropriated for the express purpose of maintaining the property. Any balance remaining at the end of the fiscal year shall not cancel and is available until expended.

Notwithstanding Laws 1991, chapter 292, article 1, section 2, subdivision 8, the language contained in that subdivision providing that receipts received for the state-operated community services program are appropriated to the commissioner for that purpose is of no effect. These receipts are deposited and appropriated to the commissioner as provided under Minnesota Statutes, section 246.18.

Of the \$700,000 reduction in regional treatment center salary accounts, \$600,000 must be taken from the regional treatment center appropriation for central office administrative costs.

Notwithstanding Laws 1991, chapter 292, article 1, section 2, subdivision 8, regarding the transfer of facilities at Faribault regional treatment center, the commissioner of human services may transfer the Birch facility to the commissioner of corrections on July 1, 1992, the Willow facility on December 1, 1992, and the hospital facility upon completion of the 34 skilled nursing and ten infirmary bed annex at Rice County District 1 Hospital.

The commissioner shall continue utilizing the Brainerd regional laundry to provide laundry services for the regional treatment centers at Brainerd, Cambridge, Fergus Falls, and Moose Lake and the state nursing home at

	1992	1993
	\$	\$

Ah-Gwah-Ching unless an alternative method is specifically authorized by law. The commissioner shall not contract with a private entity for laundry services for any of these facilities unless specifically authorized by the legislature.

The commissioners of human services and corrections and the veterans nursing homes board shall continue utilizing the Faribault regional laundry to provide laundry services for the Faribault regional treatment center, the Anoka-metro regional treatment center, the Minnesota correctional facility at Faribault, and the veterans homes at Minneapolis and Hastings unless an alternative option is specifically authorized by law. Any other state agencies utilizing the Faribault laundry shall also continue to do so unless an alternative option is authorized by law. The state agencies named or referred to in this paragraph shall not contract with a private entity for laundry services for any of these facilities unless specifically authorized by the legislature.

The commissioner of human services may not limit admissions to any regional treatment center or state-operated nursing home, except as provided by law.

The commissioner shall use the fiscal year 1993 appropriation for regional treatment center programs to offset any regional treatment center operating deficit and to assure maintenance of regional treatment center chemical dependency programs, including specialized chemical dependency programs.

For the fiscal year ending June 30, 1992, the commissioner of finance is authorized to transfer \$4,100,000 from the regional treatment centers chemical dependency treatment enterprise

	1992	1993
	\$	\$
fund account to the general fund. Any remaining unspent money in the account does not cancel but is available for the fiscal year ending June 30, 1993.		

There shall be at least one complement position in the department of human services to provide staff support to the state advisory council on mental health in order to coordinate activities with and provide technical assistance to the local advisory councils on mental health.

The commissioner of finance shall transfer up to \$1,750,000 annually from the general fund to the enterprise fund for the specific purpose of providing for the cash flow requirements of the chemical dependency programs operated by the regional treatment centers. All transfers are subject to the commissioner's assessment of the amount of funding needed for cash flow needs, equivalent to two months of account receivables and the ability of the programs to repay the advances from earnings. The chemical dependency programs at the regional treatment centers must repay any advances from the general fund. The commissioner shall report to the legislature by January 1, 1993, regarding the financial status of the chemical dependency programs operated by the regional treatment centers.

Subd. 9. Total Special Revenue Fund Appropriation	.,-0-,...	134,000
Sec. 3. MR/MH OMBUDSMAN	.,-0-,...	(50,000)
Sec. 4. VETERANS NURSING HOMES BOARD		
Total General Fund Appropriation	(116,000)	(265,000)

The \$300,000 reduction for the Luverne veterans nursing home in fiscal year

	1992	1993
	\$	\$

1993 is a one-time reduction and does not reduce the base for the 1994-1995 biennium.

Sec. 5. COMMISSIONER OF JOBS AND TRAINING

Total General Fund Appropriation	.,-0-,...	1,325,000
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This appropriation is added to the appropriation in Laws 1991, chapter 292, article 1, section 5.

The amount of the appropriation for vocational rehabilitation services that is designated for mental illness demonstration grants may be used for innovative programs to serve persons with serious and persistent mental illness, but only if the money will be matched by federal funds.

The commissioners of jobs and training, human services, and finance in consultation with extended employment providers and day training and habilitation providers shall develop a plan for the programs of extended employment and day training and habilitation which will serve the greatest number of individuals at an appropriate level within the current state appropriation. Staff of the governor and the legislature must be consulted in developing this plan. This plan must be delivered to the governor by December 1, 1992. Recommendations from the plan may be used in setting the 1994-1995 biennial budget.

The additional funding for the head start program must be distributed as provided in Minnesota Statutes, section 268.914, subdivision 1, paragraph (a), and must not be used for innovative programs under Minnesota Statutes, section 268.914, subdivision 1, paragraph (b), or service expansion grants

	1992	1993
	\$	\$
under Minnesota Statutes, section 268.914, subdivision 2.		

The appropriation for the head start program in Laws 1991, chapter 292, article 1, section 5, subdivision 3, for fiscal year 1993 must be used to fund center-based head start programs that received service expansion grants in fiscal year 1992 at the same level as fiscal year 1992 plus any additional amounts based upon formula allocations of state and federal funds. The additional funds provided to a grantee under Minnesota Statutes, section 268.914, subdivision 2, in fiscal year 1992 must be considered part of the grantee's funding base for future formula allocations of state and federal funds.

Sec. 6. CORRECTIONS

Total General Fund Appropriation	(1,500,000)	4,450,000
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This appropriation is added to the appropriation in Laws 1991, chapter 292, article 1, section 6.

\$1,500,000 in the community correction act account shall not carry forward but shall cancel to the general fund. Any remaining balance in the account that does not cancel to the general fund and is not held for counties is appropriated to the commissioner.

Of this appropriation, \$3,450,000 is for operating costs at the correctional facility at Faribault to meet expanding capacity and population requirements. This appropriation is contingent on authorization by the legislature and the governor for the commissioner of finance to issue general obligation bonds in fiscal year 1993 to remodel and renovate two additional living units to house up to 160 inmates, and the transfer of administrative authority for the

	1992	1993
	\$	\$
same space from the commissioner of human services to the commissioner of corrections.		

Sec. 7. HEALTH

Subdivision 1. Total General Fund Appropriation	(1,072,000)	871,000
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This appropriation is added to the appropriation in Laws 1991, chapter 292, article 1, section 9.

The commissioner shall postpone administration of the Minnesota department of health residential care home rule until fiscal year 1995.

The commissioner must report to the legislature by February 15, 1993, on options for home care licensure fees and their impact on home care providers.

Notwithstanding Laws 1985, First Special Session chapter 14, article 19, section 19, subdivision 8, of the unobligated balance in the Maternal and Child Health account, \$400,000 shall cancel to the general fund.

The commissioner of health shall contract with a nonprofit organization in the area of urinary incontinence assessment and management to conduct a demonstration relating to the potential for improving the quality of life of nursing home residents and for cost savings through improved assessment and management of urinary incontinence in nursing homes. The demonstration shall include the development of a treatment protocol by medical professionals, the evaluation and assessment of volunteer patients in nursing homes who are incontinent, the application of appropriate treatment and management practices as prescribed by the treatment protocol, and analysis of

	1992	1993
	\$	\$

the quality of life and economic and medical benefits of the demonstration. The commissioner shall report results of the demonstration to the legislature not later than February 1, 1994. \$50,000 is appropriated to the commissioner for purposes of the demonstration. This money shall be available only upon the showing by the contract recipient that it has \$250,000 of matching private funds and in-kind services for purposes of the demonstration.

The unobligated balance of the \$45,000 appropriated from the state government special revenue fund in Laws 1991, chapter 292, article 1, section 9, subdivision 3, for the physician assistant registration rules shall not cancel, but shall be available until June 30, 1993.

Notwithstanding the provisions of Minnesota Statutes, sections 144.122 and 144.53, the commissioner of health shall increase the annual licensure fee charged to a hospital accredited by the joint commission on accreditation of health care organizations by \$520 and shall increase the annual licensure fee charged to nonaccredited hospitals by \$225.

In determining base adjustments for the volunteer ambulance training reimbursement, the commissioner of finance shall carry forward as a permanent reduction only \$20,000.

\$40,000 is appropriated from the general fund for the fiscal year ending June 30, 1993, to the commissioner of health for local deliverers of the WIC program to purchase federally authorized nutritional supplements requiring no refrigeration or cooking to be distributed to eligible women and children who are homeless or living in temporary or emergency shelter.

	1992	1993
	\$	\$

\$5,000 is appropriated to the commissioner of health. The commissioner shall use this money to prepare and distribute materials designed to provide information to retail business on the requirements of Minnesota Statutes, sections 145.385 to 145.40.

The health department will closely monitor the water testing program and report on the actual funds expended. The department shall work with affected local units of government to determine the most cost-effective manner for financing the program. The commissioner shall report to the legislature by January 15, 1993, on these matters.

The legislative commission on water shall investigate and recommend alternative future funding sources for the water testing program. They shall include, but not be limited to, volume-based fees, expansion of fees to nonmunicipal water systems, a state-wide water testing fund, caps on total fees for municipalities, and use of general fund sources.

The health department shall work with the legislative water commission to investigate ways to incorporate technical colleges, agricultural extension agents, and others to develop an alternative approach to testing. They shall also look at approaches used in other states.

Subd. 2. Total Special Revenue Fund Appropriation

10,000

201,000

Of this appropriation, \$70,000 is for two positions and support costs to develop a licensing and certifying program described below. The commissioner shall apply for federal grants for the purpose of lead abatement and report annually to the legislature the level of such grants to

1992

1993

\$

\$

Minnesota and the expected receipt of such grants the next year.

To perform abatement as defined in Minnesota Statutes, section 144.871, subdivision 2, abatement contractors must be licensed and their employees must be certified by the commissioner. The commissioner must adopt rules that establish criteria for issuing, suspending, and revoking for cause licenses and certificates. The commissioner must establish, collect, and deposit into the state government special revenue fund fees to pay for the cost of administering lead abatement licensing and certifying.

Sec. 8. HEALTH RELATED BOARDS

Subdivision 1. Total Special Revenue Fund Appropriation

53,000

420,000

The boards of medical practice, dentistry, nursing, and podiatric medicine shall increase fees to recover the cost of the appropriations for the reporting and monitoring of health care workers infected with the human immunodeficiency virus (HIV) or hepatitis B virus.

Subd. 2. Board of Social Work

16,000 28,000

Subd. 3. Board of Psychology

37,000 185,000

Subd. 4. Board of Chiropractic Examiners

.,-0-,... 14,000

Subd. 5. Board of Dentistry

.,-0-,... 11,000

ment of human services to implement sections 237.69 to 237.71, not to exceed ~~\$180,000~~ \$314,000 annually; and

(3) reimbursement of the administrative expenses of the commission not to exceed \$25,000 annually.

Sec. 12. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 6
HEALTH DEPARTMENT

Section 1. Minnesota Statutes 1990, section 144.122, is amended to read:

144.122 [LICENSE AND PERMIT FEES.]

(a) The state commissioner of health, by rule, may prescribe reasonable procedures and fees for filing with the commissioner as prescribed by statute and for the issuance of original and renewal permits, licenses, registrations, and certifications issued under authority of the commissioner. The expiration dates of the various licenses, permits, registrations, and certifications as prescribed by the rules shall be plainly marked thereon. Fees may include application and examination fees and a penalty fee for renewal applications submitted after the expiration date of the previously issued permit, license, registration, and certification. The commissioner may also prescribe, by rule, reduced fees for permits, licenses, registrations, and certifications when the application therefor is submitted during the last three months of the permit, license, registration, or certification period. Fees proposed to be prescribed in the rules shall be first approved by the department of finance. All fees proposed to be prescribed in rules shall be reasonable. The fees shall be in an amount so that the total fees collected by the commissioner will, where practical, approximate the cost to the commissioner in administering the program. All fees collected shall be deposited in the state treasury and credited to the general fund unless otherwise specifically appropriated by law for specific purposes.

(b) The commissioner may charge a fee for voluntary certification of medical laboratories and environmental laboratories, and for environmental and medical laboratory services provided by the department, without complying with paragraph (a) or chapter 14. Fees charged for environment and medical laboratory services provided by the department must be approximately equal to the costs of providing the services.

(c) The commissioner may develop a schedule of fees for diagnostic evaluations conducted at clinics held by the services for children with handicaps program. All receipts generated by the program are annually appropriated to the commissioner for use in the maternal and child health program.

(d) The commissioner, for fiscal years 1993 and beyond, shall set license fees for hospitals and nursing homes that are not boarding care homes at a level sufficient to recover, over a two-year period, the deficit associated with the collection of license fees from these facilities. The license fees for these facilities shall be set at the following levels:

Joint Commission on Accreditation of Healthcare

<u>Organizations (JCAHO hospitals)</u>	<u>\$2,142</u>
<u>Non-JCAHO hospitals</u>	<u>\$2,228 plus \$138 per bed</u>
<u>Nursing home</u>	<u>\$324 plus \$76 per bed</u>

For fiscal years 1993 and beyond, the commissioner shall set license fees for outpatient surgical centers, boarding care homes, and supervised living facilities at a level sufficient to recover, over a four-year period, the deficit associated with the collection of license fees from these facilities. The license fees for these facilities shall be set at the following levels:

<u>Outpatient surgical centers</u>	<u>\$1,645</u>
<u>Boarding care homes</u>	<u>\$249 plus \$58 per bed</u>
<u>Supervised living facilities</u>	<u>\$249 plus \$58 per bed.</u>

Sec. 2. Minnesota Statutes 1990, section 144.123, subdivision 2, is amended to read:

Subd. 2. [RULES FOR FEE AMOUNTS.] The commissioner of health shall promulgate rules, in accordance with chapter 14, which shall specify the amount of the handling fee prescribed in subdivision 1. The fee shall approximate the costs to the department of handling specimens including reporting, postage, specimen kit preparation, and overhead costs. The fee prescribed in subdivision 1 shall be \$5 \$15 per specimen until the commissioner promulgates rules pursuant to this subdivision.

Sec. 3. [144.3831] [FEES.]

Subdivision 1. [FEE SETTING.] The commissioner of health may assess an annual fee of \$5.21 for every service connection to a public water supply that is owned or operated by a home rule or charter city, a statutory city, a city of the first class, or a town. The commissioner of health may also assess an annual fee for every

service connection served by a water user district defined in section 110A.02.

Subd. 2. [COLLECTION AND PAYMENT OF FEE.] The public water supply described in subdivision 1 shall:

(1) collect the fees assessed on its service connections;

(2) pay the department of revenue an amount equivalent to the fees based on the total number of service connections. The service connections for each public water supply described in subdivision 1 shall be verified every four years by the department of health; and

(3) pay one-fourth of the total yearly fee to the department of revenue each calendar quarter. The first quarterly payment is due on or before September 30, 1992. In lieu of quarterly payments, a public water supply described in subdivision 1 with fewer than 50 service connections may make a single annual payment by June 30 each year, starting in 1993. The fees payable to the department of revenue shall be deposited in the state treasury as nondedicated general fund revenues.

Subd. 3. [LATE FEE.] The public water supply described in subdivision 1 shall pay a late fee in the amount of five percent of the amount of the fees due from the public water supply if the fees due from the public water supply are not paid within 30 days of the payment dates in subdivision 2, clause (3). The late fee that the public water supply shall pay shall be assessed only on the actual amount collected by the public water supply through fees on service connections.

Sec. 4. Minnesota Statutes 1991 Supplement, section 144.50, subdivision 6, is amended to read:

Subd. 6. [SUPERVISED LIVING FACILITY LICENSES.] (a) The commissioner may license as a supervised living facility a facility seeking medical assistance certification as an intermediate care facility for persons with mental retardation or related conditions for four or more persons as authorized under section 252.291.

(b) Class B supervised living facilities ~~seeking medical assistance certification as an intermediate care facility for persons with mental retardation or related conditions~~ shall be classified as follows for purposes of the state building code:

(1) Class B supervised living facilities for six or less persons must meet Group R, Division 3, occupancy requirements; and

(2) Class B supervised living facilities for seven to 16 persons must meet Group R, Division 1, occupancy requirements.

(c) Class B facilities classified under paragraph (b), clauses (1) and (2), must meet the fire protection provisions of chapter 21 of the 1985 life safety code, NFPA 101, for facilities housing persons with impractical evacuation capabilities, except that Class B facilities licensed prior to July 1, 1990, need only continue to meet institutional fire safety provisions. Class B supervised living facilities shall provide the necessary physical plant accommodations to meet the needs and functional disabilities of the residents. For Class B supervised living facilities licensed after July 1, 1990, and housing nonambulatory or nonmobile persons, the corridor access to bedrooms, common spaces, and other resident use spaces must be at least five feet in clear width, except that a waiver may be requested in accordance with Minnesota Rules, part 4665.0600.

(d) The commissioner may license as a Class A supervised living facility a residential program for chemically dependent individuals that allows children to reside with the parent receiving treatment in the facility. The licensee of the program shall be responsible for the health, safety, and welfare of the children residing in the facility. The facility in which the program is located must be provided with a sprinkler system approved by the state fire marshal. The licensee shall also provide additional space and physical plant accommodations appropriate for the number and age of children residing in the facility. For purposes of license capacity, each child residing in the facility shall be considered to be a resident.

Sec. 5. Minnesota Statutes 1990, section 144A.43, subdivision 3, is amended to read:

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

- (1) nursing services, including the services of a home health aide;
- (2) personal care services not included under sections 148.171 to 148.285;
- (3) physical therapy;
- (4) speech therapy;
- (5) respiratory therapy;
- (6) occupational therapy;
- (7) nutritional services;
- (8) home management services when provided to a person who is

unable to perform these activities due to illness, disability, or physical condition. Home management services include at least two of the following services: housekeeping, meal preparation, ~~laundry, and shopping, and other similar services;~~

(9) medical social services;

(10) the provision of medical supplies and equipment when accompanied by the provision of a home care service;

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

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

Sec. 6. Minnesota Statutes 1990, section 144A.43, subdivision 4, is amended to read:

Subd. 4. [HOME CARE PROVIDER.] "Home care provider" means an individual, organization, association, corporation, unit of government, or other entity that is regularly engaged in the delivery, directly or by contractual arrangement, of home care services for a fee. At least one home care service must be provided directly, although additional home care services may be provided by contractual arrangements. "Home care provider" includes a hospice program defined in section 144A.48. "Home care provider" does not include:

(1) any home care or nursing services conducted by and for the adherents of any recognized church or religious denomination for the purpose of providing care and services for those who depend upon spiritual means, through prayer alone, for healing;

(2) an individual who only provides services to a relative;

(3) an individual not connected with a home care provider who provides assistance with home management services or personal care needs if the assistance is provided primarily as a contribution and not as a business;

(4) an individual not connected with a home care provider who shares housing with and provides primarily housekeeping or home-making services to an elderly or disabled person in return for free or reduced-cost housing;

(5) an individual or agency providing home-delivered meal services;

(6) an agency providing senior companion services and other older American volunteer programs established under the Domestic Volunteer Service Act of 1973, Public Law Number 98-288;

~~(7) an individual or agency that only provides chore, housekeeping, or child care services which do not involve the provision of home care services;~~

(8) an employee of a nursing home licensed under this chapter who provides emergency services to individuals residing in an apartment unit attached to the nursing home;

(9) (8) a member of a professional corporation organized under sections 319A.01 to 319A.22 that does not regularly offer or provide home care services as defined in subdivision 3;

~~(10)~~ (9) the following organizations established to provide medical or surgical services that do not regularly offer or provide home care services as defined in subdivision 3: a business trust organized under sections 318.01 to 318.04, a nonprofit corporation organized under chapter 317A, a partnership organized under chapter 323, or any other entity determined by the commissioner;

~~(11)~~ (10) an individual or agency that provides medical supplies or durable medical equipment, except when the provision of supplies or equipment is accompanied by a home care service; ~~or~~

~~(12)~~ (11) an individual licensed under chapter 147; or

(12) an individual who provides home care services to a person with a developmental disability who lives in a place of residence with a family, foster family, or primary caregiver.

Sec. 7. Minnesota Statutes 1991 Supplement, section 144A.46, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] (a) A home care provider may not operate in the state without a current license issued by the commissioner of health.

(b) Within ten days after receiving an application for a license, the commissioner shall acknowledge receipt of the application in writing. The acknowledgment must indicate whether the application appears to be complete or whether additional information is required before the application will be considered complete. Within 90 days after receiving a complete application, the commissioner shall either grant or deny the license. If an applicant is not granted or denied a license within 90 days after submitting a complete application, the license must be deemed granted. An applicant whose

license has been deemed granted must provide written notice to the commissioner before providing a home care service.

(c) Each application for a home care provider license, or for a renewal of a license, shall be accompanied by a fee to be set by the commissioner under section 144.122, ~~except that the commissioner shall not charge a licensure fee to a home care provider operated by a statutory or home rule charter city, county, town, or other governmental entity.~~

Sec. 8. Minnesota Statutes 1991 Supplement, section 144A.46, subdivision 2, is amended to read:

Subd. 2. [EXEMPTIONS.] The following individuals or organizations are exempt from the requirement to obtain a home care provider license:

(1) a person who is licensed as a registered nurse under sections 148.171 to 148.285 and who independently provides nursing services in the home without any contractual or employment relationship to a home care provider or other organization;

(2) a personal care assistant who provides services under the medical assistance program as authorized under sections 256B.0625, subdivision 19, and 256B.04, subdivision 16;

(3) a person or organization that exclusively offers, provides, or arranges for personal care assistant services under the medical assistance program as authorized under sections 256B.0625, subdivision 19, and 256B.04, subdivision 16;

(4) a person who is registered under sections 148.65 to 148.78 and who independently provides physical therapy services in the home without any contractual or employment relationship to a home care provider or other organization;

(5) a person who provides services to a person with mental retardation under a program of a provider that is licensed by the commissioner of human services to provide semi-independent living services regulated by under Minnesota Rules, parts 9525.0500 to 9525.0660 when providing home care services to a person with a developmental disability; or

(6) a person who provides services to a person with mental retardation under contract with a county provider that is licensed by the commissioner of human services to provide home home- and community-based services that are reimbursed under the medical assistance program, chapter 256B, and regulated by Minnesota Rules, parts 9525.1800 9525.2000 to 9525.1930 9525.2140 when

providing home care services to a person with a developmental disability; or

(7) a person or organization that provides only home management services, if the person or organization is registered under section 5.

An exemption under this subdivision does not excuse the individual from complying with applicable provisions of the home care bill of rights.

Sec. 9. Minnesota Statutes 1990, section 144A.46, subdivision 5, is amended to read:

Subd. 5. [PRIOR CRIMINAL CONVICTIONS.] ~~An applicant for a home care provider license shall disclose to the commissioner all criminal convictions of persons involved in the management, operation, or control of the provider. A home care provider shall require employees of the provider and applicants for employment in positions that involve contact with recipients of home care services to disclose all criminal convictions.~~ (a) All persons who have or will have direct contact with clients, including the home care provider, employees of the provider, and applicants for employment shall be required to disclose all criminal convictions. The commissioner may adopt rules that may require a person who must disclose criminal convictions under this subdivision to provide fingerprints and releases that authorize law enforcement agencies, including the bureau of criminal apprehension and the federal bureau of investigation, to release information about the person's criminal convictions to the commissioner and home care providers. The bureau of criminal apprehension, county sheriffs, and local chiefs of police shall, if requested, provide the commissioner with criminal conviction data available from local, state, and national criminal record repositories, including the criminal justice data communications network. No person may be employed by a home care provider in a position that involves contact with recipients of home care services nor may any person be involved in the management, operation, or control of a provider, if the person has been convicted of a crime that relates to the provision of home care services or to the position, duties, or responsibilities undertaken by that person in the operation of the home care provider, unless the person can provide sufficient evidence of rehabilitation. The commissioner shall adopt rules for determining what types of employment positions, including volunteer positions, involve contact with recipients of home care services, and whether a crime relates to home care services and what constitutes sufficient evidence of rehabilitation. The rules must require consideration of the nature and seriousness of the crime; the relationship of the crime to the purposes of home care licensure and regulation; the relationship of the crime to the ability, capacity, and fitness required to perform the duties and discharge the responsibilities of the person's position; mitigating circumstances or social conditions surrounding the commission of the

crime; the length of time elapsed since the crime was committed; the seriousness of the risk to the home care client's person or property; and other factors the commissioner considers appropriate. Data collected under this subdivision shall be classified as private data under section 13.02, subdivision 12.

(b) Termination of an employee in good faith reliance on information or records obtained under paragraph (a) regarding a confirmed conviction does not subject the home care provider to civil liability or liability for unemployment compensation benefits.

Sec. 10. [144A.461] [REGISTRATION.]

A person or organization that provides only home management services defined as home care services under section 144A.43, subdivision 3, clause (8), may not operate in the state without a current certificate of registration issued by the commissioner of health. To obtain a certificate of registration, the person or organization must annually submit to the commissioner the name, address, and telephone number of the person or organization and a signed statement declaring that the person or organization is aware that the home care bill of rights applies to their clients and that the person or organization will comply with the bill of rights provisions contained in section 144A.44. A person who provides home management services under this section must, within 120 days after beginning to provide services, attend an orientation session approved by the commissioner that provides training on the bill of rights and an orientation on the aging process and the needs and concerns of elderly and disabled persons. An organization applying for a certificate must also provide the name, business address, and telephone number of each of the individuals responsible for the management or direction of the organization. The commissioner shall charge an annual registration fee of \$20 for individuals and \$50 for organizations. A home care provider that provides home management services and other home care services must be licensed, but licensure requirements other than the home care bill of rights do not apply to those employees or volunteers who provide only home management services to clients who do not receive any other home care services from the provider. A licensed home care provider need not be registered as a home management service provider, but must provide an orientation on the home care bill of rights to its employees or volunteers who provide home management services. The commissioner may suspend or revoke a provider's certificate of registration or assess fines for violation of the home care bill of rights. Any fine assessed for a violation of the bill of rights by a provider registered under this section shall be in the amount established in the licensure rules for home care providers. As a condition of registration, a provider must cooperate fully with any investigation conducted by the commissioner, including providing specific information requested by the commissioner on clients served and the employees and volunteers who provide services. The

commissioner may use any of the powers granted in sections 144A.43 to 144A.49 to administer the registration system and enforce the home care bill of rights under this section.

Sec. 11. Minnesota Statutes 1991 Supplement, section 144A.49, is amended to read:

144A.49 [TEMPORARY PROCEDURES.]

For purposes of this section, "home care providers" shall mean the providers described in section 144A.43, subdivision 4, including hospice programs described in section 144A.48. Home care providers are exempt from the licensure requirement in section 144A.46, subdivision 1, until 90 days after the effective date of the licensure rules. Beginning July 1, 1987, no home care provider, as defined in section 144A.43, subdivision 4, except a provider exempt from licensure under section 144A.46, subdivision 2, may provide home care services in this state without registering with the commissioner. A home care provider is registered with the commissioner when the commissioner has received in writing the provider's name; the name of its parent corporation or sponsoring organization, if any; the street address and telephone number of its principal place of business; the street address and telephone number of its principal place of business in Minnesota; the counties in Minnesota in which it may render services; the street address and telephone number of all other offices in Minnesota; and the name, educational background, and ten-year employment history of the person responsible for the management of the agency. A registration fee must be submitted with the application for registration, ~~except that the commissioner shall not collect a registration fee from a home care provider operated by a statutory or home rule charter city, county, town, or other governmental entity.~~ The fee must be established pursuant to section 144.122 and must be based on a consideration of the following factors: the number of clients served by the home care provider, the number of employees, the number of services offered, and annual revenues of the provider. The registration is effective until 90 days after licensure rules are effective. In order to maintain its registration and provide services in Minnesota, a home care provider must comply with section 144A.44 and comply with requests for information under section 144A.47. A registered home care provider is subject to sections 144A.51 to 144A.54. Registration under this section does not exempt a home care provider from the licensure and other requirements later adopted by the commissioner.

Within 90 days after the effective date of the licensure rules under section 144A.45, the commissioner of health shall issue provisional licenses to all home care providers registered with the department as of that date. The provisional license shall be valid until superseded by a license issued under section 144A.46 or for a period of one year, whichever is shorter. Applications for licensure as a home care

provider received on or after the effective date of the home care licensure rules, shall be issued under section 144A.46, subdivision 1.

Sec. 12. Minnesota Statutes 1990, section 144A.51, subdivision 4, is amended to read:

Subd. 4. "Health care provider" means any professional licensed by the state to provide medical or health care services who does provide the services to a resident of a health facility or a residential care home.

Sec. 13. Minnesota Statutes 1991 Supplement, section 144A.51, subdivision 5, is amended to read:

Subd. 5. "Health facility" means a facility or that part of a facility which is required to be licensed pursuant to sections 144.50 to 144.58, and a facility or that part of a facility which is required to be licensed under any law of this state which provides for the licensure of nursing homes; and a residential care home licensed under sections 144B.10 to 144B.17.

Sec. 14. Minnesota Statutes 1990, section 144A.51, subdivision 6, is amended to read:

Subd. 6. "Resident" means any resident or patient of a health facility or a residential care home, or a consumer of services provided by a home care provider, or the guardian or conservator of the resident, patient, or consumer, if one has been appointed.

Sec. 15. Minnesota Statutes 1990, section 144A.52, subdivision 3, is amended to read:

Subd. 3. The director may delegate to members of the staff any of the authority or duties of the director except the duty of formally making recommendations to the legislature, administrative agencies, health facilities, residential care homes, health care providers, home care providers, and the state commissioner of health.

Sec. 16. Minnesota Statutes 1990, section 144A.52, subdivision 4, is amended to read:

Subd. 4. The director shall attempt to include staff persons with expertise in areas such as law, health care, social work, dietary needs, sanitation, financial audits, health-safety requirements as they apply to health facilities, residential care homes, and any other relevant fields. To the extent possible, employees of the office shall meet federal training requirements for health facility surveyors.

Sec. 17. Minnesota Statutes 1991 Supplement, section 144A.53, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] The director may:

(a) Promulgate by rule, pursuant to chapter 14, and within the limits set forth in subdivision 2, the methods by which complaints against health facilities, health care providers, home care providers, or residential care homes, or administrative agencies are to be made, reviewed, investigated, and acted upon; provided, however, that a fee may not be charged for filing a complaint.

(b) Recommend legislation and changes in rules to the state commissioner of health, legislature, governor, administrative agencies or the federal government.

(c) Investigate, upon a complaint or upon initiative of the director, any action or failure to act by a health care provider, home care provider, residential care home, or a health facility.

(d) Request and receive access to relevant information, records, incident reports, or documents in the possession of an administrative agency, a health care provider, a home care provider, a residential care home, or a health facility, and issue investigative subpoenas to individuals and facilities for oral information and written information, including privileged information which the director deems necessary for the discharge of responsibilities. For purposes of investigation and securing information to determine violations, the director need not present a release, waiver, or consent of an individual. The identities of patients or residents must be kept private as defined by section 13.02, subdivision 12.

(e) Enter and inspect, at any time, a health facility or residential care home and be permitted to interview staff; provided that the director shall not unduly interfere with or disturb the provision of care and services within the facility or home or the activities of a patient or resident unless the patient or resident consents.

(f) Issue correction orders and assess civil fines pursuant to section 144.653 or any other law which provides for the issuance of correction orders to health facilities or home care provider, or under section 144A.45. A facility's or home's refusal to cooperate in providing lawfully requested information may also be grounds for a correction order.

(g) Recommend the certification or decertification of health facilities pursuant to Title XVIII or XIX of the United States Social Security Act.

(h) Assist patients or residents of health facilities or residential care homes in the enforcement of their rights under Minnesota law.

(i) Work with administrative agencies, health facilities, home care

providers, residential care homes, and health care providers and organizations representing consumers on programs designed to provide information about health facilities to the public and to health facility residents.

Sec. 18. Minnesota Statutes 1990, section 144A.53, subdivision 2, is amended to read:

Subd. 2. [COMPLAINTS.] The director may receive a complaint from any source concerning an action of an administrative agency, a health care provider, a home care provider, a residential care home, or a health facility. The director may require a complainant to pursue other remedies or channels of complaint open to the complainant before accepting or investigating the complaint.

The director shall keep written records of all complaints and any action upon them. After completing an investigation of a complaint, the director shall inform the complainant, the administrative agency having jurisdiction over the subject matter, the health care provider, the home care provider, the residential care home, and the health facility of the action taken.

Sec. 19. Minnesota Statutes 1990, section 144A.53, subdivision 3, is amended to read:

Subd. 3. [RECOMMENDATIONS.] If, after duly considering a complaint and whatever material the director deems pertinent, the director determines that the complaint is valid, the director may recommend that an administrative agency, a health care provider, a home care provider, a residential care home, or a health facility should:

- (a) Modify or cancel the actions which gave rise to the complaint;
- (b) Alter the practice, rule or decision which gave rise to the complaint;
- (c) Provide more information about the action under investigation;
or
- (d) Take any other step which the director considers appropriate.

If the director requests, the administrative agency, a health care provider, a home care provider, residential care home, or health facility shall, within the time specified, inform the director about the action taken on a recommendation.

Sec. 20. Minnesota Statutes 1990, section 144A.53, subdivision 4, is amended to read:

Subd. 4. [REFERRAL OF COMPLAINTS.] If a complaint received by the director relates to a matter more properly within the jurisdiction of an occupational licensing board or other governmental agency, the director shall forward the complaint to that agency and shall inform the complaining party of the forwarding. The agency shall promptly act in respect to the complaint, and shall inform the complaining party and the director of its disposition. If a governmental agency receives a complaint which is more properly within the jurisdiction of the director, it shall promptly forward the complaint to the director, and shall inform the complaining party of the forwarding. If the director has reason to believe that an official or employee of an administrative agency, a home care provider, residential care home, or health facility has acted in a manner warranting criminal or disciplinary proceedings, the director shall refer the matter to the state commissioner of health, the commissioner of human services, an appropriate prosecuting authority, or other appropriate agency.

Sec. 21. Minnesota Statutes 1990, section 144A.54, subdivision 1, is amended to read:

Subdivision 1. Except as otherwise provided by this section, the director may determine the form, frequency, and distribution of the conclusions and recommendations. The director shall transmit the conclusions and recommendations to the state commissioner of health and the legislature. Before announcing a conclusion or recommendation that expressly or by implication criticizes an administrative agency, a health care provider, a home care provider, a residential care home, or a health facility, the director shall consult with that agency, health care provider, home care provider, home, or facility. When publishing an opinion adverse to an administrative agency, a health care provider, a home care provider, a residential care home, or a health facility, the director shall include in the publication any statement of reasonable length made to the director by that agency, health care provider, home care provider, residential care home, or health facility in defense or explanation of the action.

Sec. 22. Minnesota Statutes 1991 Supplement, section 144A.61, subdivision 3a, is amended to read:

Subd. 3a. [COMPETENCY EVALUATION PROGRAM.] The commissioner of health shall approve the competency evaluation program. A competency evaluation must be administered to nursing assistants who desire to be listed in the nursing assistant registry and who have done one of the following: (1) completed an approved training program; (2) been listed on the nursing assistant registry maintained by another state; or (3) completed a training program in nursing assistant skills other than the approved course. The tests may only be administered by technical colleges, community colleges, or other organizations approved by the department of health. ~~After January 1, 1992,~~ A competency evaluation for a person, other than

an individual enrolled in a licensed nurse education program, who has not completed an approved nursing assistant training program, must include an evaluation of all clinical skills.

Sec. 23. Minnesota Statutes 1991 Supplement, section 144A.61, subdivision 6a, is amended to read:

Subd. 6a. [NURSING ASSISTANTS HIRED IN 1990 AND AFTER.] Each nursing assistant hired to work in a nursing home or in a certified boarding care home on or after January 1, 1990, must have successfully completed an approved competency evaluation prior to employment or an approved nursing assistant training program and competency evaluation within four months from the date of employment.

Sec. 24. Minnesota Statutes 1991 Supplement, section 144B.01, subdivision 5, is amended to read:

Subd. 5. [RESIDENTIAL CARE HOME OR HOME.] "Residential care home" or "home" means an establishment with a minimum of five beds, where adult residents are provided sleeping accommodations and ~~two~~ three or more meals per day and where at least two or more supportive services or at least one health-related service are provided or offered to all residents by the facility home. A residential care home is not required to offer every supportive or health-related service. A "residential care home" does not include:

(1) a board and lodging establishment licensed under chapter 157 ~~and also licensed by the commissioner of human services under chapter 245A~~ the provisions of Minnesota Rules, parts 9530.4100 to 9530.4450;

(2) a boarding care home or a supervised living facility licensed under chapter 144;

(3) a home care provider licensed under chapter 144A; ~~and~~

(4) any housing arrangement which consists of apartments containing a separate kitchen or kitchen equipment that will allow residents to prepare meals and where supportive services may be provided, on an individual basis, to residents in their living units either by the management of the residential care home or by home care providers under contract with the home's management; and

(5) a board or lodging establishment which serves as a shelter for battered women or other similar purpose.

Sec. 25. Minnesota Statutes 1991 Supplement, section 144B.01, subdivision 6, is amended to read:

Subd. 6. [SUPPORTIVE SERVICES.] "Supportive services" means the provision of supervision and minimal assistance with independent living skills. Supportive services include assistance with transportation, arranging for meetings and appointments, arranging for medical and social services, help with laundry, ~~managing money handling personal funds of residents, and personal shopping assistance. In addition, supportive services include, if needed, assistance with walking, grooming, dressing, eating, bathing, toileting, and providing reminders to residents to take medications. Supportive services also include other health-related support services identified by the commissioner in rule.~~

Sec. 26. Minnesota Statutes 1991 Supplement, section 144B.01, is amended by adding a subdivision to read:

Subd. 7. [HEALTH-RELATED SERVICES.] "Health-related services" include provision of or arrangement, if needed, of assistance with walking, grooming, dressing, eating, bathing, toileting, storing medications, providing reminders to take medications, administering medications, and other services identified by the commissioner in rule.

Sec. 27. Minnesota Statutes 1991 Supplement, section 144B.10, subdivision 2, is amended to read:

Subd. 2. [PERIODIC INSPECTION.] (a) All homes required to be licensed under sections 144B.01 to 144B.17 shall be periodically inspected by the commissioner to ensure compliance with rules and standards. Inspections shall occur at different times throughout the calendar year.

(b) Within the limits of the resources available to the commissioner, the commissioner shall conduct inspections and reinspections with a frequency and in a manner calculated to produce the greatest benefit to residents. In performing this function, the commissioner may devote proportionately more resources to the inspection of those homes in which conditions present the most serious concerns with respect to resident health, safety, comfort, and well-being, including:

- (1) change in ownership;
- (2) frequent change in management or staff;
- (3) complaints about care, safety, or rights;
- (4) previous inspections or reinspections which have resulted in correction orders related to care, safety, or rights; and
- (5) indictment of persons involved in ownership or operation of the home for alleged criminal activity.

(c) A home that does not have any of the conditions in paragraph (b) or any other condition established by the commissioner that poses a risk to resident care, safety, or rights shall be inspected once every ~~two~~ three years.

Sec. 28. Minnesota Statutes 1991 Supplement, section 147.03, is amended to read:

147.03 [LICENSURE BY ENDORSEMENT; RECIPROCITY; TEMPORARY PERMIT.]

Subdivision 1. [ENDORSEMENT; RECIPROCITY.] (a) The board, ~~with the consent of six of its members,~~ may issue a license to practice medicine to any person who satisfies the ~~following~~ requirements: in paragraphs (b) to (f).

(a) ~~(b)~~ The applicant shall satisfy all the requirements established in section 147.02, subdivision 1, paragraphs (a), (b), (d), (e), and (f).

~~(b)~~ (c) The applicant shall:

(1) within ten years prior to application have passed an examination prepared and graded by the Federation of State Medical Boards, the National Board of Medical Examiners, the National Board of Osteopathic Examiners, or the Medical Council of Canada; or

(2) have a current license from the equivalent licensing agency in another state or Canada; and either:

(i) pass the Special Purpose Examination of the Federation of State Medical Boards with a score of 75 or better within three attempts; or

(ii) have a current certification by a specialty board of the American Board of Medical Specialties or of the Royal College of Physicians and Surgeons of Canada.

~~(e)~~ (d) The applicant shall pay a fee established by the board by rule. ~~The fee may not be refunded.~~

~~(d)~~ (e) The applicant must not be under license suspension or revocation by the licensing board of the state in which the conduct that caused the suspension or revocation occurred.

(f) The applicant must not have engaged in conduct warranting disciplinary action against a licensee, or have been subject to disciplinary action in another state other than as specified in paragraph (e). If an applicant does not satisfy the requirements stated in this ~~clause~~ paragraph, the board may ~~refuse to issue a license unless it determines only on the applicant's showing that the~~

public will be protected through issuance of a license with conditions or limitations the board considers appropriate.

Subd. 2. [TEMPORARY PERMIT.] The board may issue a temporary permit to practice medicine to a physician eligible for licensure under this section upon payment of a fee set by the board. The permit remains valid only until the next meeting of the board.

Sec. 29. Minnesota Statutes 1991 Supplement, section 148.91, subdivision 3, is amended to read:

Subd. 3. [FEE; TERM OF LICENSE.] An applicant shall pay a nonrefundable application fee set by the board. ~~The licenses granted by the board shall be for a period of three years and shall be renewed on a three-year basis.~~ The fee and term for a license and for renewal shall be set by the board.

Sec. 30. Minnesota Statutes 1991 Supplement, section 148.921, subdivision 2, is amended to read:

Subd. 2. [PERSONS PREVIOUSLY QUALIFIED.] The board shall grant a license for a licensed psychologist without further examination to a person who:

(1) before November 1, 1991, entered a graduate program granting a master's degree with a major in psychology at an educational institution meeting the standards the board has established by rule and earned a master's degree or a master's equivalent in a doctoral program;

(2) before November 1, 1992, filed with the board a written declaration of intent to seek licensure under this subdivision;

(3) complied with all requirements of section 148.91, subdivisions 2 to 4, before December 31, 1997; and

(4) completed at least two full years or their equivalent of post-master's supervised psychological employment before December 31, 1998.

Sec. 31. Minnesota Statutes 1991 Supplement, section 148.925, subdivision 1, is amended to read:

Subdivision 1. [PERSONS QUALIFIED TO PROVIDE SUPERVISION.] (a) Only the following persons are qualified to provide supervision for master's degree level applicants for licensure as a licensed psychologist:

(1) a licensed psychologist with a competency in supervision in

professional psychology and in the area of practice being supervised; and

(2) a person who either is eligible for licensure as a licensed psychologist under section 148.91 or is eligible for licensure by reciprocity, and who, in the judgment of the board, is competent or experienced in supervising professional psychology and in the area of practice being supervised.

(b) Professional supervision of a doctoral level applicant for licensure as a licensed psychologist must be provided by a person:

(1) who meets the requirements of paragraph (a), clause (1) or (2), and

(2)(i) who has a doctorate degree with a major in psychology, or

(ii) who was licensed by the board as a psychologist before August 1, 1991, and is certified by the board as competent in supervision of applicants for licensure in accord with section 148.905, subdivision 1, clause (10), by August 1, 1993.

Sec. 32. Minnesota Statutes 1991 Supplement, section 148.925, subdivision 2, is amended to read:

Subd. 2. [SUPERVISORY CONSULTATION.] (a) Supervisory consultation between a supervising licensed psychologist and a supervised psychological practitioner must occur on a one-to-one basis at a ratio of at least one hour of supervision for the initial 20 or fewer hours of psychological services delivered per month and no less than one hour a month. The consultation must be at least one hour in duration. For each additional 20 hours of psychological services delivered per month, an additional hour of supervision must occur. However, if more than 20 hours of psychological services are provided in a week, no time period of supervision beyond one hour per week is required, but supervision must be adequate to assure the quality and competence of the services. Supervisory consultation must include discussions on the nature and content of the practice of the psychological practitioner, including but not limited to a review of a representative sample of psychological services in the supervisee's practice.

(b) Supervision of an applicant for licensure as a licensed psychologist must include at least two hours of regularly scheduled face-to-face consultations a week for full-time employment, one hour of which must be with the supervisor on a one-to-one basis. The remaining hour may be with other mental health professionals designated by the supervisor. The board may approve an exception to the weekly supervision requirement for a week when the supervisor was ill or otherwise unable to provide supervision. The board may

prorate the two hours per week of supervision for persons preparing for licensure on a part-time basis.

Sec. 33. Minnesota Statutes 1991 Supplement, section 148.925, is amended by adding a subdivision to read:

Subd. 3. [WAIVER.] An applicant for licensure as a licensed psychologist who entered supervised employment before August 1, 1991, may request a waiver from the board of the supervision requirements in this section.

Sec. 34. [CONSOLIDATION OF REGULATION OF HOME CARE SERVICES AND RESIDENTIAL CARE HOMES.]

The commissioner of health, in consultation with the commissioner of human services, shall submit a report to the legislature by November 1, 1992, on the advisability and feasibility of consolidating licensure and regulation of home care services and residential care homes into one activity with the goal of avoiding contradictory or duplicative regulation and allowing flexibility for creative service development by regulating services rather than institutions. If the commissioner determines that consolidation of the two systems is feasible and desirable, the commissioner shall submit recommendations for changes in laws and regulations that are necessary to consolidate the systems. In developing the report and recommendations, the commissioner shall consider methods of enforcing physical plant and fire safety standards that are appropriate to congregate living settings and that reflect the needs and characteristics of different populations served in residential care homes. The commissioner shall also consider the need to modify home care rules to allow a social model for providing services as an alternative to a medical model for certain supportive services provided in residential care homes and home care settings. The commissioner of health shall consult with the commissioner of human services regarding the impact of changes on costs and payment mechanisms.

Sec. 35. [EFFECTIVE DATES.]

Sections 1, 2, and 3 are effective July 1, 1993. The remaining sections are effective the day following final enactment.

ARTICLE 7

MEDICAL PROGRAMS

Section 1. [144.0505] [COOPERATION WITH COMMISSIONER OF HUMAN SERVICES.]

The commissioner shall promptly provide to the commissioner of human services upon request information on hospital revenues,

nursing home licensure, and health maintenance organization revenues specifically required by the commissioner of human services to operate the provider surcharge program.

Sec. 2. Minnesota Statutes 1990, section 144A.071, subdivision 2, is amended to read:

Subd. 2. [MORATORIUM.] The commissioner of health, in coordination with the commissioner of human services, shall deny each request by a nursing home or boarding care home, except an intermediate care facility for the mentally retarded, for addition of new certified beds or for a change or changes in the certification status of existing beds except as provided in subdivision 3. The total number of certified beds in the state shall remain at or decrease from the number of beds certified on May 23, 1983, except as allowed under subdivision 3. "Certified bed" means a nursing home bed or a boarding care bed certified by the commissioner of health for the purposes of the medical assistance program, under United States Code, title 42, sections 1396 et seq.

The commissioner of human services, in coordination with the commissioner of health, shall deny any request to issue a license under sections 245A.01 to 245A.16 and 252.28 to a nursing home or boarding care home, if that license would result in an increase in the medical assistance reimbursement amount. The commissioner of health shall deny each request for licensure of nursing home beds except as provided in subdivision 3.

In addition, the commissioner of health must not approve any construction project whose cost exceeds \$500,000, or 25 percent of the facility's appraised value, whichever is less, unless the project:

(1) has been approved through the process described in section 144A.073;

(2) meets an exception in subdivision 3;

(3) is necessary to correct violations of state or federal law issued by the commissioner of health;

(4) is necessary to repair or replace a portion of the facility that was destroyed by fire, lightning, or other hazards provided that the provisions of subdivision 3, clause (g), are met; or

(5) as of May 1, 1992, the facility has submitted to the commissioner of health written documentation evidencing that the facility meets the "commenced construction" definition as specified in subdivision 3, clause (b), or that substantial steps have been taken prior to April 1, 1992, relating to the construction project. "Substantial steps" require that the facility has made arrangements with outside

parties relating to the construction project and include the hiring of an architect or construction firm, submission of preliminary plans to the department of health or documentation from a financial institution that financing arrangements for the construction project have been made.

Prior to the approval of any construction project, the commissioner of health shall be provided with an itemized cost estimate for the construction project. If a construction project is anticipated to be completed in phases, the total estimated cost of all phases of the project shall be submitted to the commissioner and shall be considered as one construction project. Once the construction project is completed and prior to the final clearance by the commissioner, the total actual costs for the construction project shall be submitted to the commissioner. If the final construction cost exceeds the threshold in this subdivision, the commissioner of human services shall not recognize any of the construction costs or the related financing costs in excess of this threshold in establishing the facility's property-related payment rate.

The commissioner of health shall adopt emergency or permanent rules to implement this section or to amend the emergency rules for granting exceptions to the moratorium on nursing homes under section 144A.073. The authority to adopt emergency rules continues to December 30, 1992.

Sec. 3. Minnesota Statutes 1991 Supplement, section 144A.071, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] The commissioner of health, in coordination with the commissioner of human services, may approve the addition of a new certified bed or the addition of a new licensed nursing home bed, under the following conditions:

(a) to replace a bed decertified after May 23, 1983, or to address an extreme hardship situation, in a particular county that, together with all contiguous Minnesota counties, has fewer nursing home beds per 1,000 elderly than the number that is ten percent higher than the national average of nursing home beds per 1,000 elderly individuals. For the purposes of this section, the national average of nursing home beds shall be the most recent figure that can be supplied by the federal health care financing administration and the number of elderly in the county or the nation shall be determined by the most recent federal census or the most recent estimate of the state demographer as of July 1, of each year of persons age 65 and older, whichever is the most recent at the time of the request for replacement. In allowing replacement of a decertified bed, the commissioners shall ensure that the number of added or recertified beds does not exceed the total number of decertified beds in the state in that level of care. An extreme hardship situation can only be

found after the county documents the existence of unmet medical needs that cannot be addressed by any other alternatives;

(b) to certify a new bed in a facility that commenced construction before May 23, 1983. For the purposes of this section, "commenced construction" means that all of the following conditions were met: the final working drawings and specifications were approved by the commissioner of health; the construction contracts were let; a timely construction schedule was developed, stipulating dates for beginning, achieving various stages, and completing construction; and all zoning and building permits were secured;

(c) to certify beds in a new nursing home that is needed in order to meet the special dietary needs of its residents, if: the nursing home proves to the commissioner's satisfaction that the needs of its residents cannot otherwise be met; elements of the special diet are not available through most food distributors; and proper preparation of the special diet requires incurring various operating expenses, including extra food preparation or serving items, not incurred to a similar extent by most nursing homes;

(d) to license a new nursing home bed in a facility that meets one of the exceptions contained in clauses (a) to (c);

(e) to license nursing home beds in a facility that has submitted either a completed licensure application or a written request for licensure to the commissioner before March 1, 1985, and has either commenced any required construction as defined in clause (b) before May 1, 1985, or has, before May 1, 1985, received from the commissioner approval of plans for phased-in construction and written authorization to begin construction on a phased-in basis. For the purpose of this clause, "construction" means any erection, building, alteration, reconstruction, modernization, or improvement necessary to comply with the nursing home licensure rules;

(f) to certify or license new beds in a new facility that is to be operated by the commissioner of veterans' affairs or when the costs of constructing and operating the new beds are to be reimbursed by the commissioner of veterans' affairs or the United States Veterans Administration;

(g) to license or certify beds in a new facility constructed to replace a facility that was destroyed after June 30, 1987, by fire, lightning, or other hazard provided:

(1) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(2) at the time the facility was destroyed the controlling persons of the facility maintained insurance coverage for the type of hazard

that occurred in an amount that a reasonable person would conclude was adequate;

(3) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility;

(4) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5; and

(5) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility;

(h) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed ~~ten~~ 25 percent of the appraised value of the facility or \$200,000 \$500,000, whichever is less, or to license or certify beds in a facility for which the total costs of remodeling or renovation exceed ~~ten~~ 25 percent of the appraised value of the facility or \$200,000 \$500,000, whichever is less, if the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the remodeling or renovation;

(i) to license or certify beds in a facility that has been involuntarily delicensed or decertified for participation in the medical assistance program, provided that an application for relicensure or recertification is submitted to the commissioner within 120 days after delicensure or decertification;

(j) to license or certify beds in a project recommended for approval by the interagency board for quality assurance under section 144A.073;

(k) to license nursing home beds in a hospital facility that are relocated from a different hospital facility under common ownership or affiliation, provided:

(1) the nursing home beds are not certified for participation in the medical assistance program; and

(2) the relocation of nursing home beds under this clause should not exceed a radius of six miles;

(l) to license or certify beds that are moved from one location to another within an existing identifiable complex of hospital buildings, from a hospital-attached nursing home to the hospital building, or from a separate nursing home to a building formerly used as

a hospital, provided the original nursing home building will no longer be operated as a nursing home and the building to which the beds are moved will no longer be operated as a hospital. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the relocation. At the time of the licensure and certification of the nursing home beds, the commissioner of health shall delicense the same number of acute care beds within the existing complex of hospital buildings or building. Relocation of nursing home beds under this clause is subject to the limitations in section 144A.073, subdivision 5;

(m) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds. The relocated beds need not be licensed and certified at the new location simultaneously with the delicensing and decertification of the old beds and may be licensed and certified at any time after the old beds are delicensed and decertified;

(n) to license new nursing home beds in a continuing care retirement community affiliated with a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its residents from outside the state for the purpose of meeting contractual obligations to residents of the retirement community, provided the facility makes a written commitment to the commissioner of human services that it will not seek medical assistance certification for the new beds;

(o) to certify or license new beds in a new facility on the Red Lake Indian Reservation for which payments will be made under the Indian Health Care Improvement Act, Public Law Number 94-437, at the rates specified in United States Code, title 42, section 1396d(b);

(p) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed ~~ten~~ 25 percent of the appraised value of the facility or \$200,000 \$500,000, whichever is less; or to license as nursing home beds boarding care beds in a facility with an addendum to its provider agreement effective beginning July 1, 1983, if the boarding care beds to be upgraded meet the standards for nursing home licensure. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase in the future. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(q) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of Saint Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the transfers allowed under this clause;

(r) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements;

(s) to license or certify beds that are moved from a nursing home to a separate facility under common ownership or control that was formerly licensed as a hospital and is currently licensed as a nursing facility and that is located within eight miles of the original facility, provided the original nursing home building will no longer be operated as a nursing home. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the relocation; or

(t) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of \$200,000 or more;

(u) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(v) to license and certify new nursing home beds to replace beds in a facility condemned as part of an economic redevelopment plan in a city of the first class, provided the new facility is located within one mile of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under existing reimbursement rules; or

(w) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds.

Sec. 4. Minnesota Statutes 1990, section 144A.073, subdivision 3, is amended to read:

Subd. 3. [REVIEW AND APPROVAL OF PROPOSALS.] Within the limits of money specifically appropriated to the medical assistance program for this purpose, the interagency board for quality assurance may recommend that the commissioner of health grant exceptions to the nursing home licensure or certification moratorium for proposals that satisfy the requirements of this section. The interagency board shall appoint an advisory review panel composed of representatives of consumers and providers to review proposals and provide comments and recommendations to the board. The commissioners of human services and health shall provide staff and technical assistance to the board for the review and analysis of proposals. The interagency board shall hold a public hearing before submitting recommendations to the commissioner of health on project requests. The board shall submit recommendations within 150 days of the date of the publication of the notice, based on a comparison and ranking of proposals using the criteria in subdivision 4. The commissioner of health shall approve or disapprove a project within 30 days after receiving the board's recommendations. The cost to the medical assistance program of the proposals approved must be within the limits of the appropriations specifically made for this purpose. Approval of a proposal expires ~~12~~ 18 months after approval by the commissioner of health unless the facility has commenced construction as defined in section 144A.071, subdivision 3, paragraph (b). The board's report to the legislature, as required under section 144A.31, must include the projects approved, the criteria used to recommend proposals for approval, and the estimated costs of the projects, including the costs of initial construction and remodeling, and the estimated operating costs during the first two years after the project is completed.

Sec. 5. Minnesota Statutes 1990, section 144A.073, subdivision 3a, is amended to read:

Subd. 3a. [EXTENSION OF APPROVAL OF A PROJECT REQUIRING AN EXCEPTION TO THE NURSING HOME MORATORIUM.] Notwithstanding subdivision 3, a construction project that was approved by the commissioner under the moratorium exception approval process in this section prior to ~~February 1, 1990~~ July 1, 1992, may be commenced more than ~~12~~ 18 months after the date of the commissioner's approval but no later than ~~July 1, 1992~~ July 1, 1994, or 12 months after the effective date of a nursing home property-related payment system enacted to replace the current rate freeze in section 256B.431, subdivision 12, whichever is later.

Sec. 6. Minnesota Statutes 1990, section 144A.073, subdivision 5, is amended to read:

Subd. 5. [REPLACEMENT RESTRICTIONS.] (a) Proposals submitted or approved under this section involving replacement must provide for replacement of the facility on the existing site except as allowed in this subdivision.

(b) Facilities located in a metropolitan statistical area other than the Minneapolis-St. Paul seven-county metropolitan area may relocate to a site within the same census tract or a contiguous census tract.

(c) Facilities located in the Minneapolis-St. Paul seven-county metropolitan area may relocate to a site within the same or contiguous health planning area as adopted in March 1982 by the metropolitan council.

(d) Facilities located outside a metropolitan statistical area may relocate to a site within the same city or township, or within a contiguous township.

(e) A facility relocated to a different site under paragraph (b), (c), or (d) must not be relocated to a site more than six miles from the existing site.

(f) The relocation of part of an existing first facility to a second location, under paragraphs (d) and (e), may include the relocation to the second location of up to four beds from part of an existing third facility located in a township contiguous to the location of the first facility. The six-mile limit in paragraph (e) does not apply to this relocation from the third facility.

Sec. 7. [144A.154] [RATE RECOMMENDATION.]

The commissioner may recommend to the commissioner of human

services a review of the rates for a nursing home or boarding care home that participates in the medical assistance program that is in voluntary or involuntary receivership, and that has needs or deficiencies documented by the department of health. If the commissioner of health determines that a review of the rate under section 256B.495 is needed, the commissioner shall provide the commissioner of human services with:

(1) a copy of the order or determination that cites the deficiency or need; and

(2) the commissioner's recommendation for additional staff and additional annual hours by type of employee and additional consultants, services, supplies, equipment, or repairs necessary to satisfy the need or deficiency.

Sec. 8. Minnesota Statutes 1991 Supplement, section 144A.31, subdivision 2a, is amended to read:

Subd. 2a. [DUTIES.] The interagency committee shall identify long-term care issues requiring coordinated interagency policies and shall conduct analyses, coordinate policy development, and make recommendations to the commissioners for effective implementation of these policies. The committee shall refine state long-term goals, establish performance indicators, and develop other methods or measures to evaluate program performance, including client outcomes. The committee shall review the effectiveness of programs in meeting their objectives.

The committee shall also:

(1) facilitate the development of regional and local bodies to plan and coordinate regional and local services;

(2) recommend a single regional or local point of access for persons seeking information on long-term care services;

(3) recommend changes in state funding and administrative policies that are necessary to maximize the use of home and community-based care and that promote the use of the least costly alternative without sacrificing quality of care; ~~and~~

(4) develop methods of identifying and serving seniors who need minimal services to remain independent but who are likely to develop a need for more extensive services in the absence of these minimal services; and

(5) develop and implement strategies for advocating, promoting, and developing long-term care insurance and encourage insurance

companies to offer long-term care insurance policies that are affordable and offer a wide range of benefits.

Sec. 9. Minnesota Statutes 1990, section 147.01, is amended by adding a subdivision to read:

Subd. 6. [LICENSE SURCHARGE.] In addition to any fee established under section 214.06, the board shall assess an annual license surcharge of \$400 against each physician licensed under this chapter as follows:

(1) a physician whose license is issued or renewed between April 1 and September 30 shall be billed on or before November 15, and the physician must pay the surcharge by December 15; and

(2) a physician whose license is issued or renewed between October 1 and March 31 shall be billed on or before May 15, and the physician must pay the surcharge by June 15.

The board shall provide that the surcharge payment must be remitted to the commissioner of human services to be deposited in the general fund under section 256.9656. The board shall not renew the license of a physician who has not paid the surcharge required under this section. The board shall promptly provide to the commissioner of human services upon request information available to the board and specifically required by the commissioner to operate the provider surcharge program. The board shall limit the surcharge to physicians residing in Minnesota and the states contiguous to Minnesota upon notification from the commissioner of human services that the federal government has approved a waiver to allow the surcharge to be applied in that manner.

Sec. 10. Minnesota Statutes 1990, section 151.06, subdivision 1, is amended to read:

Subdivision 1. (a) [POWERS AND DUTIES.] The board of pharmacy shall have the power and it shall be its duty:

- (1) to regulate the practice of pharmacy;
- (2) to regulate the manufacture, wholesale, and retail sale of drugs within this state;
- (3) to regulate the identity, labeling, purity, and quality of all drugs and medicines dispensed in this state, using the United States Pharmacopeia and the National Formulary, or any revisions thereof, or standards adopted under the federal act as the standard;
- (4) to enter and inspect by its authorized representative any and all places where drugs, medicines, medical gases, or veterinary

drugs or devices are sold, vended, given away, compounded, dispensed, manufactured, wholesaled, or held; it may secure samples or specimens of any drugs, medicines, medical gases, or veterinary drugs or devices after paying or offering to pay for such sample; it shall be entitled to inspect and make copies of any and all records of shipment, purchase, manufacture, quality control, and sale of these items provided, however, that such inspection shall not extend to financial data, sales data, or pricing data;

(5) to examine and license as pharmacists all applicants whom it shall deem qualified to be such;

(6) to license wholesale drug distributors;

(7) to deny, suspend, revoke, or refuse to renew any registration or license required under this chapter, to any applicant or registrant or licensee upon any of the following grounds:

(i) fraud or deception in connection with the securing of such license or registration;

(ii) in the case of a pharmacist, conviction in any court of a felony;

(iii) in the case of a pharmacist, conviction in any court of an offense involving moral turpitude;

(iv) habitual indulgence in the use of narcotics, stimulants, or depressant drugs; or habitual indulgence in intoxicating liquors in a manner which could cause conduct endangering public health;

(v) unprofessional conduct or conduct endangering public health;

(vi) gross immorality;

(vii) employing, assisting, or enabling in any manner an unlicensed person to practice pharmacy;

(viii) conviction of theft of drugs, or the unauthorized use, possession, or sale thereof;

(ix) violation of any of the provisions of this chapter or any of the rules of the state board of pharmacy;

(x) in the case of a pharmacy license, operation of such pharmacy without a pharmacist present and on duty;

(xi) in the case of a pharmacist, physical or mental disability which could cause incompetency in the practice of pharmacy; or

(xii) in the case of a pharmacist, the suspension or revocation of a license to practice pharmacy in another state;

(8) to employ necessary assistants and make rules for the conduct of its business; and

(9) to perform such other duties and exercise such other powers as the provisions of the act may require.

(b) [TEMPORARY SUSPENSION.] In addition to any other remedy provided by law, the board may, without a hearing, temporarily suspend a license for not more than 60 days if the board finds that a pharmacist has violated a statute or rule that the board is empowered to enforce and continued practice by the pharmacist would create an imminent risk of harm to others. The suspension shall take effect upon written notice to the pharmacist, specifying the statute or rule violated. At the time it issues the suspension notice, the board shall schedule a disciplinary hearing to be held under the administrative procedure act. The pharmacist shall be provided with at least 20 days notice of any hearing held under this subdivision.

(c) [RULES.] For the purposes aforesaid, it shall be the duty of the board to make and publish uniform rules not inconsistent herewith for carrying out and enforcing the provisions of this chapter. The board shall adopt rules regarding prospective drug utilization review and patient counseling by pharmacists. A pharmacist in the exercise of the pharmacist's professional judgment, upon the presentation of a new prescription by a patient or the patient's caregiver or agent, shall perform the prospective drug utilization review required by rules issued under this subdivision.

Sec. 11. Minnesota Statutes 1990, section 151.06, is amended by adding a subdivision to read:

Subd. 1a. [DISCIPLINARY ACTION.] It shall be grounds for disciplinary action by the board of pharmacy against the registration of the pharmacy if the board of pharmacy determines that any person with supervisory responsibilities at the pharmacy sets policies that prevent a licensed pharmacist from providing drug utilization review and patient counseling as required by rules adopted under subdivision 1. The board of pharmacy shall follow the requirements of chapter 14 in any disciplinary actions taken under this section.

Sec. 12. Minnesota Statutes 1991 Supplement, section 252.46, subdivision 3, is amended to read:

Subd. 3. [RATE MAXIMUM.] Unless a variance is granted under subdivision 6, the maximum payment rates for each vendor for a

calendar year must be equal to the payment rates approved by the commissioner for that vendor in effect December 1 of the previous calendar year ~~increased by no more than~~. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual inflation adjustments in reimbursement rates for each vendor, based upon the projected percentage change in the urban consumer price index, all items, published by the United States Department of Labor, for the upcoming calendar year over the current calendar year. The commissioner shall not provide an annual inflation adjustment for the biennium ending June 30, 1993.

Sec. 13. Minnesota Statutes 1990, section 254B.06, subdivision 3, is amended to read:

Subd. 3. [PAYMENT; DENIAL.] The commissioner shall pay eligible vendors for placements made by local agencies under section 254B.03, subdivision 1, and placements by tribal designated agencies according to section 254B.09. The commissioner may reduce or deny payment of the state share when services are not provided according to the placement criteria established by the commissioner. The commissioner may pay for all or a portion of improper county chemical dependency placements and bill the county for the entire payment made when the placement did not comply with criteria established by the commissioner. The commissioner shall not pay vendors until private insurance company claims have been settled.

Sec. 14. Minnesota Statutes 1990, section 256.9655, is amended to read:

256.9655 [PAYMENTS TO MEDICAL PROVIDERS.]

Subdivision 1. [DUTIES OF COMMISSIONER.] The commissioner shall establish procedures to analyze and correct problems associated with medical care claims preparation and processing under the medical assistance, general assistance medical care, and children's health plan programs. At a minimum, the commissioner shall:

(1) designate a full-time position as a liaison between the department of human services and providers;

(2) analyze impediments to timely processing of claims, provide information and consultation to providers, and develop methods to resolve or reduce problems;

(3) provide to each acute care hospital a quarterly listing of claims received and identify claims that have been suspended and the reason the claims were suspended;

(4) provide education and information on reasons for rejecting and suspending claims and identify methods that would avoid multiple submissions of claims; and

(5) for each acute care hospital, identify and prioritize claims that are in jeopardy of exceeding time factors that eliminate payment.

Subd. 2. [ELECTRONIC CLAIM SUBMISSION.] Medical providers designated by the commissioner of human services are permitted to purchase authorized materials through commodity contracts administered by the commissioner of administration for the purpose of submitting electronic claims to the medical programs designated in subdivision 1. Providers so designated must be actively enrolled and participating in the medical programs and must sign a hardware purchase and electronic biller agreement with the commissioner of human services prior to purchase from the contract.

Sec. 15. Minnesota Statutes 1991 Supplement, section 256.9656, is amended to read:

256.9656 [DEPOSITS INTO THE GENERAL FUND.]

All money collected under section 256.9657 shall be deposited in the general fund ~~and is appropriated to the commissioner of human services for the purposes of section 256B.74.~~ Deposits do not cancel and are available until expended.

Sec. 16. Minnesota Statutes 1991 Supplement, section 256.9657, subdivision 1, is amended to read:

Subdivision 1. [NURSING FACILITY HOME LICENSE SURCHARGE.] Effective July October 1, 1991 1992, each non-state-operated nursing facility subject to the reimbursement principles in Minnesota Rules, parts 9549.0010 to 9549.0080, home licensed under chapter 144A shall pay to the commissioner an annual surcharge according to the schedule in subdivision 4. The surcharge shall be calculated as \$500 \$535 per bed licensed on the previous April July 1, except that if the number of licensed beds is reduced after July 1 but prior to August 1, the surcharge shall be based on the number of remaining licensed beds. A nursing home entitled to a reduction in the number of beds subject to the surcharge under this provision must demonstrate to the satisfaction of the commissioner by August 5 that the number of beds has been reduced.

Sec. 17. Minnesota Statutes 1991 Supplement, section 256.9657, is amended by adding a subdivision to read:

Subd. 1a. [WAIVER REQUEST.] The commissioner shall request a waiver from the secretary of health and human services to: (1) exclude from the surcharge under subdivision 1 a nursing home that

provides all services free of charge; (2) make a pro rata reduction in the surcharge paid by a nursing home that provides a portion of its services free of charge; (3) limit the hospital surcharge to acute care hospitals only; and (4) limit the physician license surcharge under section 147.01, subdivision 6, to physicians licensed in Minnesota and residing in Minnesota or a state contiguous to Minnesota. If a waiver is approved under this subdivision, the commissioner shall adjust the nursing home surcharge accordingly or shall direct the board of medical practice to adjust the physician license surcharge under section 147.01, subdivision 6, accordingly. Any waivers granted by the federal government shall be effective on or after October 1, 1992.

Sec. 18. Minnesota Statutes 1991 Supplement, section 256.9657, subdivision 2, is amended to read:

Subd. 2. [HOSPITAL SURCHARGE.] (a) Effective July 1, 1991 October 1, 1992, each Minnesota and local trade area hospital except facilities of the federal Indian Health Service and regional treatment centers shall pay to the medical assistance account a surcharge equal to ~~ten~~ 1.4 percent of medical assistance payments issued to net patient revenues excluding net Medicare revenues reported by that provider for inpatient services to the health care cost information system according to the schedule in subdivision 4. Medicare cross-overs and indigent care payments paid under section 256B.74 are excluded from the amount of medical assistance payments issued.

(b) Effective July 1, 1991, each Minnesota and local trade area hospital except facilities of the federal Indian Health Service and regional treatment centers shall pay to the medical assistance account a surcharge equal to five percent of medical assistance payments issued to that provider for outpatient services according to the schedule in subdivision 4. Medicare crossovers are excluded from the amount of medical assistance payments issued.

Sec. 19. Minnesota Statutes 1991 Supplement, section 256.9657, subdivision 3, is amended to read:

Subd. 3. [HEALTH PLAN MAINTENANCE ORGANIZATION SURCHARGE.] Effective July 1, 1991 October 1, 1992, each health plan under contract with maintenance organization with a certificate of authority issued by the commissioner of health under chapter 62D shall pay to the commissioner of human services a surcharge equal to the equivalent value of the surcharges described in subdivision 2 for each medical assistance rate cell payment six-tenths of one percent of the total premium revenues of the health maintenance organization as reported to the commissioner of health according to the schedule in subdivision 4. The surcharge for each quarter or month of a fiscal year shall be calculated based on the payments due in September of the same fiscal year under subdivision 2.

Sec. 20. Minnesota Statutes 1991 Supplement, section 256.9657, subdivision 4, is amended to read:

Subd. 4. [PAYMENTS INTO THE ACCOUNT.] Payments to the commissioner under ~~subdivision~~ subdivisions 1 to 3 must be paid in monthly installments due on the 15th of the month beginning ~~August 15, 1991~~ October 15, 1992. The monthly payment must be equal to the annual surcharge divided by 12. Payments to the commissioner under subdivisions 2 and 3 for fiscal year 1993 must be paid as follows: the first payment is a quarterly payment due September 15, 1991, with subsequent payments due monthly on the fifteenth of each month. The September 15, 1991, payment under subdivisions 2 and 3 shall be determined by taking the amount of medical assistance payments issued to each provider in the calendar quarter beginning six months prior to the quarter in which the payment is due multiplied by the percentage surcharge for each provider. The subsequent monthly payments shall be determined by taking the amount of medical assistance payments issued to each provider in the month beginning six months prior to the month in which the payment is due multiplied by the percentage surcharge for each provider based on calendar year 1990 revenues. Effective July 1 of each year, beginning in 1993, payments under subdivisions 2 and 3 must be based on revenues earned in the second previous calendar year.

Sec. 21. Minnesota Statutes 1991 Supplement, section 256.9657, subdivision 7, is amended to read:

Subd. 7. ~~[ENFORCEMENT COLLECTION; CIVIL PENALTIES.]~~ The commissioner shall bring action in district court to collect provider payments due under subdivisions 1 to 3 that are more than 30 days in arrears. The provisions of sections 289A.35 to 289A.50 relating to the authority to audit, assess, collect, and pay refunds of other state taxes may be implemented by the commissioner of human services with respect to the tax, penalty, and interest imposed by this section and section 147.01, subdivision 6. The commissioner of human services shall impose civil penalties for violation of this section or section 147.01, subdivision 6, as provided in section 289A.60, and the tax and penalties are subject to interest at the rate provided in section 270.75.

Sec. 22. Minnesota Statutes 1991 Supplement, section 256.9685, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The commissioner shall establish procedures for determining medical assistance and general assistance medical care payment rates under a prospective payment system for inpatient hospital services in hospitals that qualify as vendors of medical assistance. The commissioner shall establish, by rule, procedures for implementing this section and sections 256.9686, 256.969, and 256.9695. The medical assistance payment

rates must be based on methods and standards that the commissioner finds are adequate to provide for the costs that must be incurred for the care of recipients in efficiently and economically operated hospitals. Services must meet the requirements of section 256B.04, subdivision 15, or 256D.03, subdivision 7, paragraph (b), to be eligible for payment except the commissioner may establish exemptions to specific requirements based on diagnosis, procedure, or service after notice in the State Register and a 30-day comment period. The commissioner may establish an administrative reconsideration process for appeals of inpatient hospital services determined to be medically unnecessary. The reconsideration process shall take place prior to the contested case procedures of chapter 14 and shall be conducted by physicians that are independent of the case under reconsideration. A majority decision by the physicians is necessary to make a determination that the services were not medically necessary. Notwithstanding section 256B.72, the commissioner may recover inpatient hospital payments for services that have been determined to be medically unnecessary under the reconsideration process.

Sec. 23. Minnesota Statutes 1991 Supplement, section 256.969, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL COST INDEX.] (a) The hospital cost index shall be obtained from an independent source and shall represent a weighted average of historical, as limited to statutory maximums, and projected cost change estimates determined for expense categories to include wages and salaries, employee benefits, medical and professional fees, raw food, utilities, insurance including malpractice insurance, and other applicable expenses as determined by the commissioner. The index shall reflect Minnesota cost category weights. Individual indices shall be specific to Minnesota if the commissioner determines that sufficient accuracy of the hospital cost index is achieved. The hospital cost index ~~shall~~ may be used to adjust the base year operating payment rate through the rate year on an annually compounded basis. Notwithstanding section 256.9695, subdivision 3, paragraph (c), the hospital cost index shall not be effective under the general assistance medical care program for admissions occurring during the biennium ending June 30, 1993, and the hospital cost index under medical assistance, excluding general assistance medical care, shall be increased by one percentage point to reflect changes in technology for admissions occurring after September 30, 1992.

(b) For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for hospital payment rates under medical assistance, excluding the technology factor under paragraph (a), nor under general assistance medical care. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section

16A.11 annual adjustments in hospital payment rates under medical assistance and general assistance medical care, based upon the hospital cost index.

Sec. 24. Minnesota Statutes 1991 Supplement, section 256.969, subdivision 2, is amended to read:

Subd. 2. [DIAGNOSTIC CATEGORIES.] The commissioner shall use to the extent possible existing diagnostic classification systems, including the system used by the Medicare program to determine the relative values of inpatient services and case mix indices. The commissioner may combine diagnostic classifications into diagnostic categories and may establish separate categories and numbers of categories based on program eligibility or hospital peer group. Relative values shall be recalculated when the base year is changed. Relative value determinations shall include paid claims for admissions during each hospital's base year. The commissioner may extend the time period forward to obtain sufficiently valid information to establish relative values. Relative value determinations shall not include property cost data, Medicare crossover data, and data on admissions that are paid a per day transfer rate under subdivision 13 14. The computation of the base year cost per admission must include identified outlier cases and their weighted costs up to the point that they become outlier cases, but must exclude costs recognized in outlier payments beyond that point. The commissioner may recategorize the diagnostic classifications and recalculate relative values and case mix indices to reflect actual hospital practices, the specific character of specialty hospitals, or to reduce variances within the diagnostic categories after notice in the State Register and a 30-day comment period.

Sec. 25. Minnesota Statutes 1991 Supplement, section 256.969, subdivision 9, is amended to read:

Subd. 9. [DISPROPORTIONATE NUMBERS OF LOW-INCOME PATIENTS SERVED.] For admissions occurring on or after ~~July 1, 1989~~ October 1, 1992, the medical assistance disproportionate population adjustment shall comply with federal law ~~at fully implemented rates and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:~~

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and

the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. If federal matching funds are not available for all adjustments under this subdivision, the commissioner shall reduce payments on a pro rata basis so that all adjustments qualify for federal match. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision medical assistance does not include general assistance medical care. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this section. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class.

Sec. 26. Minnesota Statutes 1991 Supplement, section 256.969, subdivision 20, is amended to read:

Subd. 20. [INCREASES IN MEDICAL ASSISTANCE INPATIENT PAYMENTS; CONDITIONS.] (a) Medical assistance inpatient payments shall increase 20 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occurred between July 1, 1988, and December 31, 1990, if: (i) the hospital had 100 or fewer Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For this paragraph, medical assistance does not include general assistance medical care.

(b) Medical assistance inpatient payments shall increase 15 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occurred between July 1, 1988, and December 31, 1990, if: (i) the hospital had more than 100 but fewer than 250 Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For this paragraph, medical assistance does not include general assistance medical care.

(c) Medical assistance inpatient payment rates shall increase 20 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occur on or after October 1, 1992, if: (i) the

hospital had 100 or fewer Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For a hospital that qualifies for an adjustment under this paragraph and under subdivision 9, the hospital must be paid the adjustment under subdivision 9 plus any amount by which the adjustment under this paragraph exceeds the adjustment under subdivision 9. For this paragraph, medical assistance does not include general assistance medical care.

(d) Medical assistance inpatient payments shall increase 15 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occur after September 30, 1992, if: (i) the hospital had more than 100 but fewer than 250 Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For a hospital that qualifies for an adjustment under this paragraph and under subdivision 9, the hospital must be paid the adjustment under subdivision 9 plus any amount by which the adjustment under this paragraph exceeds the adjustment under subdivision 9. For this paragraph, medical assistance does not include general assistance medical care.

Sec. 27. Minnesota Statutes 1991 Supplement, section 256.969, subdivision 21, is amended to read:

Subd. 21. [MENTAL HEALTH OR CHEMICAL DEPENDENCY ADMISSIONS; RATES.] Admissions occurring on or after July 1, 1990, that are classified to a diagnostic category of mental health or chemical dependency shall have rates established according to the methods of subdivision 14, except the per day rate shall be multiplied by a factor of 2, provided that the total of the per day rates shall not exceed the per admission rate. This methodology shall also apply when a hold or commitment is ordered by the court for the days that inpatient hospital services are medically necessary. Stays Mental health and chemical dependency inpatient hospital services for a hold or commitment ordered by the court which are medically necessary for inpatient hospital services and covered by medical assistance shall not be billable to any other governmental entity. Medical necessity shall be determined under criteria established to meet the requirements of section 256B.04, subdivision 15, or 256D.03, subdivision 7, paragraph (b).

Sec. 28. Minnesota Statutes 1990, section 256.9695, subdivision 3, is amended to read:

Subd. 3. [TRANSITION.] Except as provided in section 256.969, subdivision 6a, paragraph (a), clause (3), the commissioner shall establish a transition period for the calculation of payment rates from July 1, 1989, to the implementation date of the upgrade to the Medicaid management information system or July 1, 1992, whichever is earlier.

During the transition period:

(a) Changes resulting from section 256.969, subdivision 6a, paragraph (a), clauses (1), (2), (4), (5), (6), and (8), shall not be implemented, except as provided in section 256.969, subdivision 6a, paragraph (a), clause (7), and paragraph (i).

(b) The beginning of the 1991 rate year shall be delayed and the rates notification requirement shall not be applicable.

(c) Operating payment rates shall be indexed from the hospital's most recent fiscal year ending prior to January 1, 1991, by prorating the hospital cost index methodology in effect on January 1, 1989. For payments made for admissions occurring on or after June 1, 1990, shall not be adjusted by the one percent technology factor included in the hospital cost index and until the implementation date of the upgrade to the Medicaid management information system the hospital cost index excluding the technology factor shall not exceed five percent. This hospital cost index limitation shall not apply to hospitals that meet the requirements of section 256.969, subdivision 6a 20, paragraphs ~~(g)~~ (a) and ~~(h)~~ (b).

(d) Property and pass-through payment rates shall be maintained at the most recent payment rate effective for June 1, 1990. However, all hospitals are subject to the hospital cost index limitation of subdivision 2c, for two complete fiscal years. Property and pass-through costs shall be retroactively settled through the transition period. The laws in effect on the day before July 1, 1989, apply to the retroactive settlement.

(e) If the upgrade to the Medicaid management information system has not been completed by July 1, 1992, the commissioner shall make adjustments for admissions occurring on or after that date as follows:

(1) provide a ten percent increase to hospitals that meet the requirements of section 256.969, subdivision 20, or, upon written request from the hospital to the commissioner, 50 percent of the rate change that the commissioner estimates will occur after the upgrade to the Medicaid management information system; and

(2) adjust the rebased payment rates that are established after the upgrade to the Medicaid management information system to com-

pensate for a rebasing effective date of July 1, 1992. The adjustment shall be based on the change in rates from July 1, 1992, to the rebased rates in effect under the systems upgrade. The adjustment shall reflect payments under clause (1), differences in the hospital cost index and dissimilar rate establishment procedures such as the variable outlier and the treatment of births and rehabilitation units of hospitals. The adjustment shall be in effect for a period not to exceed the amount of time from July 1, 1992, to the systems upgrade.

Sec. 29. Minnesota Statutes 1991 Supplement, section 256.9751, subdivision 1, is amended to read:

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

(a) [CONGREGATE HOUSING.] "Congregate housing" means federally or locally subsidized housing, designed for the elderly, consisting of private apartments and common areas which can be used for activities and for serving meals.

(b) [CONGREGATE HOUSING SERVICES PROJECTS.] "Congregate housing services project" means a project in which services are or could be made available to older persons who live in subsidized housing and which helps delay or prevent nursing home placement. To be considered a congregate housing services project, a project must have: (1) an on-site coordinator, and (2) a plan for providing a minimum assuring the availability of one meal per day, seven days a week, for each elderly participant, seven days a week in need.

(c) [ON-SITE COORDINATOR.] "On-site coordinator" means a person who works on-site in a building or buildings and who serves as a contact for older persons who need services, support, and assistance in order to delay or prevent nursing home placement.

(d) [CONGREGATE HOUSING SERVICES PROJECT PARTICIPANTS OR PROJECT PARTICIPANTS.] "Congregate housing services project participants" or "project participants" means elderly persons 60 years old or older, who are currently residents of, or who are applying for residence in housing sites, and who need support services to remain independent.

Sec. 30. Minnesota Statutes 1991 Supplement, section 256.9751, subdivision 6, is amended to read:

Subd. 6. [CRITERIA FOR SELECTION.] The Minnesota board on aging shall select projects under this section according to the following criteria:

(1) the extent to which the proposed project assists older persons to age-in-place to prevent or delay nursing home placement;

(2) the extent to which the proposed project identifies the needs of project participants;

(3) the extent to which the proposed project identifies how the on-site coordinator will help meet the needs of project participants;

(4) the extent to which the proposed project plan assures the availability of one meal a day, seven days a week, for participants each elderly participant in need;

(5) the extent to which the proposed project demonstrates involvement of participants and family members in the project; and

(6) the extent to which the proposed project demonstrates involvement of housing providers and public and private service agencies, including area agencies on aging.

Sec. 31. Minnesota Statutes 1990, section 256B.02, is amended by adding a subdivision to read:

Subd. 14. [GROUP HEALTH PLAN.] "Group health plan" means any plan of, or contributed to by, an employer, including a self-insured plan, to provide health care directly or otherwise to the employer's employees, former employees, or the families of the employees or former employees, and includes continuation coverage pursuant to title XXII of the Public Health Service Act, section 4980B of the Internal Revenue Code of 1986, or title VI of the Employee Retirement Income Security Act of 1974.

Sec. 32. Minnesota Statutes 1990, section 256B.02, is amended by adding a subdivision to read:

Subd. 15. [COST-EFFECTIVE.] "Cost-effective" means that the amount paid by the state for premiums, coinsurance, deductibles, other cost sharing obligations under a health insurance plan, and other administrative costs is likely to be less than the amount paid for an equivalent set of services paid by medical assistance.

Sec. 33. Minnesota Statutes 1990, section 256B.035, is amended to read:

256B.035 [MANAGED CARE.]

The commissioner of human services may contract with public or private entities for health care services for or operate a preferred provider program to deliver health care services to medical assistance and, general assistance medical care, and children's health

plan recipients identified by the commissioner as inappropriately using health care services. The commissioner may enter into risk-based and non-risk-based contracts. Contracts may be for the full range of health services, or a portion thereof, for medical assistance and general assistance medical care populations to determine the effectiveness of various provider reimbursement and care delivery mechanisms. The commissioner may seek necessary federal waivers and implement projects when approval of the waivers is obtained from the Health Care Financing Administration of the United States Department of Health and Human Services.

Sec. 34. Minnesota Statutes 1990, section 256B.056, subdivision 1a, is amended to read:

Subd. 1a. [INCOME AND ASSETS GENERALLY.] Unless specifically required by state law or rule or federal law or regulation, the methodologies used in counting income and assets to determine eligibility for medical assistance shall be as follows: (a) for persons whose eligibility category is based on blindness, disability, or age of 65 or more years, the methodologies for the supplemental security income program shall be used; and (b) for families and children, which includes all other eligibility categories, the methodologies for the aid to families with dependent children program under section 256.73 shall be used. For these purposes, a "methodology" does not include an asset or income standard, budgeting or accounting method, or method of determining effective dates.

Sec. 35. Minnesota Statutes 1990, section 256B.056, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD; EXCLUSION FOR INSTITUTIONALIZED PERSONS.] To be eligible for medical assistance, a person must not own, individually or together with the person's spouse, real property other than the homestead. For the purposes of this section, "homestead" means the house owned and occupied by the applicant or recipient as a primary place of residence, together with the contiguous land upon which it is situated. The homestead shall be excluded for the first six calendar months of a person's stay in a long-term care facility and shall continue to be excluded for as long as the recipient can be reasonably expected to return, as provided under the methodologies for the supplemental security income program. The homestead shall continue to be excluded for persons residing in a long-term care facility if it is used as a primary residence by one of the following individuals:

(a) the spouse;

(b) a child under age 21;

(c) a child of any age who is blind or permanently and totally disabled as defined in the supplemental security income program;

(d) a sibling who has equity interest in the home and who resided in the home for at least one year immediately before the date of the person's admission to the facility; or

(e) a child of any age, or, subject to federal approval, a grandchild of any age, who resided in the home for at least two years immediately before the date of the person's admission to the facility, and who provided care to the person that permitted the person to reside at home rather than in an institution.

The homestead is also excluded for the first six calendar months of the person's stay in the long-term care facility. The person's equity in the homestead must be reduced to an amount within limits or excluded on another basis if the person remains in the long-term care facility for a period longer than six months. Real estate not used as a home may not be retained unless the property is not salable, the equity is \$6,000 or less and the income produced by the property is at least six percent of the equity, or the excess real property is exempted for a period of nine months if there is a good faith effort to sell the property and a legally binding agreement is signed to repay the amount of assistance issued during that nine months.

Sec. 36. Minnesota Statutes 1990, section 256B.056, subdivision 3, is amended to read:

Subd. 3. [ASSET LIMITATIONS.] To be eligible for medical assistance, a person must not individually own more than \$3,000 in assets, or if a member of a household with two family members (husband and wife, or parent and child), the household must not own more than \$6,000 in assets, plus \$200 for each additional legal dependent. In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. For residents of long-term care facilities, the accumulation of the clothing and personal needs allowance pursuant to section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. The value of the items in paragraphs (a) to (i) are not considered in determining medical assistance eligibility. The accumulation of the clothing and personal needs allowance pursuant to section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. The value of assets that are not considered in determining eligibility for medical assistance is the value of those assets that are excluded by the aid to families with dependent children program for families and children, and the supplemental security income program for aged, blind, and disabled persons, with the following exceptions:

(a) The homestead is not considered.

(b) Household goods and personal effects are not considered.

(c) ~~Personal property used as a regular abode by the applicant or recipient is not considered.~~

(d) ~~A lot in a burial plot for each member of the household is not considered.~~

(e) ~~(b) Capital and operating assets of a trade or business that the local agency determines are necessary to the person's ability to earn an income are not considered.~~

(f) ~~Insurance settlements to repair or replace damaged, destroyed, or stolen property are considered to the same extent as in the related cash assistance programs.~~

(g) ~~One motor vehicle that is licensed pursuant to chapter 168 and defined as: (1) passenger automobile, (2) station wagon, (3) motorcycle, (4) motorized bicycle or (5) truck of the weight found in categories A to E, of section 168.013, subdivision 1e, and that is used primarily for the person's benefit is not considered.~~

~~To be excluded, the vehicle must have a market value of less than \$4,500; be necessary to obtain medically necessary health services; be necessary for employment; be modified for operation by or transportation of a handicapped person; or be necessary to perform essential daily tasks because of climate, terrain, distance, or similar factors. The equity value of other motor vehicles is counted against the asset limit.~~

(h) ~~Life insurance policies and assets designated as burial expenses, according to the standards and restrictions of the supplemental security income (SSI) program.~~

(i) ~~Other items excluded by federal law are not considered.~~

(c) Motor vehicles are excluded to the same extent excluded by the supplemental security income program.

(d) Assets designated as burial expenses are excluded to the same extent excluded by the supplemental security income program.

Sec. 37. Minnesota Statutes 1990, section 256B.056, subdivision 5, is amended to read:

Subd. 5. [EXCESS INCOME.] A person who has excess income is eligible for medical assistance if the person has expenses for medical care that are more than the amount of the person's excess income, computed by deducting incurred medical expenses from the excess income to reduce the excess to the income standard specified in subdivision 4. The person shall elect to have the medical expenses deducted at the beginning of a one-month budget period or at the

beginning of a six-month budget period. Until June 30, 1993, or the date the Medicaid Management Information System (MMIS) upgrade is implemented, whichever occurs last, the commissioner shall seek applicable waivers from the Secretary of Health and Human Services to allow persons eligible for assistance on a one-month spend-down basis under this subdivision to elect to pay the monthly spend-down amount in advance of the month of eligibility to the local agency in order to maintain eligibility on a continuous basis for medical assistance and to simplify payment to health care providers. If the local agency has not received payment of the spend-down amount by the 15th day of the month recipient does not pay the spend-down amount on or before the 20th of the month, the recipient is ineligible for this option for the following month. The commissioner may seek a waiver of the requirement of the Social Security Act that all requirements be uniform statewide, to phase in this option over a six-month period. The local agency must deposit spend-down payments into its treasury and issue a monthly payment to the state agency with the necessary individual account information. The local agency shall code the client eligibility system to indicate that the spend-down obligation has been satisfied for the month paid. The state agency shall convey this information to providers through eligibility cards which list no remaining spend-down obligation. After the implementation of the MMIS upgrade, the recipient may elect to pay the state agency the monthly spend-down amount. The recipient must make the payment on or before the 20th of the month in order to be eligible for this option in the following month.

Sec. 38. Minnesota Statutes 1990, section 256B.056, is amended by adding a subdivision to read:

Subd. 8. [COOPERATION.] To be eligible for medical assistance, applicants and recipients must cooperate with the state and local agency to identify potentially liable third-party payers and assist the state in obtaining third party payments, unless good cause for noncooperation is determined according to Code of Federal Regulations, title 42, part 433.147. "Cooperation" includes identifying any third party who may be liable for care and services provided under this chapter to the applicant, recipient, or any other family member for whom application is made and providing relevant information to assist the state in pursuing a potentially liable third party. Cooperation also includes providing information about a group health plan for which the person may be eligible and if the plan is determined cost-effective by the state agency and premiums are paid by the local agency or there is no cost to the recipient, they must enroll or remain enrolled with the group. Cost-effective insurance premiums approved for payment by the state agency and paid by the local agency are eligible for reimbursement according to section 256B.19.

Sec. 39. Minnesota Statutes 1990, section 256B.057, is amended by adding a subdivision to read:

Subd. 3a. [ELIGIBILITY FOR PAYMENT OF MEDICARE PART B PREMIUMS.] A person who would otherwise be eligible as a qualified Medicare beneficiary under subdivision 3, except the person's income is in excess of the limit, is eligible for medical assistance reimbursement of Medicare part B premiums if the person's income is less than 110 percent of the official federal poverty guidelines for the applicable family size. The income limit shall increase to 120 percent of the official federal poverty guidelines for the applicable family size on January 1, 1995.

Sec. 40. Minnesota Statutes 1990, section 256B.059, subdivision 2, is amended to read:

Subd. 2. [ASSESSMENT OF SPOUSAL SHARE.] At the beginning of a continuous period of institutionalization of a person, at the request of either the institutionalized spouse or the community spouse, or upon application for medical assistance, the total value of assets in which either the institutionalized spouse or the community spouse had an interest at the time of the first period of institutionalization of 30 days or more shall be assessed and documented and the spousal share shall be assessed and documented.

Sec. 41. Minnesota Statutes 1990, section 256B.059, subdivision 5, is amended to read:

Subd. 5. [ASSET AVAILABILITY.] (a) At the time of application for medical assistance benefits, assets considered available to the institutionalized spouse shall be the total value of all assets in which either spouse has an ownership interest, reduced by the greater of:

(1) \$12,000; or

(2) the lesser of the spousal share or \$60,000; or

(3) the amount required by court order to be paid to the community spouse. If the community spouse asset allowance has been increased under subdivision 4, then the assets considered available to the institutionalized spouse under this subdivision shall be further reduced by the value of additional amounts allowed under subdivision 4.

(b) An institutionalized spouse may be found eligible for medical assistance even though assets in excess of the allowable amount are found to be available under paragraph (a) if the assets are owned jointly or individually by the community spouse, and the institutionalized spouse cannot use those assets to pay for the cost of care without the consent of the community spouse, and if: (i) the institutionalized spouse assigns to the commissioner the right to support from the community spouse under section 256B.14, subdivision 2; (ii) the institutionalized spouse lacks the ability to execute

an assignment due to a physical or mental impairment; or (iii) the denial of eligibility would cause an imminent threat to the institutionalized spouse's health and well-being.

(c) After the month in which the institutionalized spouse is determined eligible for medical assistance, during the continuous period of institutionalization, no assets of the community spouse are considered available to the institutionalized spouse, unless the institutionalized spouse has been found eligible under clause (b).

(d) Assets determined to be available to the institutionalized spouse under this section must be used for the health care or personal needs of the institutionalized spouse.

(e) For purposes of this section, assets do not include assets excluded under section 256B.056, without regard to the limitations on total value in that section.

Sec. 42. Minnesota Statutes 1990, section 256B.0595, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED TRANSFERS.] (a) If a person or the person's spouse has given away, sold, or disposed of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under section 256B.056, subdivision 3, within 30 months before or any time after the date of institutionalization if the person has been determined eligible for medical assistance, or within 30 months before or any time after the date of the first approved application for medical assistance if the person has not yet been determined eligible for medical assistance, the person is ineligible for long-term care services for the period of time determined under subdivision 2.

(b) This section applies to transfers, for less than fair market value, of income or assets that are considered income in the month received, such as inheritances, court settlements, and retroactive benefit payments.

(c) This section applies to payments for care or personal services provided by a relative, unless the compensation was stipulated in a notarized, written agreement which was in existence when the service was performed, the care or services directly benefited the person, and the payments made represented reasonable compensation for the care or services provided. A notarized written agreement is not required if payment for the services was made within 60 days after the service was provided.

(d) This section applies to the portion of any asset or interest that a person or a person's spouse transfers to an irrevocable trust, annuity, or other instrument, that exceeds the value of the benefit

likely to be returned to the person or spouse during his or her lifetime, based on his or her estimated life expectancy using the life expectancy tables employed by the supplemental security income program to determine the value of an agreement for services for life. The commissioner may adopt rules reducing life expectancies based on the need for long-term care.

(e) For purposes of this section, long-term care services include nursing facility services, and ~~home~~ home- and community-based services provided pursuant to section 256B.491. For purposes of this subdivision and subdivisions 2, 3, and 4, "institutionalized person" includes a person who is an inpatient in a nursing facility, or who is receiving ~~home~~ home- and community-based services under section 256B.491.

Sec. 43. Minnesota Statutes 1991 Supplement, section 256B.0625, subdivision 2, is amended to read:

Subd. 2. [SKILLED AND INTERMEDIATE NURSING CARE.] Medical assistance covers skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section 252.41, subdivision 3, for persons with mental retardation or related conditions who are residing in intermediate care facilities for persons with mental retardation or related conditions. Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562, unless (a) the facility in which the swing bed is located is eligible as a sole community provider, as defined in Code of Federal Regulations, title 42, section 412.92, or the facility is a public hospital owned by a governmental entity with 15 or fewer licensed acute care beds; (b) the health care financing administration approves the necessary state plan amendments; (c) the patient was screened as provided by law; (d) the patient no longer requires acute care services; and (e) no nursing home beds are available within 25 miles of the facility. Medical assistance also covers up to ten days of nursing care provided to a patient in a swing bed if: (1) the patient's physician certifies that the patient has a terminal illness or condition that is likely to result in death within 30 days and that moving the patient would not be in the best interests of the patient and patient's family; (2) no open nursing home beds are available within 25 miles of the facility; and (3) no open beds are available in any Medicare hospice program within 50 miles of the facility. The daily medical assistance payment for nursing care for the patient in the swing bed is the statewide average medical assistance skilled nursing care per diem as computed annually by the commissioner on July 1 of each year.

Sec. 44. Minnesota Statutes 1991 Supplement, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs if pre-

scribed by a licensed practitioner and dispensed by a licensed pharmacist, or by a physician enrolled in the medical assistance program as a dispensing physician. The commissioner, after receiving recommendations from the Minnesota medical association and the Minnesota pharmacists association, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation. The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, and vitamins for children under the age of seven

and pregnant or nursing women; or any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(b) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner, the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee or the usual and customary price charged to the public. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug may be estimated by the commissioner. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual

acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written – brand necessary" on the prescription as required by section 151.21, subdivision 2. Implementation of any change in the fixed dispensing fee that has not been subject to the administrative procedure act is limited to not more than 180 days, unless, during that time, the commissioner initiates rulemaking through the administrative procedure act.

(c) Until January 4, 1993, or the date the Medicaid Management Information System (MMIS) upgrade is implemented, whichever occurs last, a pharmacy provider may require individuals who seek to become eligible for medical assistance under a one-month spend-down, as provided in section 256B.056, subdivision 5, to pay for services to the extent of the spend-down amount at the time the services are provided. A pharmacy provider choosing this option shall file a medical assistance claim for the pharmacy services provided. If medical assistance reimbursement is received for this claim, the pharmacy provider shall return to the individual the total amount paid by the individual for the pharmacy services reimbursed by the medical assistance program. If the claim is not eligible for medical assistance reimbursement because of the provider's failure to comply with the provisions of the medical assistance program, the pharmacy provider shall refund to the individual the total amount paid by the individual. Pharmacy providers may choose this option only if they apply similar credit restrictions to private pay or privately insured individuals. A pharmacy provider choosing this option must inform individuals who seek to become eligible for medical assistance under a one-month spend-down of (1) their right to appeal the denial of services on the grounds that they have satisfied the spend-down requirement, and (2) their potential eligibility for the health right program or the children's health plan.

Sec. 45. Minnesota Statutes 1990, section 256B.0625, is amended by adding a subdivision to read:

Subd. 13a. [DRUG UTILIZATION REVIEW BOARD.] A 12-member drug utilization review board is established. The board is comprised of six licensed physicians actively engaged in the practice of medicine in Minnesota; five licensed pharmacists actively engaged in the practice of pharmacy in Minnesota; and one consumer representative. The board shall be staffed by an employee of the department who shall serve as an ex officio nonvoting member of the board. The members of the board shall be appointed by the commissioner and shall serve three-year terms. The physician members shall be selected from a list submitted by the Minnesota medical

association. The pharmacist members shall be selected from a list submitted by the Minnesota pharmacist association. The commissioner shall appoint the initial members of the board for terms expiring as follows: four members for terms expiring June 30, 1995; four members for terms expiring June 30, 1994; and four members for terms expiring June 30, 1993. Members may be reappointed once. The board shall annually elect a chair from among the members.

The commissioner shall, with the advice of the board:

(1) implement a medical assistance retrospective and prospective drug utilization review program as required by United States Code, title 42, section 1396r-8(g)(3);

(2) develop and implement the predetermined criteria and practice parameters for appropriate prescribing to be used in retrospective and prospective drug utilization review;

(3) develop, select, implement, and assess interventions for physicians, pharmacists, and patients that are educational and not punitive in nature;

(4) establish a grievance and appeals process for physicians and pharmacists under this section;

(5) publish and disseminate educational information to physicians and pharmacists regarding the board and the review program;

(6) adopt and implement procedures designed to ensure the confidentiality of any information collected, stored, retrieved, assessed, or analyzed by the board, staff to the board, or contractors to the review program that identifies individual physicians, pharmacists, or recipients;

(7) establish and implement an ongoing process to (i) receive public comment regarding drug utilization review criteria and standards, and (ii) consider the comments along with other scientific and clinical information in order to revise criteria and standards on a timely basis; and

(8) adopt any rules necessary to carry out this section.

The board may establish advisory committees. The commissioner may contract with appropriate organizations to assist the board in carrying out the board's duties. The commissioner may enter into contracts for services to develop and implement a retrospective and prospective review program.

The board shall report to the commissioner annually on December

1. The commissioner shall make the report available to the public upon request. The report must include information on the activities of the board and the program; the effectiveness of implemented interventions; administrative costs; and any fiscal impact resulting from the program.

Sec. 46. Minnesota Statutes 1991 Supplement, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. [TRANSPORTATION COSTS.] (a) Medical assistance covers transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this subdivision, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory.

(b) Medical assistance covers special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the provider receives and maintains a current physician's order by the recipient's attending physician. The commissioner shall establish maximum medical assistance reimbursement rates for special transportation services for persons who need a wheelchair lift van or stretcher-equipped vehicle and for those who do not need a wheelchair lift van or stretcher-equipped vehicle. The average of these two rates must not exceed ~~\$12.50~~ \$13 for the base rate and \$1 per mile. Special transportation provided to nonambulatory persons who do not need a wheelchair lift van or stretcher-equipped vehicle, may be reimbursed at a lower rate than special transportation provided to persons who need a wheelchair lift van or stretcher-equipped vehicle.

Sec. 47. Minnesota Statutes 1990, section 256B.0625, is amended by adding a subdivision to read:

Subd. 19b. [NO AUTOMATIC ADJUSTMENT.] For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for home care services. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in reimbursement rates for home care services.

Sec. 48. Minnesota Statutes 1990, section 256B.0625, is amended by adding a subdivision to read:

Subd. 19c. [PERSONAL CARE.] Medical assistance covers personal care services provided by an individual who is qualified to provide the services according to subdivision 19a and section 256B.0627, where the services are prescribed by a physician in

accordance with a plan of treatment and are supervised by a registered nurse.

Sec. 49. Minnesota Statutes 1990, section 256B.0625, is amended by adding a subdivision to read:

Subd. 31. [MEDICAL SUPPLIES AND EQUIPMENT.] Medical assistance covers medical supplies and equipment. Separate payment outside of the facility's payment rate shall be made for wheelchairs and wheelchair accessories for recipients who are residents of intermediate care facilities for the mentally retarded. Reimbursement for wheelchairs and wheelchair accessories for ICF/MR recipients shall be subject to the same conditions and limitations as coverage for recipients who do not reside in institutions. A wheelchair purchased outside of the facility's payment rate is the property of the recipient.

Sec. 50. Minnesota Statutes 1991 Supplement, section 256B.0627, subdivision 5, as amended by Laws 1992, chapter 391, section 5, is amended to read:

Subd. 5. [LIMITATION ON PAYMENTS.] Medical assistance payments for home care services shall be limited according to this subdivision.

(a) [EXEMPTION FROM PAYMENT LIMITATIONS.] The level, or the number of hours or visits of a specific service, of home care services to a recipient that began before and is continued without increase on or after December 1987, shall be exempt from the payment limitations of this section, as long as the services are medically necessary.

(b) [LIMITS ON SERVICES WITHOUT PRIOR AUTHORIZATION.] A recipient may receive the following amounts of home care services during a calendar year:

(1) a total of 40 home health aide visits, or skilled nurse visits, ~~health promotions, or health assessments~~ under section 256B.0625, subdivision 6a; and

(2) a total of ten hours of nursing supervision under section 256B.0625, subdivision 7 or 19a.

(c) [PRIOR AUTHORIZATION; EXCEPTIONS.] All home care services above the limits in paragraph (b) must receive the commissioner's prior authorization, except when:

(1) the home care services were required to treat an emergency medical condition that if not immediately treated could cause a recipient serious physical or mental disability, continuation of

severe pain, or death. The provider must request retroactive authorization no later than five working days after giving the initial service. The provider must be able to substantiate the emergency by documentation such as reports, notes, and admission or discharge histories;

(2) the home care services were provided on or after the date on which the recipient's eligibility began, but before the date on which the recipient was notified that the case was opened. Authorization will be considered if the request is submitted by the provider within 20 working days of the date the recipient was notified that the case was opened; or

(3) a third party payor for home care services has denied or adjusted a payment. Authorization requests must be submitted by the provider within 20 working days of the notice of denial or adjustment. A copy of the notice must be included with the request.

(d) [RETROACTIVE AUTHORIZATION.] A request for retroactive authorization under paragraph (c) will be evaluated according to the same criteria applied to prior authorization requests. Implementation of this provision shall begin no later than October 1, 1991, except that recipients who are currently receiving medically necessary services above the limits established under this subdivision may have a reasonable amount of time to arrange for waived services under section 256B.49 or to establish an alternative living arrangement. All current recipients shall be phased down to the limits established under paragraph (b) on or before April 1, 1992.

(e) [ASSESSMENT AND CARE PLAN.] The home care provider shall conduct an assessment and complete a care plan using forms specified by the commissioner. For the recipient to receive, or continue to receive, home care services, the provider must submit evidence necessary for the commissioner to determine the medical necessity of the home care services. The provider shall submit to the commissioner the assessment, the care plan, and other information necessary to determine medical necessity such as diagnostic or testing information, social or medical histories, and hospital or facility discharge summaries.

(f) [PRIOR AUTHORIZATION.] The commissioner, or the commissioner's designee, shall review the assessment, the care plan, and any additional information that is submitted. The commissioner shall, within 30 days after receiving a complete request for ~~prior authorization~~, assessment, and care plan, authorize home care services as follows:

(1) [HOME HEALTH SERVICES.] All home health services provided by a nurse or a home health aide that exceed the limits established in paragraph (b) must be prior authorized by the commissioner or the commissioner's designee. Prior authorization

must be based on medical necessity and cost-effectiveness when compared with other care options.

(2) [PERSONAL CARE SERVICES.] (i) All personal care services must be prior authorized by the commissioner or the commissioner's designee except for the limits on supervision established in paragraph (b). The amount of personal care services authorized must be based on the recipient's case mix classification according to section 256B.0911, except that a child may not be found to be dependent in an activity of daily living if because of the child's age an adult would either perform the activity for the child or assist the child with the activity and the amount of assistance needed is similar to the assistance appropriate for a typical child of the same age. Based on medical necessity, the commissioner may authorize:

(A) up to two times the average number of direct care hours provided in nursing facilities for the recipient's comparable case mix level;

(B) up to three times the average number of direct care hours provided in nursing facilities for recipients who have complex medical needs;

(C) up to 60 percent of the average reimbursement rate, as of July 1, 1991, for care provided in a regional treatment center for recipients who have complex behaviors;

(D) up to the amount the commissioner would pay, as of July 1, 1991, for care provided in a regional treatment center for recipients referred to the commissioner by a regional treatment center preadmission evaluation team. For purposes of this clause, home care services means all services provided in the home or community that would be included in the payment to a regional treatment center; or

(E) up to the amount medical assistance would reimburse for facility care for recipients referred to the commissioner by a preadmission screening team established under section 256B.091 or 256B.092.

(ii) The number of direct care hours shall be determined according to annual cost reports which are submitted to the department by nursing facilities each year. The average number of direct care hours, as established by May 1, shall be calculated and incorporated into the home care limits on July 1 each year. These limits shall be calculated to the nearest quarter hour.

(iii) The case mix level shall be determined by the commissioner or the commissioner's designee based on information submitted to the commissioner by the personal care provider on forms specified by the commissioner. The forms shall be a combination of current assess-

ment tools developed under sections 256B.0911 and 256B.501 with an addition for seizure activity that will assess the frequency and severity of seizure activity and with adjustments, additions, and clarifications that are necessary to reflect the needs and conditions of children and nonelderly adults who need home care. The commissioner shall establish these forms and protocols under this section and shall use the advisory group established in section 256B.04, subdivision 16, for consultation in establishing the forms and protocols by October 1, 1991.

(iv) A recipient shall qualify as having complex medical needs if they require:

(A) daily tube feedings;

(B) daily parenteral therapy;

(C) wound or decubiti care;

(D) postural drainage, percussion, nebulizer treatments, suctioning, tracheotomy care, oxygen, mechanical ventilation;

(E) catheterization;

(F) ostomy care; or

(G) other comparable medical conditions or treatments the commissioner determines would otherwise require institutional care.

(v) A recipient shall qualify as having complex behavior if the recipient exhibits on a daily basis the following:

(A) self-injurious behavior;

(B) unusual or repetitive habits;

(C) withdrawal behavior;

(D) hurtful behavior to others;

(E) socially ~~or~~ offensive behavior;

(F) destruction of property; or

(G) a need for constant one-to-one supervision for self-preservation.

(vi) The complex behaviors in clauses (A) to (G) have the meanings developed under section 256B.501.

(3) [PRIVATE DUTY NURSING SERVICES.] All private duty nursing services shall be prior authorized by the commissioner or the commissioner's designee. Prior authorization for private duty nursing services shall be based on medical necessity and cost-effectiveness when compared with alternative care options. The commissioner may authorize medically necessary private duty nursing services in quarter-hour units when:

(i) the recipient requires more individual and continuous care than can be provided during a nurse visit; or

(ii) the cares are outside of the scope of services that can be provided by a home health aide or personal care assistant.

The commissioner may authorize up to 16 hours per day of private duty nursing services or up to 24 hours per day of private duty nursing services until such time as the commissioner is able to make a determination of eligibility for recipients who are cooperatively applying for home care services under the community alternative care program developed under section 256B.49, or until it is determined by the appropriate regulatory agency that a health benefit plan is or is not required to pay for appropriate medically necessary nursing health care services. Recipients or their representatives must cooperatively assist the commissioner in obtaining this determination. Recipients who are eligible for the community alternative care program may not receive more hours of nursing under this section than would otherwise be authorized under section 256B.49.

(4) [VENTILATOR-DEPENDENT RECIPIENTS.] If the recipient is ventilator-dependent, the monthly medical assistance authorization for home care services shall not exceed what the commissioner would pay for care at the highest cost hospital designated as a long-term hospital under the Medicare program. For purposes of this clause, home care services means all services provided in the home that would be included in the payment for care at the long-term hospital. "Ventilator-dependent" means an individual who receives mechanical ventilation for life support at least six hours per day and is expected to be or has been dependent for at least 30 consecutive days.

(g) [PRIOR AUTHORIZATION; TIME LIMITS.] The commissioner or the commissioner's designee shall determine the time period for which a prior authorization shall remain valid. If the recipient continues to require home care services beyond the duration of the prior authorization, the home care provider must request a new prior authorization through the process described above. Under no circumstances shall a prior authorization be valid for more than 12 months.

(h) [APPROVAL OF HOME CARE SERVICES.] The commissioner or the commissioner's designee shall determine the medical neces-

sity of home care services, the level of caregiver according to subdivision 2, and the institutional comparison according to this subdivision, and the amount, scope, and duration of home care services reimbursable by medical assistance, based on the assessment, the care plan, the recipient's age, the recipient's medical condition, and diagnosis or disability. The commissioner may publish additional criteria for determining medical necessity according to section 256B.04.

(i) [PRIOR AUTHORIZATION REQUESTS; TEMPORARY SERVICES.] The department has 30 days from receipt of the request to complete the prior authorization, during which time it may approve a temporary level of home care service. Authorization under this authority for a temporary level of home care services is limited to the time specified by the commissioner.

(j) [PRIOR AUTHORIZATION REQUIRED IN FOSTER CARE SETTING.] Home care services provided in an adult or child foster care setting must receive prior authorization by the department according to the limits established in paragraph (b).

The commissioner may not authorize:

(1) home care services that are the responsibility of the foster care provider under the terms of the foster care placement agreement and administrative rules;

(2) personal care services when the foster care license holder is also the personal care provider or personal care assistant unless the recipient can direct the recipient's own care, or the recipient is referred to the commissioner by a regional treatment center preadmission evaluation team;

(3) personal care services when the responsible party is an employee of, or under contract with, or has any direct or indirect financial relationship with the personal care provider or personal care assistant, unless the recipient is referred to the commissioner by a regional treatment center preadmission evaluation team;

(4) home care services when the number of foster care residents is greater than four; or

(5) home care services when combined with foster care payments, less the base rate, that exceed the total amount that public funds would pay for the recipient's care in a medical institution.

Sec. 51. Minnesota Statutes 1990, section 256B.064, is amended by adding a subdivision to read:

Subd. 1d. [INVESTIGATIVE COSTS.] The commissioner may

seek recovery of investigative costs from any vendor of medical care or services who willfully submits a claim for reimbursement for services the vendor knows, or reasonably should have known, is a false representation and which results in the payment of public funds for which the vendor is ineligible. Billing errors deemed to be unintentional, but which result in overcharges, shall not be considered for investigative cost recoupment.

Sec. 52. Minnesota Statutes 1991 Supplement, section 256B.064, subdivision 2, is amended to read:

Subd. 2. The commissioner shall determine monetary amounts to be recovered and the sanction to be imposed upon a vendor of medical care for conduct described by subdivision 1a. Except in the case of a conviction for conduct described in subdivision 1a, neither a monetary recovery nor a sanction will be sought by the commissioner without prior notice and an opportunity for a hearing, pursuant to chapter 14, on the commissioner's proposed action, provided that the commissioner may suspend or reduce payment to a vendor of medical care, except a nursing home or convalescent care facility, prior to the hearing if in the commissioner's opinion that action is necessary to protect the public welfare and the interests of the program.

Upon receipt of a notice that a monetary recovery or sanction is to be imposed, a vendor may request a contested case, as defined in section 14.02, subdivision 3, by filing with the commissioner a written request of appeal. The appeal request must be received by the commissioner no later than 30 days after the date the notification of monetary recovery or sanction was mailed to the vendor. The appeal request must specify:

- (1) each disputed item, the reason for the dispute, and an estimate of the dollar amount involved for each disputed item;
- (2) the computation that the vendor believes is correct;
- (3) the authority in statute or rule upon which the vendor relies for each disputed item;
- (4) the name and address of the person or entity with whom contacts may be made regarding the appeal; and
- (5) other information required by the commissioner.

Sec. 53. Minnesota Statutes 1991 Supplement, section 256B.0911, subdivision 3, is amended to read:

Subd. 3. [PERSONS RESPONSIBLE FOR CONDUCTING THE PREADMISSION SCREENING.] (a) A local screening team shall be

established by the county agency and the county public health nursing service of the local board of health. Each local screening team shall be composed of a social worker and a public health nurse from their respective county agencies. If a county does not have a public health nurse available, it may request approval from the commissioner to assign a county registered nurse with at least one year experience in home care to participate on the team. Two or more counties may collaborate to establish a joint local screening team or teams.

(b) Both members of the team must conduct the screening. However, individuals who are being transferred from an acute care facility to a certified nursing facility and individuals who are admitted to a certified nursing facility on an emergency basis may be screened by only one member of the screening team in consultation with the other member.

(c) In assessing a person's needs, each screening team shall have a physician available for consultation and shall consider the assessment of the individual's attending physician, if any. The individual's physician shall be included on the screening team if the physician chooses to participate. Other personnel may be included on the team as deemed appropriate by the county agencies.

(d) If a person who has been screened must be reassessed to assign a case mix classification because admission to a nursing facility occurs later than the time allowed by rule following the initial screening and assessment, the reassessment may be completed by the public health nurse member of the screening team.

Sec. 54. Minnesota Statutes 1991 Supplement, section 256B.0911, is amended by adding a subdivision to read:

Subd. 7a. [CASE MIX ASSESSMENTS.] The nursing facility is authorized to conduct all case mix assessments for persons who have been admitted to the facility prior to a preadmission screening. The county shall conduct the case mix assessment for all persons screened within ten working days prior to admission. The county retains the responsibility of distributing appropriate case mix forms to the nursing facility.

Sec. 55. Minnesota Statutes 1991 Supplement, section 256B.0911, subdivision 8, is amended to read:

Subd. 8. [ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee to advise the commissioner on the preadmission screening program, the alternative care program under section 256B.0913, and the home- and community-based services waiver programs for the elderly and the disabled. The advisory committee shall review policies and procedures and provide advice and technical assistance to the commissioner regarding the

effectiveness and the efficient administration of the programs. The advisory committee must consist of not more than 20 22 people appointed by the commissioner and must be comprised of representatives from public agencies, public and private service providers, two representatives of nursing home associations, and consumers from all areas of the state. Members of the advisory committee must not be compensated for service.

Sec. 56. Minnesota Statutes 1991 Supplement, section 256B.0913, subdivision 4, is amended to read:

Subd. 4. [ELIGIBILITY FOR FUNDING FOR SERVICES FOR NONMEDICAL ASSISTANCE RECIPIENTS.] (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person has been screened by the county screening team or, if previously screened and served under the alternative care program, assessed by the local county social worker or public health nurse;

(2) the person is age 65 or older;

(3) the person would be eligible for medical assistance within 180 days of admission to a nursing facility;

(4) the screening team would recommend nursing facility admission or continued stay for the person if alternative care services were not available;

(5) the person needs services that are not available at that time in the county through other county, state, or federal funding sources; and

(6) the monthly cost of the alternative care services funded by the program for this person does not exceed 75 percent of the statewide average monthly medical assistance payment for nursing facility care at the individual's case mix classification to which the individual would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059.

(b) Individuals who meet the criteria in paragraph (a) and who have been approved for alternative care funding are called 180-day eligible clients.

(c) The statewide average payment for nursing facility care is the statewide average monthly nursing facility rate in effect on July 1 of the fiscal year in which the cost is incurred, less the statewide average monthly income of nursing facility residents who are age 65 or older and who are medical assistance recipients in the month of

March of the previous fiscal year. This monthly limit does not prohibit the 180-day eligible client from paying for additional services needed or desired.

(d) In determining the total costs of alternative care services for one month, the costs of all services funded by the alternative care program, including supplies and equipment, must be included.

(e) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spend-down if the person applied, unless authorized by the commissioner. The commissioner may authorize alternative care money to be used to meet a portion of a medical assistance income spend-down for persons residing in adult foster care who would otherwise be served under the alternative care program. The alternative care payment is limited to the difference between the recipient's negotiated foster care room and board rate and the medical assistance income standard for one elderly person plus the medical assistance personal needs allowance for a person residing in a long-term care facility. A person whose application for medical assistance is being processed may be served under the alternative care program for a period up to 60 days. If the individual is found to be eligible for medical assistance, the county must bill medical assistance retroactive to the date of eligibility for the services provided that are reimbursable under the elderly waiver program.

(f) Alternative care funding is not available for a person who resides in a licensed nursing home or boarding care home, except for case management services which are being provided in support of the discharge planning process.

Sec. 57. Minnesota Statutes 1991 Supplement, section 256B.0913, subdivision 5, is amended to read:

Subd. 5. [SERVICES COVERED UNDER ALTERNATIVE CARE.] (a) Alternative care funding may be used for payment of costs of:

- (1) adult foster care;
- (2) adult day care;
- (3) home health aide;
- (4) homemaker services;
- (5) personal care;
- (6) case management;

- (7) respite care;
- (8) assisted living; and
- (9) care-related supplies and equipment.

(b) The county agency may use up to ten percent of the annual allocation of alternative care funding for payment of costs of meals delivered to the home, transportation, skilled nursing, chore services, companion services, nutrition services, and training for direct informal caregivers. The commissioner shall determine the impact on alternative care costs of allowing these additional services to be provided and shall report the findings to the legislature by February 15, 1993, including any recommendations regarding provision of the additional services.

(c) The county agency must ensure that the funds are used only to supplement and not supplant services available through other public assistance or services programs.

(d) These services must be provided by a licensed provider, a home health agency certified for reimbursement under Titles XVIII and XIX of the Social Security Act, or by persons or agencies employed by or contracted with the county agency or the public health nursing agency of the local board of health.

(e) The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board. The adult foster care daily rate shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed 75 percent of the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, and it must allow for other alternative care services to be authorized by the case manager.

(f) Personal care services may be provided by a personal care provider organization. A county agency may contract with a relative of the client to provide personal care services, but must ensure nursing supervision. Covered personal care services defined in section 256B.0627, subdivision 4, must meet applicable standards in Minnesota Rules, part 9505.0335.

(g) Costs for supplies and equipment that exceed \$150 per item per month must have prior approval from the commissioner. A county may use alternative care funds to purchase supplies and equipment from a non-Medicaid certified vendor if the cost for the items is less than that of a Medicaid vendor.

(h) For the purposes of this section, "assisted living" refers to supportive services provided by a single vendor to two or more

alternative care ~~grant~~ clients who reside in the same apartment building of ten or more units. These services may include care coordination, the costs of preparing one or more nutritionally balanced meals per day, general oversight, and other supportive services which the vendor is licensed to provide according to sections 144A.43 to 144A.49, and which would otherwise be available to individual alternative care ~~grant~~ clients. Reimbursement from the lead agency shall be made to the vendor as a monthly capitated rate negotiated with the county agency. The capitated rate shall not exceed the state share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059. The capitated rate may not cover rent and direct food costs. A person's eligibility to reside in the building must not be contingent on the person's acceptance or use of the assisted living services. Assisted living services as defined in this section shall not be authorized in boarding and lodging establishments licensed according to sections 157.01 to 157.031.

(i) For purposes of this section, companion services are defined as nonmedical care, supervision and oversight, provided to a functionally impaired adult. Companions may assist the individual with such tasks as meal preparation, laundry and shopping, but do not perform these activities as discrete services. The provision of companion services does not entail hands-on medical care. Providers may also perform light housekeeping tasks which are incidental to the care and supervision of the recipient. This service must be approved by the case manager as part of the care plan. Companion services must be provided by individuals or nonprofit organizations who are under contract with the local agency to provide the service. Any person related to the waiver recipient by blood, marriage or adoption cannot be reimbursed under this service. Persons providing companion services will be monitored by the case manager.

(j) For purposes of this section, training for direct informal caregivers is defined as a classroom or home course of instruction which may include: transfer and lifting skills, nutrition, personal and physical cares, home safety in a home environment, stress reduction and management, behavioral management, long-term care decision making, care coordination and family dynamics. The training is provided to an informal unpaid caregiver of a 180-day eligible client which enables the caregiver to deliver care in a home setting with high levels of quality. The training must be approved by the case manager as part of the individual care plan. Individuals, agencies, and educational facilities which provide caregiver training and education will be monitored by the case manager.

Sec. 58. Minnesota Statutes 1991 Supplement, section 256B.0913, subdivision 8, is amended to read:

Subd. 8. [REQUIREMENTS FOR INDIVIDUAL CARE PLAN.] The case manager shall implement the plan of care for each 180-day eligible client and ensure that a client's service needs and eligibility are reassessed at least every six months. The plan shall include any services prescribed by the individual's attending physician as necessary to allow the individual to remain in a community setting. In developing the individual's care plan, the case manager should include the use of volunteers from families and neighbors, religious organizations, social clubs, and civic and service organizations to support the formal home care services. The county shall be held harmless for damages or injuries sustained through the use of volunteers under this subdivision including workers' compensation liability. The lead agency shall provide documentation to the commissioner verifying that the individual's alternative care is not available at that time through any other public assistance or service program. The lead agency shall provide documentation in each individual's plan of care and to the commissioner that the most cost-effective alternatives available have been offered to the individual and that the individual was free to choose among available qualified providers, both public and private. The case manager must give the individual a ten-day written notice of any decrease in or termination of alternative care services.

Sec. 59. Minnesota Statutes 1991 Supplement, section 256B.0913, subdivision 11, is amended to read:

Subd. 11. [TARGETED FUNDING.] (a) The purpose of targeted funding is to make additional money available to counties with the greatest need. Targeted funds are not intended to be distributed equitably among all counties, but rather, allocated to those with long-term care strategies that meet state goals.

(b) The funds available for targeted funding shall be the total appropriation for each fiscal year minus county allocations determined under subdivision 10 as adjusted for any inflation increases provided in appropriations for the biennium.

(c) The commissioner shall allocate targeted funds to counties that demonstrate to the satisfaction of the commissioner that they have developed feasible plans to increase alternative care ~~grant~~ spending. In making targeted funding allocations, the commissioner shall use the following priorities:

(1) counties that received a lower allocation in fiscal year 1991 than in fiscal year 1990. Counties remain in this priority until they have been restored to their fiscal year 1990 level plus inflation;

(2) counties that sustain a base allocation reduction for failure to spend 95 percent of the allocation if they demonstrate that the base reduction should be restored;

(3) counties that propose projects to divert community residents from nursing home placement or convert nursing home residents to community living; and

(4) counties that can otherwise justify program growth by demonstrating the existence of waiting lists, demographically justified needs, or other unmet needs.

(d) Counties that would receive targeted funds according to paragraph (c) must demonstrate to the commissioner's satisfaction that the funds would be appropriately spent by showing how the funds would be used to further the state's alternative care goals as described in subdivision 1, and that the county has the administrative and service delivery capability to use them.

(e) The commissioner shall request applications by June 1 each year, for county agencies to apply for targeted funds. The counties selected for targeted funds shall be notified of the amount of their additional funding by August 1 of each year. Targeted funds allocated to a county agency in one year shall be treated as part of the county's base allocation for that year in determining allocations for subsequent years. No reallocations between counties shall be made.

(f) The allocation for each year after fiscal year 1992 shall be determined using the previous fiscal year's allocation, including any targeted funds, as the base and then applying the criteria under subdivision 10, paragraphs (c), (d), and (f), to the current year's expenditures.

Sec. 60. Minnesota Statutes 1991 Supplement, section 256B.0913, subdivision 12, is amended to read:

Subd. 12. [CLIENT PREMIUMS.] (a) A premium is required for all 180-day eligible clients to help pay for the cost of participating in the program. The amount of the premium for the alternative care client shall be determined as follows:

(1) when the alternative care client's gross income is greater than the medical assistance income standard but less than 150 percent of the federal poverty guideline, and total assets are less than \$6,000, the fee is zero;

(2) when the alternative care client's gross income is greater than 150 percent of the federal poverty guideline and total assets are less than \$6,000, the fee is 25 percent of the cost of alternative care services or the difference between 150 percent of the federal poverty guideline and the client's gross income, whichever is less; and

(3) when the alternative care client's total assets are greater than \$6,000, the fee is 25 percent of the cost of alternative care services.

For married persons, total assets are defined as the total marital assets less the estimated community spouse asset allowance, under section 256B.059, if applicable.

All alternative care services except case management shall be included in the estimated costs for the purpose of determining 25 percent of the costs.

The monthly premium shall be calculated and be payable in the month in which the alternative care services begin and shall continue unaltered for six months until the semiannual reassessment unless the actual cost of services falls below the fee.

(b) The fee shall be waived by the commissioner when:

(1) a person who is residing in a nursing facility is receiving case management only;

(2) a person is applying for medical assistance;

(3) a married couple is requesting an asset assessment under the spousal impoverishment provisions;

(4) a person is a medical assistance recipient, but has been approved for alternative care-funded assisted living services;

(5) a person is found eligible for alternative care, but is not yet receiving alternative care services;

(6) a person is an adult foster care resident for whom alternative care funds are being used to meet a portion of the person's medical assistance spend-down, as authorized in subdivision 4; and

(7) a person's fee under paragraph (a) is less than \$25.

(c) The county agency must collect the premium from the client and forward the amounts collected to the commissioner in the manner and at the times prescribed by the commissioner. Money collected must be deposited in the general fund and is appropriated to the commissioner for the alternative care program. The client must supply the county with the client's social security number at the time of application. If a client fails or refuses to pay the premium due, the county shall supply the commissioner with the client's social security number and other information the commissioner requires to collect the premium from the client. The commissioner shall collect unpaid premiums using the revenue recapture act in chapter 270A and other methods available to the commissioner. The commissioner may require counties to inform clients of the collection procedures that may be used by the state if a premium is not paid.

(e) ~~The commissioner shall establish a premium schedule ranging from \$25 to \$75 per month based on the client's income and assets. The schedule is not subject to chapter 14, but the commissioner shall publish the schedule and any later changes in the State Register and allow a period of 20 working days from the publication date for interested persons to comment before adopting the schedule in final form.~~ (d) The commissioner shall begin to adopt emergency or permanent rules governing client premiums within 30 days after July 1, 1991, including criteria for determining when services to a client must be terminated due to failure to pay a premium. ~~Emergency or permanent rules governing client premiums supersede any schedule adopted under the exemption from chapter 14 in this section.~~

Sec. 61. Minnesota Statutes 1991 Supplement, section 256B.0913, subdivision 14, is amended to read:

Subd. 14. [REIMBURSEMENT AND RATE ADJUSTMENTS.] (a) Reimbursement for expenditures for the alternative care services shall be through the invoice processing procedures of the department's Medicaid management information system (MMIS), only with the approval of the client's case manager. To receive reimbursement, the county or vendor must submit invoices within 120 days following the month of service. The county agency and its vendors under contract shall not be reimbursed for services which exceed the county allocation.

(b) If a county collects less than 50 percent of the client premiums due under subdivision 12, the commissioner may withhold up to three percent of the county's final alternative care program allocation determined under subdivisions 10 and 11.

(c) Beginning July 1, 1991, the state will reimburse counties, up to the limits of state appropriations, according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on or after January 1, 1991, for individuals who would be eligible for medical assistance within 180 days of admission to a nursing home.

(d) Annually on July 1, the commissioner must adjust the rates allowed for alternative care services by For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for alternative care services. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in reimbursement rates for alternative care services based on the forecasted percentage change in the Home Health Agency Market Basket of Operating Costs, for the fiscal year beginning July 1, compared to the previous fiscal year, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs

is published by Data Resources, Inc. The forecast to be used is the one published for the calendar quarter beginning January 1, six months prior to the beginning of the fiscal year for which rates are set.

Sec. 62. Minnesota Statutes 1991 Supplement, section 256B.0915, subdivision 3, is amended to read:

Subd. 3. [LIMITS OF CASES, RATES, REIMBURSEMENT, AND FORECASTING.] (a) The number of medical assistance waiver recipients that a county may serve must be allocated according to the number of medical assistance waiver cases open on July 1 of each fiscal year. Additional recipients may be served with the approval of the commissioner.

(b) The monthly limit for the cost of waived services to an individual waiver client shall be the statewide average payment rate of the case mix resident class to which the waiver client would be assigned under medical assistance case mix reimbursement system. The statewide average payment rate is calculated by determining the statewide average monthly nursing home rate effective July 1 of the fiscal year in which the cost is incurred, less the statewide average monthly income of nursing home residents who are age 65 or older, and who are medical assistance recipients in the month of March of the previous state fiscal year. The following costs must be included in determining the total monthly costs for the waiver client:

(1) cost of all waived services, including extended medical supplies and equipment; and

(2) cost of skilled nursing, home health aide, and personal care services reimbursable by medical assistance.

(c) Medical assistance funding for skilled nursing services, home health aide, and personal care services for waiver recipients must be approved by the case manager and included in the individual care plan.

(d) Expenditures for extended medical supplies and equipment that cost over \$150 per month for both the elderly waiver and the disabled waiver must have the commissioner's prior approval.

(e) Annually on July 1, the commissioner must adjust the rates allowed for services by For the fiscal year beginning on July 1, 1993, and for subsequent fiscal years, the commissioner of human services shall not provide automatic annual inflation adjustments for home- and community-based waived services. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under

section 16A.11 annual adjustments in reimbursement rates for home- and community-based waived services, based on the forecasted percentage change in the Home Health Agency Market Basket of Operating Costs, for the fiscal year beginning July 1, compared to the previous fiscal year, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs is published by Data Resources, Inc. The forecast to be used is the one published for the calendar quarter beginning January 1, six months prior to the beginning of the fiscal year for which rates are set. The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board.

The adult foster care daily rate for the elderly and disabled waivers shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, and it must allow for other waiver and medical assistance home care services to be authorized by the case manager.

(f) Reimbursement for the medical assistance recipients under the approved waiver shall be made from the medical assistance account through the invoice processing procedures of the department's Medicaid management information system (MMIS), only with the approval of the client's case manager. The budget for the state share of the Medicaid expenditures shall be forecasted with the medical assistance budget, and shall be consistent with the approved waiver.

(g) Beginning July 1, 1991, the state shall reimburse counties according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on or after January 1, 1991, for individuals who are receiving medical assistance.

Sec. 63. Minnesota Statutes 1991 Supplement, section 256B.0915, is amended by adding a subdivision to read:

Subd. 4. [TERMINATION NOTICE.] The case manager must give the individual a ten-day written notice of any decrease in or termination of waived services.

Sec. 64. Minnesota Statutes 1991 Supplement, section 256B.0915, is amended by adding a subdivision to read:

Subd. 5. [REASSESSMENTS FOR WAIVER CLIENTS.] A reassessment of a client served under the elderly or disabled waiver must be conducted at least every six months and at other times when the case manager determines that there has been significant change in the client's functioning. This may include instances where the client is discharged from the hospital.

Sec. 65. Minnesota Statutes 1991 Supplement, section 256B.0917, subdivision 2, is amended to read:

Subd. 2. [DESIGN OF SAIL PROJECTS; LOCAL LONG-TERM CARE COORDINATING TEAM.] (a) The commissioner of human services shall establish SAIL projects in four to six counties or groups of counties to demonstrate the feasibility and cost-effectiveness of a local long-term care strategy that is consistent with the state's long-term care goals identified in subdivision 1. The commissioner shall publish a notice in the State Register announcing the availability of project funding and giving instructions for making an application. The instructions for the application shall identify the amount of funding available for project components.

(b) To be selected for the project, a county board, or boards ~~under a joint powers agreement~~, must establish a long-term care coordinating team consisting of county social service agencies, public health nursing service agencies, local boards of health, and the area agencies on aging in a geographic area which is responsible for:

(1) developing a local long-term care strategy consistent with state goals and objectives;

(2) submitting an application to be selected as a project;

(3) coordinating planning for funds to provide services to elderly persons, including funds received under Title III of the Older Americans Act, Community Social Services Act, Title XX of the Social Security Act and the Local Public Health Act; and

(4) ensuring efficient services provision and nonduplication of funding.

(c) The board, or boards ~~under a joint powers agreement~~, shall designate a public agency to serve as the lead agency. The lead agency receives and manages the project funds from the state and is responsible for the implementation of the local strategy. If selected as a project, the local long-term care coordinating team must semiannually evaluate the progress of the local long-term care strategy in meeting state measures of performance and results as established in the contract.

(d) Each member of the local coordinating team must indicate its endorsement of the local strategy. The local long-term care coordinating team may include in its membership other units of government which provide funding for services to the frail elderly. The team must cooperate with consumers and other public and private agencies, including nursing homes, in the geographic area in order to develop and offer a variety of cost-effective services to the elderly and their caregivers.

(e) The board, or boards ~~under a joint powers agreement~~, shall apply to be selected as a project. If the project is selected, the commissioner of human services shall contract with the lead agency for the project and shall provide additional administrative funds for implementing the provisions of the contract, within the appropriation available for this purpose.

(f) Projects shall be selected according to the following conditions:

(1) No project may be selected unless it demonstrates that:

(i) the objectives of the local project will help to achieve the state's long-term care goals as defined in subdivision 1;

(ii) in the case of a project submitted jointly by several counties, all of the participating counties are contiguous;

(iii) there is a designated local lead agency that is empowered to make contracts with the state and local vendors on behalf of all participants;

(iv) the project proposal demonstrates that the local cooperating agencies have the ability to perform the project as described and that the implementation of the project has a reasonable chance of achieving its objectives;

(v) the project will serve an area that covers at least four counties or contains at least 2,500 persons who are 85 years of age or older, according to the projections of the state demographer or the census if the data is more recent; and

(vi) the local coordinating team documents efforts of cooperation with consumers and other agencies and organizations, both public and private, in planning for service delivery.

(2) If only two projects are selected, at least one of them must be from a metropolitan statistical area as determined by the United States Census Bureau; if three or four projects are selected, at least one but not more than two projects must be from a metropolitan statistical area; and if more than four projects are selected, at least two but not more than three projects must be from a metropolitan statistical area.

(3) Counties or groups of counties that submit a proposal for a project shall be assigned to types defined by institutional utilization rate and population growth rate in the following manner:

(i) Each county or group of counties shall be measured by the utilization rate of nursing homes and boarding care homes and by the projected growth rate of its population aged 85 and over between

1990 and 2000. For the purposes of this section, "utilization rate" means the proportion of the seniors aged 65 or older in the county or group of counties who reside in a licensed nursing home or boarding care home as determined by the most recent census of residents available from the department of health and the population estimates of the state demographer or the census, whichever is more recent. The "projected growth rate" is the rate of change in the county or group of counties of the population group aged 85 or older between 1990 and 2000 according to the projections of the state demographer.

(ii) The institutional utilization rate of a county or group of counties shall be converted to a category by assigning a "high utilization" category if the rate is above the median rate of all counties, and a "low utilization" category otherwise. The projected growth rate of a county or group of counties shall be converted to a category by assigning a score of "high growth" category if the rate is above the median rate of all counties, and a "low growth" category otherwise.

(iii) Types of areas shall be defined by the four combinations of the scores defined in item (ii): type 1 is low utilization – high growth, type 2 is high utilization – high growth, type 3 is high utilization – low growth, and type 4 is low utilization – low growth. Each county or group of counties making a proposal shall be assigned to one of these types.

(4) Projects shall be selected from each of the types in the order that the types are listed in paragraph (3), item (iii), with available funding allocated to projects until it is exhausted, with no more than 30 percent of available funding allocated to any one project. Available funding includes state administrative funds which have been appropriated for screening functions in subdivision 4, paragraph (b), clause (3), and for service developers and incentive grants in subdivision 5.

(5) If more than one county or group of counties within one of the types defined by paragraph (3) proposes a special project that meets all of the other conditions in paragraphs (1) and (2), the project that demonstrates the most cost-effective proposals in terms of the number of nursing home placements that can be expected to be diverted or converted to alternative care services per unit of cost shall be selected.

(6) If more than one county applies for a specific project under this subdivision, all participating county boards must indicate intent to work cooperatively through individual board resolutions or a joint powers agreement.

Sec. 66. Minnesota Statutes 1991 Supplement, section 256B.0917, subdivision 3, is amended to read:

Subd. 3. [LOCAL LONG-TERM CARE STRATEGY.] The local long-term care strategy must list performance outcomes and indicators which meet the state's objectives. The local strategy must provide for:

(1) accessible information, assessment, and preadmission screening activities as described in subdivision 4;

(2) an application for expansion of alternative care targeted funds under section 256B.0913, for serving 180-day eligible clients, including those who are relocated from nursing homes; and

(3) the development of additional services such as adult family foster care homes; family adult day care; assisted living projects and congregate housing service projects in apartment buildings; expanded home care services for evenings and weekends; expanded volunteer services; and caregiver support and respite care projects; and

(4) ~~development and implementation of strategies for advocating, promoting, and developing long term care insurance and encouraging insurance companies to offer long term care insurance policies that are affordable and offer a wide range of benefits.~~

The county or groups of counties selected for the projects shall be required to comply with federal regulations, alternative care funding policies in section 256B.0913, and the federal waiver programs' policies in section 256B.0915. The requirements for preadmission screening as defined in section 256B.0911, subdivisions 1 to 6, are waived for those counties selected as part of a long-term care strategy project. For persons who are eligible for medical assistance or who are 180-day eligible clients and who are screened after nursing facility admission, the nursing facility must include a screener in the discharge planning process for those individuals who the screener has determined have discharge potential. The agency responsible for the screening function in subdivision 4 must ensure a smooth transition and follow-up for the individual's return to the community. Requirements for an access, screening, and assessment function replace the preadmission screening requirements and are defined in subdivision 4. Requirements for the service development and service provision are defined in subdivision 5.

Sec. 67. Minnesota Statutes 1991 Supplement, section 256B.0917, subdivision 4, is amended to read:

Subd. 4. [ACCESSIBLE INFORMATION, SCREENING, AND ASSESSMENT FUNCTION.] (a) The projects selected by and under contract with the commissioner shall establish an accessible information, screening, and assessment function for persons who need assistance and information regarding long-term care. This accessible information, screening, and assessment activity shall include

information and referral, early intervention, follow-up contacts, telephone triage as defined in paragraph (f), home visits, assessments, preadmission screening, and relocation case management for the frail elderly and their caregivers in the area served by the county or counties. The purpose is to ensure that information and help is provided to elderly persons and their families in a timely fashion, when they are making decisions about long-term care. These functions may be split among various agencies, but must be coordinated by the local long-term care coordinating team.

(b) Accessible information, screening, and assessment functions shall be reimbursed as follows:

(1) The screenings of all persons entering nursing homes shall be reimbursed by the nursing homes in the counties of the project, through the same policy that is in place in fiscal year 1992 as established in section 256B.0911. The amount a nursing home pays to the county agency is that amount identified and approved in the February 15, 1991, estimated number of screenings and associated expenditures. This amount remains the same for fiscal year 1993;

(2) The level I screenings and the level II assessments required by Public Law Numbers 100-203 and 101-508 (OBRA) for persons with mental illness, mental retardation, or related conditions, are reimbursed through administrative funds with 75 percent federal funds and 25 percent state funds, as allowed by federal regulations and established in the contract; and

(3) Additional state administrative funds shall be available for the access, screening, and assessment activities that are not reimbursed under clauses (1) and (2). This amount shall not exceed the amount authorized in the guidelines and in instructions for the application and must be within the amount appropriated for this activity.

(c) The amounts available under paragraph (b) are available to the county or counties involved in the project to cover staff salaries and expenses to provide the services in this subdivision. The lead agency shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to provide the services listed in this subdivision.

(d) Any information and referral functions funded by other sources, such as Title III of the Older Americans Act and Title XX of the Social Security Act and the Community Social Services Act, shall be considered by the local long-term care coordinating team in establishing this function to avoid duplication and to ensure access to information for persons needing help and information regarding long-term care.

(e) The staffing for the screening and assessment function must include, but is not limited to, a county social worker and a county

public health nurse. The social worker and public health nurse are responsible for all assessments that are required to be completed by a professional. However, only one of these professionals is required to be present for the assessment. If a county does not have a public health nurse available, it may request approval from the commissioner to assign a county registered nurse with at least one year of experience in home care to conduct the assessment.

(f) All persons entering a Medicaid certified nursing home or boarding care home must be screened through an assessment process, although the decision to conduct a face-to-face interview is left with the county social worker and the county public health nurse. All applicants to nursing homes must be screened and approved for admission by the county social worker or the county public health nurse named by the lead agency or the agencies which are under contract with the lead agency to manage the access, screening, and assessment functions. For applicants who have a diagnosis of mental illness, mental retardation, or a related condition, and are subject to the provisions of Public Law Numbers 100-203 and 101-508, their admission must be approved by the local mental health authority or the local developmental disabilities case manager.

The commissioner shall develop instructions and assessment forms for telephone triage and on-site screenings to ensure that federal regulations and waiver provisions are met.

For purposes of this section, the term "telephone triage" refers to a telephone or face-to-face consultation between health care and social service professionals during which the clients' circumstances are reviewed and the county agency professional sorts the individual into categories: (1) needs no screening, (2) needs an immediate screening, or (3) needs a screening after admission to a nursing home or after a return home. The county agency professional shall authorize admission to a nursing home according to the provisions in section 256B.0911, subdivision 7.

(g) The requirements for case mix assessments by a preadmission screening team may be waived and the nursing home shall complete the case mix assessments which are not conducted by the county public health nurse according to the procedures established under Minnesota Rules, part 9549.0059. The appropriate county or the lead agency is responsible for distributing the quality assurance and review form for all new applicants to nursing homes.

(h) The lead agency or the agencies under contract with the lead agency which are responsible for the accessible information, screening, and assessment function must complete the forms and reports required by the commissioner as specified in the contract.

Sec. 68. Minnesota Statutes 1991 Supplement, section 256B.0917, subdivision 5, is amended to read:

Subd. 5. [SERVICE DEVELOPMENT AND SERVICE DELIVERY.] (a) In addition to the access, screening, and assessment activity, each local strategy may include provisions for the following:

(1) expansion of alternative care to serve an increased caseload, over the fiscal year 1991 average caseload, of at least 100 persons each year who are assessed prior to nursing home admission and persons who are relocated from nursing homes, which results in a reduction of the medical assistance nursing home caseload;

(2) the addition of a full-time staff person who is responsible to develop the following services and recruit providers as established in the contract:

(i) additional adult family foster care homes;

(ii) family adult day care providers as defined in section 256B.0919, subdivision 2;

(iii) an assisted living program in an apartment;

(iv) a congregate housing service project in a subsidized housing project; and

(v) the expansion of evening and weekend coverage of home care services as deemed necessary by the local strategic plan;

(3) small incentive grants to new adult family care providers for renovations needed to meet licensure requirements;

(4) a plan to apply for a congregate housing service project as identified in section 256.9751, authorized by the Minnesota board on aging, to the extent that funds are available;

(5) a plan to divert new applicants to nursing homes and to relocate a targeted population from nursing homes, using the individual's own resources or the funding available for services;

(6) one or more caregiver support and respite care projects, as described in subdivision 6; and

(7) one or more living-at-home/block nurse projects, as described in subdivisions 7 to 10.

(b) The expansion of alternative care clients under paragraph (a) shall be accomplished with the funds provided under section 256B.0913, and includes the allocation of targeted funds. The

funding for all participating counties must be coordinated by the local long-term care coordinating team and must be part of the local long-term care strategy. Targeted alternative care funds received through the SAIL project approval process may be transferred from one SAIL county to another within a designated SAIL project area during a fiscal year as authorized by the local long-term care coordinating team and approved by the commissioner. The base allocation used for a future year shall reflect the final transfer. Each county retains responsibility for reimbursement as defined in section 256B.0913, subdivision 12. All other requirements for the alternative care program must be met unless an exception is provided in this section. The commissioner may establish by contract a reimbursement mechanism for alternative care that does not require invoice processing through the medical assistance management information system (MMIS). The commissioner and local agencies must assure that the same client and reimbursement data is obtained as is available under MMIS.

(c) The administration of these components is the responsibility of the agencies selected by the local coordinating team and under contract with the local lead agency. However, administrative funds for paragraph (a), clauses (2) to (5), and grant funds for paragraph (a), clauses (6) and (7), shall be granted to the local lead agency. The funding available for each component is based on the plan submitted and the amount negotiated in the contract.

Sec. 69. Minnesota Statutes 1991 Supplement, section 256B.0917, subdivision 6, is amended to read:

Subd. 6. ~~[STATEWIDE CAREGIVER SUPPORT AND RESPITE CARE RESOURCE CENTER; CAREGIVER SUPPORT AND RESPITE CARE PROJECTS.]~~ (a) ~~The commissioner shall establish and maintain a statewide resource center for caregiver support and respite care. The resource center shall:~~

(1) ~~provide information, technical assistance, and training statewide to county agencies and organizations on direct service models of caregiver support and respite care services;~~

(2) ~~identify and address issues, concerns, and gaps in the statewide network for caregiver support and respite care;~~

(3) ~~maintain a statewide caregiver support and respite care directory;~~

(4) ~~educate caregivers on the availability and use of caregiver and respite care services;~~

(5) ~~promote and expand caregiver training and support groups using existing networks when possible; and~~

~~(6) apply for and manage grants related to caregiver support and respite care.~~

(b) The commissioner shall establish up to 36 projects to expand the respite care network in the state and to support caregivers in their responsibilities for care. The purpose of each project shall be to:

(1) establish a local coordinated network of volunteer and paid respite workers;

(2) coordinate assignment of respite workers to clients and care receivers and assure the health and safety of the client; and

(3) provide training for caregivers and ensure that support groups are available in the community.

~~(e)~~ (b) The caregiver support and respite care funds shall be available to the four to six local long-term care strategy projects designated in subdivisions 1 to 5.

~~(d)~~ (c) The commissioner shall publish a notice in the State Register to solicit proposals from public or private nonprofit agencies for the projects not included in the four to six local long-term care strategy projects defined in subdivision 2. A county agency may, alone or in combination with other county agencies, apply for caregiver support and respite care project funds. A public or nonprofit agency within a designated SAIL project area may apply for project funds if the agency has a letter of agreement with the county or counties in which services will be developed, stating the intention of the county or counties to coordinate their activities with the agency requesting a grant.

~~(e)~~ (d) The commissioner shall select grantees based on the following criteria:

(1) the ability of the proposal to demonstrate need in the area served, as evidenced by a community needs assessment or other demographic data;

(2) the ability of the proposal to clearly describe how the project will achieve the purpose defined in paragraph (b);

(3) the ability of the proposal to reach underserved populations;

(4) the ability of the proposal to demonstrate community commitment to the project, as evidenced by letters of support and cooperation as well as formation of a community task force;

(5) the ability of the proposal to clearly describe the process for recruiting, training, and retraining volunteers; and

(6) the inclusion in the proposal of the plan to promote the project in the community, including outreach to persons needing the services.

~~(f)~~ (e) Funds for all projects under this subdivision may be used to:

(1) hire a coordinator to develop a coordinated network of volunteer and paid respite care services and assign workers to clients;

(2) recruit and train volunteer providers;

(3) train caregivers;

(4) ensure the development of support groups for caregivers;

(5) advertise the availability of the caregiver support and respite care project; and

(6) purchase equipment to maintain a system of assigning workers to clients.

~~(g)~~ (f) Project funds may not be used to supplant existing funding sources.

~~(h) An advisory committee shall be appointed to advise the caregiver support project on the development and implementation of the caregiver support and respite care services projects. The advisory committee shall review procedures and provide advice and technical assistance to the caregiver support project regarding the grant program established under this section.~~

~~The advisory committee shall consist of not more than 16 people appointed by the commissioner and shall be comprised of representatives from public and private agencies, service providers and consumers from all areas of the state.~~

~~Members of the advisory committee shall not be compensated for service.~~

Sec. 70. Minnesota Statutes 1991 Supplement, section 256B.0917, subdivision 7, is amended to read:

Subd. 7. [CONTRACT.] The commissioner of human services shall execute a contract with an organization experienced in establishing and operating community-based programs that have used the principles listed in subdivision 8, paragraph (b), in order to meet the independent living and health needs of senior citizens aged 65 and over and provide community-based long-term care for senior citizens in their homes. The organization awarded the contract shall:

(1) assist the commissioner in developing criteria for and in awarding grants to establish community-based organizations that will implement living-at-home/block nurse programs throughout the state;

(2) assist the commissioner in awarding grants to enable current living-at-home/block nurse programs to implement the combined living-at-home/block nurse program model;

(3) serve as a state technical assistance center to assist and coordinate the living-at-home/block nurse programs established; and

(4) develop the implementation plan required by subdivision 10.

Sec. 71. Minnesota Statutes 1991 Supplement, section 256B.0917, subdivision 8, is amended to read:

Subd. 8. [LIVING-AT-HOME/BLOCK NURSE PROGRAM GRANT.] (a) The commissioner, in cooperation with the organization awarded the contract under subdivision 7, shall develop and administer a grant program to establish ~~seven to ten~~ or expand up to 15 community-based organizations that will implement living-at-home/block nurse programs that are designed to enable senior citizens to live as independently as possible in their homes and in their communities. ~~Up to~~ At least seven of the programs must be in counties outside the seven-county metropolitan area. The living-at-home/block nurse program funds shall be available to the four to six SAIL projects established under this section. Nonprofit organizations and units of local government are eligible to apply for grants to establish the community organizations that will implement living-at-home/block nurse programs. In awarding grants, the commissioner shall give preference to nonprofit organizations and units of local government from communities that:

(1) have high nursing home occupancy rates;

(2) have a shortage of health care professionals; and

(3) meet other criteria established by the commissioner, in consultation with the organization under contract.

(b) Grant applicants must also meet the following criteria:

(1) the local community demonstrates a readiness to establish a community model of care, including the formation of a board of directors, advisory committee, or similar group, of which at least two-thirds is comprised of community citizens interested in community-based care for older persons;

(2) the program has sponsorship by a credible, representative organization within the community;

(3) the program has defined specific geographic boundaries and defined its organization, staffing and coordination/delivery of services;

(4) the program demonstrates a team approach to coordination and care, ensuring that the older adult participants, their families, the formal and informal providers are all part of the effort to plan and provide services; and

(5) the program provides assurances that all community resources and funding will be coordinated and that other funding sources will be maximized, including a person's own resources.

(c) Grant applicants must provide a minimum of five percent of total estimated development costs from local community funding. Grants shall be awarded for two-year periods, and the base amount shall not exceed \$40,000 per applicant for the grant period. The commissioner, in consultation with the organization under contract, may increase the grant amount for applicants from communities that have socioeconomic characteristics that indicate a higher level of need for development assistance.

(d) Each living-at-home/block nurse program shall be designed by representatives of the communities being served to ensure that the program addresses the specific needs of the community residents. The programs must be designed to:

(1) incorporate the basic community, organizational, and service delivery principles of the living-at-home/block nurse program model;

(2) provide senior citizens with registered nurse directed assessment, provision and coordination of health and personal care services on a sliding fee basis as an alternative to expensive nursing home care;

(3) provide information, support services, homemaking services, counseling, and training for the client and family caregivers;

(4) encourage the development and use of respite care, caregiver support, and in-home support programs, such as adult foster care and in-home adult day care;

(5) encourage neighborhood residents and local organizations to collaborate in meeting the needs of senior citizens in their communities;

(6) recruit, train, and direct the use of volunteers to provide informal services and other appropriate support to senior citizens and their caregivers; and

(7) provide coordination and management of formal and informal services to senior citizens and their families using less expensive alternatives.

Sec. 72. Minnesota Statutes 1991 Supplement, section 256B.0917, subdivision 11, is amended to read:

Subd. 11. [SAIL EVALUATION AND EXPANSION.] The commissioner shall evaluate the success of the SAIL projects against the objective stated in subdivision 1, paragraph (b), and recommend to the legislature the continuation or expansion of the long-term care strategy by February 15, 1993.

Sec. 73. Minnesota Statutes 1991 Supplement, section 256B.0919, subdivision 1, is amended to read:

Subdivision 1. [ADULT FOSTER CARE LICENSURE CAPACITY.] Notwithstanding contrary provisions of the human services licensing act and rules adopted under it, an adult foster care license holder may care for five adults age 60 years or older who do not have serious and persistent mental illness or a developmental disability. ~~The license holder under this section shall not be a corporate business which operates more than two facilities.~~

Sec. 74. Minnesota Statutes 1991 Supplement, section 256B.092, subdivision 4, is amended to read:

Subd. 4. [HOME- AND COMMUNITY-BASED SERVICES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.] The commissioner shall make payments to approved vendors participating in the medical assistance program to pay costs of providing home- and community-based services, including case management service activities provided as an approved home- and community-based service, to medical assistance eligible persons with mental retardation or related conditions who have been screened under subdivision 7 and according to federal requirements. Federal requirements include those services and limitations included in the federally approved application for home- and community-based services for persons with mental retardation or related conditions and subsequent amendments. Payments for home- and community-based services shall not exceed amounts authorized by the county of financial responsibility. For specifically identified former residents of regional treatment centers and nursing facilities, the commissioner shall be responsible for authorizing payments and payment limits under the appropriate home- and community-based service program. Payment is available under this subdivision only for persons who, if not provided these services, would require

the level of care provided in an intermediate care facility for persons with mental retardation or related conditions.

Sec. 75. [256B.0921] [STATEWIDE CAREGIVER SUPPORT AND RESPITE CARE PROJECT.]

(a) The commissioner shall establish and maintain a statewide caregiver support and respite care project. The project shall:

(1) provide information, technical assistance, and training statewide to county agencies and organizations on direct service models of caregiver support and respite care services;

(2) identify and address issues, concerns, and gaps in the statewide network for caregiver support and respite care;

(3) maintain a statewide caregiver support and respite care resource center;

(4) educate caregivers on the availability and use of caregiver and respite care services;

(5) promote and expand caregiver training and support groups using existing networks when possible; and

(6) apply for and manage grants related to caregiver support and respite care.

(b) An advisory committee shall be appointed to advise the caregiver support project on all aspects of the project including the development and implementation of the caregiver support and respite care services projects. The advisory committee shall review procedures and provide advice and technical assistance to the caregiver support project regarding the grant program established under section 256B.0917 and others established for caregivers.

The advisory committee shall consist of not more than 16 people appointed by the commissioner and shall be comprised of representatives from public and private agencies, service providers, and consumers from all areas of the state.

Members of the advisory committee shall not be compensated for service.

Sec. 76. Minnesota Statutes 1991 Supplement, section 256B.093, subdivision 1, is amended to read:

Subdivision 1. [STATE COORDINATOR TRAUMATIC BRAIN INJURY CASE MANAGEMENT.] The commissioner of human services shall designate a full-time position within the long-term

care management division of the department of human services to supervise and coordinate services for persons with traumatic brain injuries.

An advisory committee shall be established to provide recommendations to the department regarding program and service needs of persons with traumatic brain injuries:

(1) establish and maintain statewide traumatic brain injury case management;

(2) designate a full-time position to supervise and coordinate services for persons with traumatic brain injuries;

(3) contract with qualified agencies or employ staff to provide statewide administrative case management; and

(4) establish an advisory committee to provide recommendations in a report to the department regarding program and service needs of persons with traumatic brain injuries.

Sec. 77. Minnesota Statutes 1991 Supplement, section 256B.093, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] ~~The commissioner may contract with qualified agencies or employ staff to provide statewide case management services to medical assistance recipients who are at risk of institutionalization and who~~ Persons eligible for traumatic brain injury administrative case management must be eligible medical assistance recipients who have traumatic brain injury and:

(1) are at risk of institutionalization; or

(2) exceed limits established by the commissioner in section 256B.0627, subdivision 5, paragraph (b).

Sec. 78. Minnesota Statutes 1991 Supplement, section 256B.093, subdivision 3, is amended to read:

Subd. 3. [CASE MANAGEMENT DUTIES.] The department shall fund case management under this subdivision using medical assistance administrative funds. Case management duties include:

(1) assessing the person's individual needs for services required to prevent institutionalization;

(2) ensuring that a care plan that addresses the person's needs is developed, implemented, and monitored on an ongoing basis by the appropriate agency or individual;

(3) assisting the person in obtaining services necessary to allow the person to remain in the community;

(4) coordinating home care services with other medical assistance services under section 256B.0625;

(5) ensuring appropriate, accessible, and cost-effective medical assistance services;

(6) recommending to the commissioner the approval or denial of the use of medical assistance funds to pay for home care services when home care services exceed thresholds established by the commissioner under Minnesota Rules, parts 9505.0170 to 9505.0475 section 256B.0627;

(7) assisting the person with problems related to the provision of home care services;

(8) ensuring the quality of home care services;

(9) reassessing the person's need for and level of home care services at a frequency determined by the commissioner; and

(10) recommending to the commissioner the approval or denial of medical assistance funds to pay for out-of-state placements for traumatic brain injury services and in-state traumatic brain injury services provided by designated Medicare long-term care hospitals.

Sec. 79. Minnesota Statutes 1990, section 256B.14, subdivision 2, is amended to read:

Subd. 2. [ACTIONS TO OBTAIN PAYMENT.] The state agency shall promulgate rules to determine the ability of responsible relatives to contribute partial or complete payment or repayment of medical assistance furnished to recipients for whom they are responsible. These rules shall not require payment or repayment when payment would cause undue hardship to the responsible relative or that relative's immediate family. These rules shall be consistent with the requirements of section 252.27 for parents of children whose eligibility for medical assistance was determined without deeming of the parents' resources and income. ~~For parents of children receiving services under a federal medical assistance waiver or under section 134 of the Tax Equity and Fiscal Responsibility Act of 1982, United States Code, title 42, section 1396a(e)(3), while living in their natural home, including in-home family support services, respite care, homemaker services, and minor adaptations to the home, the state agency shall take into account the room, board, and services provided by the parents in determining the parental contribution to the cost of care. The county agency shall give the responsible relative notice of the amount of the payment or~~

repayment. If the state agency or county agency finds that notice of the payment obligation was given to the responsible relative, but that the relative failed or refused to pay, a cause of action exists against the responsible relative for that portion of medical assistance granted after notice was given to the responsible relative, which the relative was determined to be able to pay.

The action may be brought by the state agency or the county agency in the county where assistance was granted, for the assistance, together with the costs of disbursements incurred due to the action.

In addition to granting the county or state agency a money judgment, the court may, upon a motion or order to show cause, order continuing contributions by a responsible relative found able to repay the county or state agency. The order shall be effective only for the period of time during which the recipient receives medical assistance from the county or state agency.

Sec. 80. Minnesota Statutes 1990, section 256B.15, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] For purposes of this section, "medical assistance" includes the medical assistance program under chapter 256B and the general assistance medical care program under chapter 256D, but does not include the alternative care program under chapter 256B.

Subd. 1a. [ESTATES SUBJECT TO CLAIMS.] If a person receives any medical assistance hereunder, on the person's death, if single, or on the death of the survivor of a married couple, either or both of whom received medical assistance, the total amount paid for medical assistance rendered for the person and spouse shall be filed as a claim against the estate of the person or the estate of the surviving spouse in the court having jurisdiction to probate the estate.

A claim shall be filed if medical assistance was rendered for either or both persons under one of the following circumstances:

(a) the person was over 65 years of age, and received services under chapter 256B, excluding alternative care; or

(b) the person resided in a medical institution for six months or longer, received services under chapter 256B excluding alternative care, and, at the time of institutionalization or application for medical assistance, whichever is later, the person could not have reasonably been expected to be discharged and returned home, as certified in writing by the person's treating physician. For purposes of this section only, a "medical institution" means a skilled nursing facility, intermediate care facility, intermediate care facility for

persons with mental retardation, nursing facility, or inpatient hospital; or

(c) the person received general assistance medical care services under chapter 256D.

The claim shall be considered an expense of the last illness of the decedent for the purpose of section 524.3-805. Any statute of limitations that purports to limit any county agency or the state agency, or both, to recover for medical assistance granted hereunder shall not apply to any claim made hereunder for reimbursement for any medical assistance granted hereunder. Counties are entitled to one-half of the nonfederal share of medical assistance collections from estates that are directly attributable to county effort.

Sec. 81. Minnesota Statutes 1990, section 256B.15, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS ON CLAIMS.] The claim shall include only the total amount of medical assistance rendered after age 65 or during a period of institutionalization described in subdivision 1, clause (b), and the total amount of general assistance medical care rendered, and shall not include interest. Claims that have been allowed but not paid shall bear interest according to section 524.3-806, paragraph (d). A claim against the estate of a surviving spouse who did not receive medical assistance, for medical assistance rendered for the predeceased spouse, is limited to the value of the assets of the estate that were marital property or jointly owned property at any time during the marriage.

Sec. 82. Minnesota Statutes 1990, section 256B.19, is amended by adding a subdivision to read:

Subd. 1b. [PORTION OF NONFEDERAL SHARE TO BE PAID BY GOVERNMENT HOSPITALS.] In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance costs attributable to them. For purposes of this subdivision, "designated governmental unit" means Hennepin county, and the public corporation known as Ramsey Health Care, Inc. which is operated under the authority of chapter 246A. For purposes of this subdivision, "public hospital" means the Hennepin County Medical Center, and the St. Paul-Ramsey Medical Center.

Each of the governmental units designated in this subdivision shall on a monthly basis transfer an amount equal to two percent of the public hospital's net patient revenues, excluding net Medicare revenue to the state Medicaid agency. These sums shall be part of the local governmental unit's portion of the nonfederal share of

medical assistance costs, but shall not be subject to payback provisions of section 256.025.

Sec. 83. Minnesota Statutes 1990, section 256B.36, is amended to read:

256B.36 [PERSONAL ALLOWANCE FOR CERTAIN RECIPIENTS OF MEDICAL ASSISTANCE.]

In addition to the personal allowance established in section 256B.35, any disabled recipient of medical assistance ~~with a handicap, mental retardation, or a related condition, confined in a skilled nursing home or intermediate care facility who is a resident of a nursing facility or intermediate care facility for the mentally retarded,~~ shall also be permitted a special personal allowance drawn solely from earnings from any ~~productive~~ employment under an individual plan of rehabilitation. This special personal allowance shall not exceed ~~(1) the limits set therefor by the commissioner, or (2) the amount of disregarded income the individual would have retained as a recipient of aid to the disabled benefits in December, 1973, whichever amount is lower~~ consist of the sum of the following amounts, deducted from earnings in the following order:

- (1) \$80 for the costs of meals and miscellaneous work expenses;
- (2) federal insurance contributions act payments withheld from the person's earned income;
- (3) actual employment related transportation expenses;
- (4) other actual employment related expenses; and
- (5) state and federal income taxes withheld from the person's earned income, if the person cannot be claimed as exempt from federal income tax withholding.

The maximum special personal allowance from earnings is the sum of items (1) to (5).

Sec. 84. Minnesota Statutes 1990, section 256B.41, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The commissioner shall establish, by rule, procedures for determining rates for care of residents of nursing homes which qualify as vendors of medical assistance, and for implementing the provisions of this section and sections 256B.421, 256B.431, 256B.432, 256B.433, 256B.47, 256B.48, 256B.50, and 256B.502. The procedures shall be based on methods and standards that the commissioner finds are adequate to provide for the costs that must be incurred for the care of residents in

efficiently and economically operated nursing homes and shall specify the costs that are allowable for establishing payment rates through medical assistance.

Sec. 85. Minnesota Statutes 1990, section 256B.41, subdivision 2, is amended to read:

Subd. 2. [FEDERAL REQUIREMENTS.] If any provision of this section and sections 256B.421, 256B.431, 256B.432, 256B.433, 256B.47, 256B.48, 256B.50, and 256B.502, is determined by the United States government to be in conflict with existing or future requirements of the United States government with respect to federal participation in medical assistance, the federal requirements shall prevail.

Sec. 86. Minnesota Statutes 1990, section 256B.421, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] For the purposes of this section and sections 256B.41, 256B.411, 256B.431, 256B.432, 256B.433, 256B.47, 256B.48, 256B.50, and 256B.502, the following terms and phrases shall have the meaning given to them.

Sec. 87. Minnesota Statutes 1990, section 256B.421, is amended by adding a subdivision to read:

Subd. 16. [CAPITAL ASSETS.] "Capital assets," for purposes of section 256B.431, subdivisions 13 to 21, means a nursing facility's buildings, attached fixtures, land improvements, leasehold improvements, and all additions to or replacements of those assets used directly for resident care.

Sec. 88. Minnesota Statutes 1990, section 256B.431, subdivision 2i, is amended to read:

Subd. 2i. [OPERATING COSTS AFTER JULY 1, 1988.] (a) [OTHER OPERATING COST LIMITS.] For the rate year beginning July 1, 1988, the commissioner shall increase the other operating cost limits established in Minnesota Rules, part 9549.0055, subpart 2, item E, to 110 percent of the median of the array of allowable historical other operating cost per diems and index these limits as in Minnesota Rules, part 9549.0056, subparts 3 and 4. The limits must be established in accordance with subdivision 2b, paragraph (d). For rate years beginning on or after July 1, 1989, the adjusted other operating cost limits must be indexed as in Minnesota Rules, part 9549.0056, subparts 3 and 4. For the rate period beginning October 1, 1992, and for rate years beginning after June 30, 1993, the amount of the surcharge under section 256.9657, subdivision 1, shall be included in the plant operations and maintenance operating cost

category. The surcharge shall be an allowable cost for the purpose of establishing the payment rate.

(b) [CARE-RELATED OPERATING COST LIMITS.] For the rate year beginning July 1, 1988, the commissioner shall increase the care-related operating cost limits established in Minnesota Rules, part 9549.0055, subpart 2, items A and B, to 125 percent of the median of the array of the allowable historical case mix operating cost standardized per diems and the allowable historical other care-related operating cost per diems and index those limits as in Minnesota Rules, part 9549.0056, subparts 1 and 2. The limits must be established in accordance with subdivision 2b, paragraph (d). For rate years beginning on or after July 1, 1989, the adjusted care-related limits must be indexed as in Minnesota Rules, part 9549.0056, subparts 1 and 2.

(c) [SALARY ADJUSTMENT PER DIEM.] For the rate period October 1, 1988, to June 30, 1990, the commissioner shall add the appropriate salary adjustment per diem calculated in clause (1) or (2) to the total operating cost payment rate of each nursing home. The salary adjustment per diem for each nursing home must be determined as follows:

(1) for each nursing home that reports salaries for registered nurses, licensed practical nurses, and aides, orderlies and attendants separately, the commissioner shall determine the salary adjustment per diem by multiplying the total salaries, payroll taxes, and fringe benefits allowed in each operating cost category, except management fees and administrator and central office salaries and the related payroll taxes and fringe benefits, by 3.5 percent and then dividing the resulting amount by the nursing home's actual resident days; and

(2) for each nursing home that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the salary adjustment per diem is the weighted average salary adjustment per diem increase determined under clause (1).

Each nursing home that receives a salary adjustment per diem pursuant to this subdivision shall adjust nursing home employee salaries by a minimum of the amount determined in clause (1) or (2). The commissioner shall review allowable salary costs, including payroll taxes and fringe benefits, for the reporting year ending September 30, 1989, to determine whether or not each nursing home complied with this requirement. The commissioner shall report the extent to which each nursing home complied with the legislative commission on long-term care by August 1, 1990.

(d) [NEW BASE YEAR.] The commissioner shall establish new base years for both the reporting year ending September 30, 1989,

and the reporting year ending September 30, 1990. In establishing new base years, the commissioner must take into account:

- (1) statutory changes made in geographic groups;
- (2) redefinitions of cost categories; and
- (3) reclassification, pass-through, or exemption of certain costs such as public employee retirement act contributions.

(e) [NEW BASE YEAR.] The commissioner shall establish a new base year for the reporting years ending September 30, 1991, and September 30, 1992. In establishing a new base year, the commissioner must take into account:

- (1) statutory changes made in geographic groups;
- (2) redefinitions of cost categories; and
- (3) reclassification, pass-through, or exemption of certain costs.

Sec. 89. Minnesota Statutes 1991 Supplement, section 256B.431, subdivision 2l, is amended to read:

Subd. 2l. [INFLATION ADJUSTMENTS AFTER JULY 1, 1990.]

(a) For rate years beginning on or after July 1, 1990, the forecasted composite price index for a nursing home's allowable operating cost per diems shall be determined using Data Resources, Inc., forecast for change in the Nursing Home Market Basket. The commissioner of human services shall use the indices as forecasted by Data Resources, Inc., in the fourth quarter of the calendar year preceding the rate year.

(b) For rate years beginning on or after July 1, 1992, the commissioner shall index the prior year's operating cost limits by the percentage change in the Data Resources, Inc., nursing home market basket between the midpoint of the current reporting year and the midpoint of the previous reporting year. The commissioner shall use the indices as forecasted by Data Resources, Inc., in the fourth quarter of the calendar year preceding the rate year.

(c) For rate years beginning on or after July 1, 1993, the commissioner shall not provide automatic annual inflation adjustments for nursing homes. The commissioner of finance shall include annual adjustments in operating costs for nursing homes as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11.

Sec. 90. Minnesota Statutes 1991 Supplement, section 256B.431, subdivision 2m, is amended to read:

Subd. 2m. [NURSING HOMES SPECIALIZING IN THE TREATMENT OF HUNTINGTON'S DISEASE.] For the rate year beginning July 1, 1991, and for the rate period from July 1, 1992, to December 31, 1992, the commissioner shall reimburse nursing homes that specialize in the treatment of Huntington's disease using the case mix per diem limit that applies to nursing homes licensed under the department of human services' rules governing residential services for physically handicapped persons to establish rates for up to 35 persons with Huntington's disease. For purposes of this subdivision, a nursing home specializes in the treatment of Huntington's disease if more than 25 percent of its licensed capacity is used for residents with Huntington's disease.

Sec. 91. Minnesota Statutes 1991 Supplement, section 256B.431, subdivision 2o, is amended to read:

Subd. 2o. [SPECIAL PAYMENT RATES FOR SHORT-STAY NURSING HOMES.] Notwithstanding contrary provisions of this section and rules adopted by the commissioner, for the rate year years beginning on or after July 1, 1992, a nursing home whose average length of stay for the rate year beginning July 1, 1991, is less than 180 days must be reimbursed for allowable costs up to 125 percent of the total care-related limit and 105 percent of the other-operating-cost limit for hospital-attached nursing facilities. The nursing home continues to receive this rate even if the home's average length of stay is more than 180 days in the rate year years subsequent to the rate year beginning July 1, 1991.

Sec. 92. Minnesota Statutes 1991 Supplement, section 256B.431, subdivision 3f, is amended to read:

Subd. 3f. [PROPERTY COSTS AFTER JULY 1, 1988.] (a) [INVESTMENT PER BED LIMIT.] For the rate year beginning July 1, 1988, the replacement-cost-new per bed limit must be \$32,571 per licensed bed in multiple bedrooms and \$48,857 per licensed bed in a single bedroom. For the rate year beginning July 1, 1989, the replacement-cost-new per bed limit for a single bedroom must be \$49,907 adjusted according to Minnesota Rules, part 9549.0060, subpart 4, item A, subitem (1). Beginning January 1, 1990, the replacement-cost-new per bed limits must be adjusted annually as specified in Minnesota Rules, part 9549.0060, subpart 4, item A, subitem (1). Beginning January 1, 1991, the replacement-cost-new per bed limits will be adjusted annually as specified in Minnesota Rules, part 9549.0060, subpart 4, item A, subitem (1), except that the index utilized will be the Bureau of the Census: Composite fixed-weighted price index as published in the Survey of Current Business.

(b) [RENTAL FACTOR.] For the rate year beginning July 1, 1988, the commissioner shall increase the rental factor as established in Minnesota Rules, part 9549.0060, subpart 8, item A, by 6.2 percent

rounded to the nearest 100th percent for the purpose of reimbursing nursing homes for soft costs and entrepreneurial profits not included in the cost valuation services used by the state's contracted appraisers. For rate years beginning on or after July 1, 1989, the rental factor is the amount determined under this paragraph for the rate year beginning July 1, 1988.

(c) [OCCUPANCY FACTOR.] For rate years beginning on or after July 1, 1988, in order to determine property-related payment rates under Minnesota Rules, part 9549.0060, for all nursing homes except those whose average length of stay in a skilled level of care within a nursing home is 180 days or less, the commissioner shall use 95 percent of capacity days. For a nursing home whose average length of stay in a skilled level of care within a nursing home is 180 days or less, the commissioner shall use the greater of resident days or 80 percent of capacity days but in no event shall the divisor exceed 95 percent of capacity days.

(d) [EQUIPMENT ALLOWANCE.] For rate years beginning on July 1, 1988, and July 1, 1989, the commissioner shall add ten cents per resident per day to each nursing home's property-related payment rate. The ten-cent property-related payment rate increase is not cumulative from rate year to rate year. For the rate year beginning July 1, 1990, the commissioner shall increase each nursing home's equipment allowance as established in Minnesota Rules, part 9549.0060, subpart 10, by ten cents per resident per day. For rate years beginning on or after July 1, 1991, the adjusted equipment allowance must be adjusted annually for inflation as in Minnesota Rules, part 9549.0060, subpart 10, item E. For the rate period beginning October 1, 1992, the equipment allowance for each nursing facility shall be increased by 28 percent. For rate years beginning after June 30, 1993, the allowance must be adjusted annually for inflation.

(e) [POST CHAPTER 199 RELATED-ORGANIZATION DEBTS AND INTEREST EXPENSE.] For rate years beginning on or after July 1, 1990, Minnesota Rules, part 9549.0060, subpart 5, item E, shall not apply to outstanding related organization debt incurred prior to May 23, 1983, provided that the debt was an allowable debt under Minnesota Rules, parts 9510.0010 to 9510.0480, the debt is subject to repayment through annual principal payments, and the nursing home demonstrates to the commissioner's satisfaction that the interest rate on the debt was less than market interest rates for similar arms-length transactions at the time the debt was incurred. If the debt was incurred due to a sale between family members, the nursing home must also demonstrate that the seller no longer participates in the management or operation of the nursing home. Debts meeting the conditions of this paragraph are subject to all other provisions of Minnesota Rules, parts 9549.0010 to 9549.0080.

(f) [BUILDING CAPITAL ALLOWANCE FOR NURSING HOMES

WITH OPERATING LEASES.] For rate years beginning on or after July 1, 1990, a nursing home with operating lease costs incurred for the nursing home's buildings shall receive its building capital allowance computed in accordance with Minnesota Rules, part 9549.0060, subpart 8.

Sec. 93. Minnesota Statutes 1990, section 256B.431, subdivision 4, is amended to read:

Subd. 4. [SPECIAL RATES.] (a) For the rate years beginning July 1, 1983, and July 1, 1984, a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property-related costs calculated pursuant to the statutes and rules in effect on May 1, 1983, and for operating costs negotiated by the commissioner based upon the 60th percentile established for the appropriate group under subdivision 2a, to be effective from the first day a medical assistance recipient resides in the home or for the added beds. For newly constructed nursing homes which are not included in the calculation of the 60th percentile for any group, subdivision 2f, the commissioner shall establish by rule procedures for determining interim operating cost payment rates and interim property-related cost payment rates. The interim payment rate shall not be in effect for more than 17 months. The commissioner shall establish, by emergency and permanent rules, procedures for determining the interim rate and for making a retroactive cost settle-up after the first year of operation; the cost settled operating cost per diem shall not exceed 110 percent of the 60th percentile established for the appropriate group. Until procedures determining operating cost payment rates according to mix of resident needs are established, the commissioner shall establish by rule procedures for determining payment rates for nursing homes which provide care under a lesser care level than the level for which the nursing home is certified.

(b) For the rate years beginning on or after July 1, 1985, a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property related costs, operating costs, and real estate taxes and special assessments calculated under rules promulgated by the commissioner.

(c) For rate years beginning on or after July 1, 1983, the commissioner may exclude from a provision of 12 MCAR S 2.050 any facility that is licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, is licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690, and has less than five percent of its licensed boarding care capacity reimbursed by the medical assistance program. Until a permanent rule to

establish the payment rates for facilities meeting these criteria is promulgated, the commissioner shall establish the medical assistance payment rate as follows:

(1) The desk audited payment rate in effect on June 30, 1983, remains in effect until the end of the facility's fiscal year. The commissioner shall not allow any amendments to the cost report on which this desk audited payment rate is based.

(2) For each fiscal year beginning between July 1, 1983, and June 30, 1985, the facility's payment rate shall be established by increasing the desk audited operating cost payment rate determined in clause (1) at an annual rate of five percent.

(3) For fiscal years beginning on or after July 1, 1985, but before January 1, 1988, the facility's payment rate shall be established by increasing the facility's payment rate in the facility's prior fiscal year by the increase indicated by the consumer price index for Minneapolis and St. Paul.

(4) For the fiscal year beginning on January 1, 1988, the facility's payment rate must be established using the following method: The commissioner shall divide the real estate taxes and special assessments payable as stated in the facility's current property tax statement by actual resident days to compute a real estate tax and special assessment per diem. Next, the prior year's payment rate must be adjusted by the higher of (1) the percentage change in the consumer price index (CPI-U U.S. city average) as published by the Bureau of Labor Statistics between the previous two Septembers, new series index (1967-100), or (2) 2.5 percent, to determine an adjusted payment rate. The facility's payment rate is the adjusted prior year's payment rate plus the real estate tax and special assessment per diem.

(5) For fiscal years beginning on or after January 1, 1989, the facility's payment rate must be established using the following method: The commissioner shall divide the real estate taxes and special assessments payable as stated in the facility's current property tax statement by actual resident days to compute a real estate tax and special assessment per diem. Next, the prior year's payment rate less the real estate tax and special assessment per diem must be adjusted by the higher of (1) the percentage change in the consumer price index (CPI-U U.S. city average) as published by the Bureau of Labor Statistics between the previous two Septembers, new series index (1967-100), or (2) 2.5 percent, to determine an adjusted payment rate. The facility's payment rate is the adjusted payment rate plus the real estate tax and special assessment per diem.

(6) For the purpose of establishing payment rates under this paragraph, the facility's rate and reporting years coincide with the facility's fiscal year.

(d) A facility that meets the criteria of paragraph (c) shall submit annual cost reports on forms prescribed by the commissioner.

(e) For the rate year beginning July 1, 1985, each nursing home total payment rate must be effective two calendar months from the first day of the month after the commissioner issues the rate notice to the nursing home. From July 1, 1985, until the total payment rate becomes effective, the commissioner shall make payments to each nursing home at a temporary rate that is the prior rate year's operating cost payment rate increased by 2.6 percent plus the prior rate year's property-related payment rate and the prior rate year's real estate taxes and special assessments payment rate. The commissioner shall retroactively adjust the property-related payment rate and the real estate taxes and special assessments payment rate to July 1, 1985, but must not retroactively adjust the operating cost payment rate.

(f) For the purposes of Minnesota Rules, part 9549.0060, subpart 13, item F, the following types of transactions shall not be considered a sale or reorganization of a provider entity:

- (1) the sale or transfer of a nursing home upon death of an owner;
- (2) the sale or transfer of a nursing home due to serious illness or disability of an owner as defined under the social security act;
- (3) the sale or transfer of the nursing home upon retirement of an owner at 62 years of age or older;
- (4) any transaction in which a partner, owner, or shareholder acquires an interest or share of another partner, owner, or shareholder in a nursing home business provided the acquiring partner, owner, or shareholder has less than 50 percent ownership after the acquisition;
- (5) a sale and leaseback to the same licensee which does not constitute a change in facility license;
- (6) a transfer of an interest to a trust;
- (7) gifts or other transfers for no consideration;
- (8) a merger of two or more related organizations;
- (9) a transfer of interest in a facility held in receivership;
- (10) a change in the legal form of doing business other than a publicly held organization which becomes privately held or vice versa;

(11) the addition of a new partner, owner, or shareholder who owns less than 20 percent of the nursing home or the issuance of stock; or

(12) an involuntary transfer including foreclosure, bankruptcy, or assignment for the benefit of creditors.

Any increase in allowable debt or allowable interest expense or other cost incurred as a result of the foregoing transactions shall be a nonallowable cost for purposes of reimbursement under Minnesota Rules, parts 9549.0010 to 9549.0080.

(g) Upon receiving a recommendation from the commissioner of health for a review of rates under section 144A.15, subdivision 6, the commissioner may grant an adjustment to the nursing home's payment rate. The commissioner shall review the recommendation of the commissioner of health, together with the nursing home's cost report to determine whether or not the deficiency or need can be corrected or met by reallocating nursing home staff, costs, revenues, or other resources including any investments, efficiency incentives, or allowances. If the commissioner determines that the deficiency cannot be corrected or the need cannot be met, the commissioner shall determine the payment rate adjustment by dividing the additional annual costs established during the commissioner's review by the nursing home's actual resident days from the most recent desk audited cost report. The payment rate adjustment must meet the conditions in section 256B.47, subdivision 2, and shall remain in effect until the receivership under section 144A.15 ends, or until another date the commissioner sets.

Upon the subsequent sale or transfer of the nursing home, the commissioner may recover amounts paid through payment rate adjustments under this paragraph. The buyer or transferee shall repay this amount to the commissioner within 60 days after the commissioner notifies the buyer or transferee of the obligation to repay. The buyer or transferee must also repay the private-pay resident the amount the private-pay resident paid through payment rate adjustment.

Sec. 94. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 9a. [ONE-TIME ADJUSTMENT FOR 21-MONTH FACTOR.] For the rate period beginning October 1, 1992, the 21-month inflation factor for operating costs shall be increased by seven-tenths of one percent.

Sec. 95. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 13. [HOLD-HARMLESS PROPERTY-RELATED RATES.]

(a) Terms used in subdivisions 13 to 21 shall be as defined in Minnesota Rules, parts 9549.0010 to 9549.0080, and this section.

(b) Except as provided in this subdivision, for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, the property-related rate for a nursing facility shall be the greater of \$4 or the property-related payment rate in effect on September 30, 1992. In addition, the incremental increase in the nursing facility's rental rate will be determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section.

(c) Notwithstanding Minnesota Rules, part 9549.0060, subpart 13, item F, a nursing facility that has a sale permitted under subdivision 14 after June 30, 1992, shall receive the property-related payment rate in effect at the time of the sale or reorganization. For rate periods beginning after October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility shall receive, in addition to its property-related payment rate in effect at the time of the sale, the incremental increase allowed under subdivision 14.

Sec. 96. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 14. [LIMITATIONS ON SALES OF NURSING FACILITIES.] (a) For rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility's property-related payment rate as established under subdivision 13 shall be adjusted by either paragraph (b) or (c) for the sale of the nursing facility, including sales occurring after June 30, 1992, as provided in this subdivision.

(b) If the nursing facility's property-related payment rate under subdivision 13 prior to sale is greater than the nursing facility's rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section prior to sale, the nursing facility's property-related payment rate after sale shall be the greater of its property-related payment rate under subdivision 13 prior to sale or its rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section calculated after sale.

(c) If the nursing facility's property-related payment rate under subdivision 13 prior to sale is equal to or less than the nursing facility's rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section prior to sale, the nursing facility's property-related payment rate after sale shall be the nursing facility's property-related payment rate under subdivision 13 plus the difference between its rental rate calculated under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section prior to sale and its rental rate calculated under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section calculated after sale.

(d) For purposes of this subdivision, "sale" means the purchase of a nursing facility's capital assets with cash or debt. The term sale does not include a stock purchase of a nursing facility or any of the following transactions:

(1) a sale and leaseback to the same licensee that does not constitute a change in facility license;

(2) a transfer of an interest to a trust;

(3) gifts or other transfers for no consideration;

(4) a merger of two or more related organizations;

(5) a change in the legal form of doing business, other than a publicly held organization that becomes privately held or vice versa;

(6) the addition of a new partner, owner, or shareholder who owns less than 20 percent of the nursing home or the issuance of stock; and

(7) a sale, merger, reorganization, or any other transfer of interest between related organizations other than those permitted in this section.

(e) For purposes of this subdivision, "effective date of sale" means the later of either the date on which legal title to the capital assets is transferred or the date on which closing for the sale occurred.

(f) The effective day for the property-related payment rate determined under this subdivision shall be the first day of the month following the month in which the effective date of sale occurs or October 1, 1992, whichever is later, provided that the notice requirements under section 256B.47, subdivision 2, have been met.

(g) Notwithstanding Minnesota Rules, part 9549.0060, subpart 5, item A, subitems (3) and (4), and subpart 7, items E and F, the commissioner shall limit the total allowable debt and related interest for sales occurring after June 30, 1992, to the sum of clauses (1) to (3):

(1) the historical cost of capital assets, as of the nursing facility's most recent previous effective date of sale or, if there has been no previous sale, the nursing facility's initial historical cost of constructing capital assets;

(2) the average annual capital asset additions after deduction for capital asset deletions, not including depreciations; and

(3) one-half of the allowed inflation on the nursing facility's capital assets. The commissioner shall compute the allowed inflation as described in paragraph (h).

(h) For purposes of computing the amount of allowed inflation, the commissioner must apply the following principles:

(1) the lesser of the Consumer Price Index for all urban consumers or the Dodge Construction Systems Costs for Nursing Homes for any time periods during which both are available must be used. If the Dodge Construction Systems Costs for Nursing Homes becomes unavailable, the commissioner shall substitute the index in section 256B.431, subdivision 3f, or such other index as the secretary of the health care financing administration may designate;

(2) the amount of allowed inflation to be applied to the capital assets in paragraph (g), clauses (1) and (2), must be computed separately;

(3) the amount of allowed inflation must be determined on an annual basis, prorated on a monthly basis for partial years and if the initial month of use is not determinable for a capital asset, then one-half of that calendar year shall be used for purposes of prorating;

(4) the amount of allowed inflation to be applied to the capital assets in paragraph (g), clauses (1) and (2), must not exceed 300 percent of the total capital assets in any one of those clauses; and

(5) the allowed inflation must be computed starting with the month following the nursing facility's most recent previous effective date of sale or, if there has been no previous sale, the month following the date of the nursing facility's initial occupancy, and ending with the month preceding the effective date of sale.

(i) If the historical cost of a capital asset is not readily available for the date of the nursing facility's most recent previous sale or if there has been no previous sale for the date of the nursing facility's initial occupancy, then the commissioner shall limit the total allowable debt and related interest after sale to the extent recognized by the Medicare intermediary after the sale. For a nursing facility that has no historical capital asset cost data available and does not have allowable debt and interest calculated by the Medicare intermediary, the commissioner shall use the historical cost of capital asset data from the point in time for which capital asset data is recorded in the nursing facility's audited financial statements.

(j) The limitations in this subdivision apply only to debt resulting from a sale of a nursing facility occurring after June 30, 1992, including debt assumed by the purchaser of the nursing facility.

Sec. 97. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 15. [CAPITAL REPAIR AND REPLACEMENT COST REPORTING AND RATE CALCULATION.] For rate years beginning after June 30, 1993, a nursing facility's capital repair and replacement payment rate shall be established annually as provided in paragraphs (a) to (d).

(a) Notwithstanding Minnesota Rules, part 9549.0060, subpart 12, the costs of acquiring the following items, including cash payment for equity investment and principal and interest expense for debt financing, shall be reported in the capital repair and replacement cost category:

(1) wall coverings;

(2) paint;

(3) floor coverings;

(4) window coverings;

(5) roof repair;

(6) heating or cooling system repair or replacement;

(7) window repair or replacement;

(8) initiatives designed to reduce energy usage by the facility if accompanied by an energy audit prepared by a professional engineer or architect registered in Minnesota, or by an auditor certified under Minnesota Rules, part 7635.0130, to do energy audits and the energy audit identifies the initiative as a conservation measure; and

(9) capitalized repair or replacement of capital assets not included in the equity incentive computations under subdivision 16.

(b) To compute the capital repair and replacement payment rate, the allowable annual repair and replacement costs for the reporting year must be divided by actual resident days for the reporting year. The annual allowable capital repair and replacement costs shall not exceed \$150 per licensed bed. The excess of the allowed capital repair and replacement costs over the capital repair and replacement limit shall be a cost carryover to succeeding cost reporting periods, except that sale of a facility, under subdivision 14, shall terminate the carryover of all costs except those incurred in the most recent cost reporting year. The termination of the carryover shall have effect on the capital repair and replacement rate on the same date as provided in subdivision 14, paragraph (f), for the sale. For rate years begin-

ning after June 30, 1994, the capital repair and replacement limit shall be subject to the index provided in subdivision 3f, paragraph (a). For purposes of this subdivision, the number of licensed beds shall be the number used to calculate the nursing facility's capacity days. The capital repair and replacement rate must be added to the nursing facility's total payment rate.

(c) Capital repair and replacement costs under this subdivision shall not be counted as either care-related or other operating costs, nor subject to care-related or other operating limits.

(d) If costs otherwise allowable under this subdivision are incurred as the result of a project approved under the moratorium exception process in section 144A.073, or in connection with an addition to or replacement of buildings, attached fixtures, or land improvements for which the total historical cost of these assets exceeds the lesser of \$150,000 or ten percent of the nursing facility's appraised value, these costs must be claimed under subdivisions 16 or 17, as appropriate.

Sec. 98. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 16. [MAJOR ADDITIONS AND REPLACEMENTS; EQUITY INCENTIVE.] For rate years beginning after June 30, 1993, if a nursing facility acquires capital assets in connection with a project approved under the moratorium exception process in section 144A.073 or in connection with an addition to or replacement of buildings, attached fixtures, or land improvements for which the total historical cost of those capital asset additions exceeds the lesser of \$150,000 or ten percent of the most recent appraised value, the nursing facility shall be eligible for an equity incentive payment rate as in paragraphs (a) to (d). This computation is separate from the determination of the nursing facility's rental rate. An equity incentive payment rate as computed under this subdivision is limited to one in a 12-month period.

(a) An eligible nursing facility shall receive an equity incentive payment rate equal to the allowable historical cost of the capital asset acquired, minus the allowable debt directly identified to that capital asset, multiplied by the equity incentive factor as described in paragraphs (b) and (c), and divided by the nursing facility's occupancy factor under subdivision 3f, paragraph (c). This amount shall be added to the nursing facility's total payment rate and shall be effective the same day as the incremental increase in paragraph (d) or subdivision 17. The allowable historical cost of the capital assets and the allowable debt shall be determined as provided in Minnesota Rules, parts 9549.0010 to 9549.0080, and this section.

(b) The equity incentive factor shall be determined under clauses (1) to (4):

(1) divide the initial allowable debt in paragraph (a) by the initial historical cost of the capital asset additions referred to in paragraph (a), then cube the quotient,

(2) subtract the amount calculated in clause (1) from the number one,

(3) determine the difference between the rental factor and the lesser of two percentage points above the posted yield for standard conventional fixed rate mortgages of the Federal Home Loan Mortgage Corporation as published in the Wall Street Journal and in effect on the first day of the month the debt or cost is incurred, or 16 percent,

(4) multiply the amount calculated in clause (2) by the amount calculated in clause (3).

(c) The equity incentive payment rate shall be limited to the term of the allowable debt in paragraph (a), not greater than 20 years nor less than ten years. If no debt is incurred in acquiring the capital asset, the equity incentive payment rate shall be paid for ten years. The sale of a nursing facility under subdivision 14 shall terminate application of the equity incentive payment rate effective on the date provided in subdivision 4, paragraph (f), for the sale.

(d) A nursing facility with an addition to or a renovation of its buildings, attached fixtures, or land improvements meeting the criteria in this subdivision and not receiving the property-related payment rate adjustment in subdivision 17, shall receive the incremental increase in the nursing facility's rental rate as determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section. The incremental increase shall be added to the nursing facility's property-related payment rate. The effective date of this incremental increase shall be the first day of the month following the month in which the addition or replacement is completed.

Sec. 99. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 17. [SPECIAL PROVISIONS FOR MORATORIUM EXCEPTIONS.] (a) Notwithstanding Minnesota Rules, part 9549.0060, subpart 3, for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility that has completed a renovation, replacement, or upgrading project approved under the moratorium exception process in section 144A.073 shall be reimbursed for costs directly identified to that project as provided in subdivision 16 and this subdivision.

(b) Notwithstanding Minnesota Rules, part 9549.0060, subpart 5,

item A, subitems (1) and (3), and subpart 7, item D, allowable interest expense on debt shall include:

(1) interest expense on debt related to the cost of purchasing or replacing depreciable equipment, excluding vehicles, not to exceed six percent of the total historical cost of the project; and

(2) interest expense on debt related to financing or refinancing costs, including costs related to points, loan origination fees, financing charges, legal fees, and title searches; and issuance costs including bond discounts, bond counsel, underwriter's counsel, corporate counsel, printing, and financial forecasts. Allowable debt related to items in this clause shall not exceed seven percent of the total historical cost of the project. To the extent these costs are financed, the straight-line amortization of the costs in this clause is not an allowable cost; and

(3) interest on debt incurred for the establishment of a debt reserve fund, net of the interest earned on the debt reserve fund.

(c) Debt incurred for costs under paragraph (b) is not subject to Minnesota Rules, part 9549.0060, subpart 5, item A, subitem (5) or (6).

(d) The incremental increase in a nursing facility's rental rate, determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, resulting from the acquisition of allowable capital assets, and allowable debt and interest expense under this subdivision shall be added to its property-related payment rate and shall be effective on the first day of the month following the month in which the moratorium project was completed.

(e) Notwithstanding subdivision 3f, paragraph (a), for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, the replacement-costs-new per bed limit to be used in Minnesota Rules, part 9549.0060, subpart 4, item B, for a nursing facility that has completed a renovation, replacement, or upgrading project that has been approved under the moratorium exception process in section 144A.073, or that has completed an addition to or replacement of buildings, attached fixtures, or land improvements for which the total historical cost exceeds the lesser of \$150,000 or ten percent of the most recent appraised value, must be \$47,500 per licensed bed in multiple-bed rooms and \$71,250 per licensed bed in a single-bed room. These amounts must be adjusted annually as specified in subdivision 3f, paragraph (a), beginning January 1, 1993.

Sec. 100. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 18. [APPRAISALS; UPDATING APPRAISALS, ADDITIONS, AND REPLACEMENTS.] (a) Notwithstanding Minnesota Rules, part 9549.0060, subparts 1 to 3, the appraised value, routine updating of the appraised value, and special reappraisals are subject to this subdivision.

(1) For rate years beginning after June 30, 1993, the commissioner shall permit a nursing facility to appeal its appraisal according to the procedures provided in section 256B.50, subdivision 2. Any reappraisals conducted in connection with that appeal must utilize the comparative-unit method as described in the Marshall Valuation Service published by Marshall-Swift in establishing the nursing facility's depreciated replacement cost.

Nursing facilities electing to appeal their appraised value shall file written notice of appeal with the commissioner of human services before December 30, 1992. The cost of the reappraisal, if any, shall be considered an allowable cost under Minnesota Rules, parts 9549.0040, subpart 9, and 9549.0061.

(2) The redetermination of a nursing facility's appraised value under this paragraph shall have no impact on the rental payment rate determined under subdivision 13 but shall only be used for calculating the nursing facility's rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section for rate years beginning after June 30, 1993.

(3) For all rate years after June 30, 1993, the commissioner shall no longer conduct any appraisals under Minnesota Rules, part 9549.0060, for the purpose of determining property-related payment rates.

(b) Notwithstanding Minnesota Rules, part 9549.0060, subpart 2, for rate years beginning after June 30, 1993, the commissioner shall routinely update the appraised value of each nursing facility by adding the cost of capital asset acquisitions to its allowable appraised value.

The commissioner shall also annually index each nursing facility's allowable appraised value by the inflation index referenced in subdivision 3f, paragraph (a), for the purpose of computing the nursing facility's annual rental rate. In annually adjusting the nursing facility's appraised value, the commissioner must not include the historical cost of capital assets acquired during the reporting year in the nursing facility's appraised value.

In addition, the nursing facility's appraised value must be reduced by the historical cost of capital asset disposals or applicable credits such as public grants and insurance proceeds. Capital asset additions and disposals must be reported on the nursing facility's annual cost report in the reporting year of acquisition or disposal. The

incremental increase in the nursing facility's rental rate resulting from this annual adjustment as determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section shall be added to the nursing facility's property-related payment rate for the rate year following the reporting year.

Sec. 101. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 19. [REFINANCING INCENTIVE.] (a) A nursing facility that refinances debt after May 30, 1992, in order to save in interest expense payments as determined in clauses (1) to (5) may be eligible for the refinancing incentive under this subdivision. To be eligible for the refinancing incentive, a nursing facility must notify the commissioner in writing of such a refinancing within 60 days following the date on which the refinancing occurs. If the nursing facility meets these conditions, the commissioner shall determine the refinancing incentive as in clauses (1) to (5).

(1) Compute the aggregate amount of interest expense, including amortized issuance and financing costs, remaining on the debt to be refinanced, and divide this amount by the number of years remaining for the term of that debt.

(2) Compute the aggregate amount of interest expense, including amortized issuance and financing costs, for the new debt, and divide this amount by the number of years for the term of that debt.

(3) Subtract the amount in clause (2) from the amount in clause (1), and multiply the amount, if positive, by .5.

(4) The amount in clause (3) shall be divided by the nursing facility's occupancy factor under subdivision 3f, paragraph (c).

(5) The per diem amount in clause (4) shall be deducted from the nursing facility's property-related payment rate for three full rate years following the rate year in which the refinancing occurs. For the fourth full rate year following the rate year in which the refinancing occurs, and each rate year thereafter, the per diem amount in clause (4) shall again be deducted from the nursing facility's property-related payment rate.

(b) An increase in a nursing facility's debt for costs in subdivision 17, paragraph (b), clause (2), including the cost of refinancing the issuance or financing costs of the debt refinanced resulting from refinancing that meets the conditions of this section shall be allowed, notwithstanding Minnesota Rules, part 9549.0060, subpart 5, item A, subitem (6).

(c) The proceeds of refinancing may not be used for the purpose of withdrawing equity from the nursing facility.

(d) Sale of a nursing facility under subdivision 14 shall terminate the payment of the incentive payments under this subdivision effective the date provided in subdivision 14, paragraph (f), for the sale, and the full amount of the refinancing incentive in paragraph (a) shall be implemented.

(e) If a nursing facility eligible under this subdivision fails to notify the commissioner as required, the commissioner shall determine the full amount of the refinancing incentive in paragraph (a), and shall deduct one-half that amount from the nursing facility's property-related payment rate effective the first day of the month following the month in which the refinancing is completed. For the next three full rate years, the commissioner shall deduct one-half the amount in paragraph (a), clause (5). The remaining per diem amount shall be deducted in each rate year thereafter.

(f) The commissioner shall reestablish the nursing facility's rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section following the refinancing using the new debt and interest expense information for the purpose of measuring future incremental rental increases.

Sec. 102. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 20. [SPECIAL PROPERTY RATE SETTING.] For rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, the property-related payment rate for a nursing facility approved for total replacement under the moratorium exception process in section 144A.073 through an addition to another nursing facility shall have its property-related rate under subdivision 13 recalculated using the greater of actual resident days or 80 percent of capacity days. This rate shall apply until the nursing facility is replaced or until the moratorium exception authority lapses, whichever is sooner.

Sec. 103. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 21. [INDEXING THRESHHOLDS.] Beginning January 1, 1993, and each January 1 thereafter, the commissioner shall annually update the dollar threshholds in subdivision 15, paragraph (d), subdivisions 16 and 17, and in section 144A.071, subdivision 2, and subdivision 3, clauses (h) and (p), by the inflation index referenced in subdivision 3f, paragraph (a).

Sec. 104. Minnesota Statutes 1990, section 256B.432, is amended by adding a subdivision to read:

Subd. 7. [RECEIVERSHIPS.] This section does not apply to payment rates determined under sections 245A.12, 245A.13, and 256B.495, except that any additional directly identified costs associated with the department of human services or the department of health's managing agent under a receivership agreement must be allocated to the facility under receivership, and are nonallowable costs to the managing agent on the facility's cost reports.

Sec. 105. Minnesota Statutes 1990, section 256B.433, subdivision 1, is amended to read:

Subdivision 1. [SETTING PAYMENT; MONITORING USE OF THERAPY SERVICES.] The commissioner shall promulgate rules pursuant to the administrative procedure act to set the amount and method of payment for ancillary materials and services provided to recipients residing in nursing homes. Payment for materials and services may be made to either the nursing home in the operating cost per diem, to the vendor of ancillary services pursuant to Minnesota Rules, parts ~~9500.0750 to 9500.1080~~ 9505.0170 to 9505.0475 or to a nursing home pursuant to Minnesota Rules, parts ~~9500.0750 to 9500.1080~~ 9505.0170 to 9505.0475. Payment for the same or similar service to a recipient shall not be made to both the nursing home and the vendor. The commissioner shall ensure the avoidance of double payments through audits and adjustments to the nursing home's annual cost report as required by section 256B.47, and that charges and arrangements for ancillary materials and services are cost effective and as would be incurred by a prudent and cost-conscious buyer. Therapy services provided to a recipient must be medically necessary and appropriate to the medical condition of the recipient. If the vendor, nursing home, or ordering physician cannot provide adequate medical necessity justification, as determined by the commissioner, in consultation with an advisory task force that meets the requirements of section 256B.064, subdivision 1a, the commissioner may recover or disallow the payment for the services and may require prior authorization for therapy services as a condition of payment or may impose administrative sanctions to limit the vendor, nursing home, or ordering physician's participation in the medical assistance program. If the provider number of a nursing home is used to bill services provided by a vendor of therapy services that is not related to the nursing home by ownership, control, affiliation, or employment status, no withholding of payment shall be imposed against the nursing home for services not medically necessary except for funds due the unrelated vendor of therapy services as provided in subdivision 3, paragraph (c). For the purpose of this subdivision, no monetary recovery may be imposed against the nursing home for funds paid to the unrelated vendor of therapy services as provided in subdivision 3, paragraph (c), for services not medically necessary. For purposes of this section and

section 256B.47, therapy includes physical therapy, occupational therapy, speech therapy, audiology, and mental health services that are covered services according to Minnesota Rules, parts 9505.0170 to 9505.0475, and that could be reimbursed separately from the nursing home per diem.

Sec. 106. Minnesota Statutes 1990, section 256B.433, subdivision 2, is amended to read:

Subd. 2. [CERTIFICATION THAT TREATMENT IS APPROPRIATE.] The physical therapist, occupational therapist, speech therapist, mental health professional, or audiologist who provides or supervises the provision of therapy services, other than an initial evaluation, to a medical assistance recipient must certify in writing that the therapy's nature, scope, duration, and intensity are appropriate to the medical condition of the recipient every 30 days. The therapist's statement of certification must be maintained in the recipient's medical record together with the specific orders by the physician and the treatment plan. If the recipient's medical record does not include these documents, the commissioner may recover or disallow the payment for such services. If the therapist determines that the therapy's nature, scope, duration, or intensity is not appropriate to the medical condition of the recipient, the therapist must provide a statement to that effect in writing to the nursing home for inclusion in the recipient's medical record. The commissioner shall utilize a peer review program that meets the requirements of section 256B.064, subdivision 1a, to make recommendations regarding the medical necessity of services provided.

Sec. 107. Minnesota Statutes 1990, section 256B.433, subdivision 3, is amended to read:

Subd. 3. [SEPARATE BILLINGS FOR THERAPY SERVICES.] Until new procedures are developed under subdivision 4, payment for therapy services provided to nursing home residents that are billed separate from nursing home's payment rate or according to Minnesota Rules, parts ~~9500.0750 to 9500.1080~~ 9505.0170 to 9505.0475, shall be subject to the following requirements:

(a) The practitioner invoice must include, in a format specified by the commissioner, the provider number of the nursing home where the medical assistance recipient resides regardless of the service setting.

(b) Nursing homes that are related by ownership, control, affiliation, or employment status to the vendor of therapy services shall report, in a format specified by the commissioner, the revenues received during the reporting year for therapy services provided to residents of the nursing home. For rate years beginning on or after July 1, 1988, the commissioner shall offset the revenues received

during the reporting year for therapy services provided to residents of the nursing home to the total payment rate of the nursing home by dividing the amount of offset by the nursing home's actual resident days. Except as specified in paragraphs (d) and (f), the amount of offset shall be the revenue in excess of 108 percent of the cost removed from the cost report resulting from the requirement of the commissioner to ensure the avoidance of double payments as determined by section 256B.47. Therapy revenues that are specific to mental health services shall be subject to this paragraph for rate years beginning after June 30, 1993. In establishing a new base period for the purpose of setting operating cost payment rate limits and rates, the commissioner shall not include the revenues offset in accordance with this section.

(c) For rate years beginning on or after July 1, 1987, nursing homes shall limit charges in total to vendors of therapy services for renting space, equipment, or obtaining other services during the rate year to 108 percent of the annualized cost removed from the reporting year cost report resulting from the requirement of the commissioner to ensure the avoidance of double payments as determined by section 256B.47. If the arrangement for therapy services is changed so that a nursing home is subject to this paragraph instead of paragraph (b), the cost that is used to determine rent must be adjusted to exclude the annualized costs for therapy services that are not provided in the rate year. The maximum charges to the vendors shall be based on the commissioner's determination of annualized cost and may be subsequently adjusted upon resolution of appeals. Mental health services shall be subject to this paragraph for rate years beginning after June 30, 1993.

(d) The commissioner shall require reporting of all revenues relating to the provision of therapy services and shall establish a therapy cost, as determined by section 256B.47, to revenue ratio for the reporting year ending in 1986. For subsequent reporting years, the ratio may increase five percentage points in total until a new base year is established under paragraph (e). Increases in excess of five percentage points may be allowed if adequate justification is provided to and accepted by the commissioner. Unless an exception is allowed by the commissioner, the amount of offset in paragraph (b) is the greater of the amount determined in paragraph (b) or the amount of offset that is imputed based on one minus the lesser of (1) the actual reporting year ratio or (2) the base reporting year ratio increased by five percentage points, multiplied by the revenues.

(e) The commissioner may establish a new reporting year base for determining the cost to revenue ratio.

(f) If the arrangement for therapy services is changed so that a nursing home is subject to the provisions of paragraph (b) instead of paragraph (c), an average cost to revenue ratio based on the ratios of

nursing homes that are subject to the provisions of paragraph (b) shall be imputed for paragraph (d).

(g) This section does not allow unrelated nursing homes to reorganize related organization therapy services and provide services among themselves to avoid offsetting revenues. Nursing homes that are found to be in violation of this provision shall be subject to the penalty requirements of section 256B.48, subdivision 1, paragraph (f).

Sec. 108. Minnesota Statutes 1990, section 256B.48, subdivision 1b, is amended to read:

Subd. 1b. [EXCEPTION.] Notwithstanding any agreement between a nursing home and the department of human services or the provisions of this section or section 256B.411, other than subdivision 1a, the commissioner may authorize continued medical assistance payments to a nursing home which ceased intake of medical assistance recipients prior to July 1, 1983, and which charges private paying residents rates that exceed those permitted by subdivision 1, paragraph (a), for (i) residents who resided in the nursing home before July 1, 1983, or (ii) residents for whom the commissioner or any predecessors of the commissioner granted a permanent individual waiver prior to October 1, 1983. Nursing homes seeking continued medical assistance payments under this subdivision shall make the reports required under subdivision 2, except that on or after December 31, 1985, the financial statements required need not be audited by or contain the opinion of a certified public accountant or licensed public accountant, but need only be reviewed by a certified public accountant or licensed public accountant. In the event that the state is determined by the federal government to be no longer eligible for the federal share of medical assistance payments made to a nursing home under this subdivision, the commissioner may cease medical assistance payments, under this subdivision, to that nursing home. Between October 1, 1992, and July 1, 1993, a facility governed by this subdivision may elect to resume full participation in the medical assistance program by agreeing to comply with all of the requirements of the medical assistance program, including the rate equalization law in subdivision 1, paragraph (a), and all other requirements established in law or rule, and to resume intake of new medical assistance recipients.

Sec. 109. Minnesota Statutes 1990, section 256B.48, subdivision 2, is amended to read:

Subd. 2. [REPORTING REQUIREMENTS.] No later than December 31 of each year, a skilled nursing facility or intermediate care facility, including boarding care facilities, which receives medical assistance payments or other reimbursements from the state agency shall:

(a) Provide the state agency with a copy of its audited financial statements. The audited financial statements must include a balance sheet, income statement, statement of the rate or rates charged to private paying residents, statement of retained earnings, statement of cash flows, notes to the financial statements, audited applicable supplemental information, and the certified public accountant's or licensed public accountant's opinion. The examination by the certified public accountant or licensed public accountant shall be conducted in accordance with generally accepted auditing standards as promulgated and adopted by the American Institute of Certified Public Accountants;

(b) Provide the state agency with a statement of ownership for the facility;

(c) Provide the state agency with separate, audited financial statements as specified in clause (a) for every other facility owned in whole or part by an individual or entity which has an ownership interest in the facility;

(d) Upon request, provide the state agency with separate, audited financial statements as specified in clause (a) for every organization with which the facility conducts business and which is owned in whole or in part by an individual or entity which has an ownership interest in the facility;

(e) Provide the state agency with copies of leases, purchase agreements, and other documents related to the lease or purchase of the nursing facility;

(f) Upon request, provide the state agency with copies of leases, purchase agreements, and other documents related to the acquisition of equipment, goods, and services which are claimed as allowable costs; and

(g) Permit access by the state agency to the certified public accountant's and licensed public accountant's audit workpapers which support the audited financial statements required in clauses (a), (c), and (d).

Documents or information provided to the state agency pursuant to this subdivision shall be public. If the requirements of clauses (a) to (g) are not met, the reimbursement rate may be reduced to 80 percent of the rate in effect on the first day of the fourth calendar month after the close of the reporting year, and the reduction shall continue until the requirements are met.

Both nursing facilities and intermediate care facilities for the mentally retarded must maintain statistical and accounting records in sufficient detail to support information contained in the facility's

cost report for at least five years, including the year following the submission of the cost report. For computerized accounting systems, the records must include copies of electronically generated media such as magnetic discs and tapes.

Sec. 110. Minnesota Statutes 1990, section 256B.48, subdivision 3, is amended to read:

Subd. 3. [INCOMPLETE OR INACCURATE REPORTS.] The commissioner may reject any annual cost report filed by a nursing home pursuant to this chapter if the commissioner determines that the report or the information required in subdivision 2, clause (a) has been filed in a form that is incomplete or inaccurate. In the event that a report is rejected pursuant to this subdivision, the commissioner shall reduce the reimbursement rate to a nursing home to 80 percent of its most recently established rate until the information is completely and accurately filed. The reinstatement of the total reimbursement rate is retroactive.

Sec. 111. Minnesota Statutes 1990, section 256B.48, is amended by adding a subdivision to read:

Subd. 3a. [AUDIT ADJUSTMENTS.] If the commissioner requests supporting documentation during a field audit for an item of cost reported by a long-term care facility, and the long-term care facility's response does not adequately document the item of cost, the commissioner may make reasoned assumptions considered appropriate in the absence of the requested documentation to reasonably establish a payment rate rather than disallow the entire item of cost. This provision shall not diminish the long-term care facility's appeal rights.

Sec. 112. Minnesota Statutes 1990, section 256B.48, subdivision 4, is amended to read:

Subd. 4. [EXTENSIONS.] The commissioner may grant up to a 15-day extension of the reporting deadline to a nursing home for good cause. To receive such an extension, a nursing home shall submit a written request by December 1. The commissioner will notify the nursing home of the decision by December 15. Between December 1 and December 31, the nursing facility may request a reporting extension for good cause by telephone and followed by a written request.

Sec. 113. Minnesota Statutes 1990, section 256B.48, is amended by adding a subdivision to read:

Subd. 9. [MEDICAL ASSISTANCE PARTICIPATION FOR CERTAIN FACILITIES.] An agreement entered into between a nursing facility and the commissioner of human services that limits the

number of residents that will be reimbursed under the medical assistance program as a condition of allowing additional beds to be certified under section 144A.071, subdivision 3a, terminates effective October 1, 1992.

Sec. 114. Minnesota Statutes 1991 Supplement, section 256B.49, subdivision 4, is amended to read:

Subd. 4. [INFLATION ADJUSTMENT.] For the biennium ending June 30, 1993, the commissioner of human services shall not provide an annual inflation adjustment for home and community-based waived services, except as provided in section 256B.491, subdivision 3, and except that the commissioner shall provide an inflation adjustment for the community alternatives for disabled individuals (CADI) and community alternative care (CAC) waived services programs for the fiscal year beginning July 1, 1991. For fiscal years beginning after June 30, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for home- and community-based waived services. The commissioner of finance shall include, as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11, annual adjustments in reimbursement rates for each home- and community-based waived service program.

Sec. 115. Minnesota Statutes 1990, section 256B.495, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT OF RECEIVERSHIP FEES.] The commissioner in consultation with the commissioner of health may establish a receivership fee ~~payment~~ that exceeds a ~~long-term care nursing facility~~ payment rate when the commissioner of health determines a ~~long-term care nursing facility~~ is subject to the receivership provisions under section 144A.14 or 144A.15 ~~or the commissioner of human services determines that a facility is subject to the receivership under section 245A.12 or 245A.13.~~ In establishing the receivership fee ~~payment~~, the commissioner must reduce the receiver's requested receivership fee by amounts that the commissioner determines are included in the ~~long-term care nursing facility's~~ payment rate and that can be used to cover part or all of the receivership fee. Amounts that can be used to reduce the receivership fee shall be determined by reallocating facility staff or costs that were formerly paid by the ~~long-term care nursing facility~~ before the receivership and are no longer required to be paid. The amounts may include any efficiency incentive, allowance, and other amounts not specifically required to be paid for expenditures of the ~~long-term care nursing facility~~.

If the receivership fee cannot be covered by amounts in the ~~long-term care nursing facility's~~ payment rate, a receivership fee ~~payment~~ shall be set according to paragraphs (a) and (b) and payment shall be according to paragraphs (c) to (e).

(a) The receivership fee per diem shall be determined by dividing the annual receivership fee ~~payment~~ by the ~~long-term care~~ nursing facility's resident days from the most recent cost report for which the commissioner has established a payment rate or the estimated resident days in the projected receivership fee period.

(b) The receivership fee per diem shall be added to the ~~long-term care~~ nursing facility's payment rate.

(c) Notification of the payment rate increase must meet the requirements of section 256B.47, subdivision 2.

(d) The payment rate in paragraph (b) for a nursing ~~home~~ facility shall be effective the first day of the month following the receiver's compliance with the notice conditions in paragraph (c). ~~The payment rate in paragraph (b) for an intermediate care facility for the mentally retarded shall be effective on the first day of the rate year in which the receivership fee per diem is determined.~~

(e) The commissioner may elect to make a lump sum payment of a portion of the receivership fee to the receiver or managing agent. In this case, the commissioner and the receiver or managing agent shall agree to a repayment plan. Regardless of whether the commissioner makes a lump sum payment under this paragraph, the provisions of paragraphs (a) to (d) and subdivision 2 also apply.

Sec. 116. Minnesota Statutes 1990, section 256B.495, is amended by adding a subdivision to read:

Subd. 1a. [RECEIVERSHIP PAYMENT RATE ADJUSTMENT.] Upon receiving a recommendation from the commissioner of health for a review of rates under section 144A.154, the commissioner may grant an adjustment to the nursing home's payment rate. The commissioner shall review the recommendation of the commissioner of health, together with the nursing home's cost report to determine whether or not the deficiency or need can be corrected or met by reallocating nursing home staff, costs, revenues, or other resources including any investments, efficiency incentives, or allowances. If the commissioner determines that the deficiency cannot be corrected or the need cannot be met, the commissioner shall determine the payment rate adjustment by dividing the additional annual costs established during the commissioner's review by the nursing home's actual resident days from the most recent desk-audited cost report.

Sec. 117. Minnesota Statutes 1990, section 256B.495, subdivision 2, is amended to read:

Subd. 2. [DEDUCTION OF ADDITIONAL RECEIVERSHIP FEE PAYMENTS UPON TERMINATION OF RECEIVERSHIP.] If the commissioner has established a receivership fee per diem for a

long-term care nursing facility in receivership under subdivision 1 or a payment rate adjustment under subdivision 1a, the commissioner must deduct the these receivership fee payments according to paragraphs (a) to (c).

(a) The total receivership fee payments shall be the receivership fee per diem plus the payment rate adjustment multiplied by the number of resident days for the period of the receivership fee payments. If actual resident days for the receivership fee payment period are not made available within two weeks of the commissioner's written request, the commissioner shall compute the resident days by prorating the facility's resident days based on the number of calendar days from each portion of the long-term care nursing facility's reporting years covered by the receivership period.

(b) The amount determined in paragraph (a) must be divided by the long-term care nursing facility's resident days for the reporting year in which the receivership period ends.

(c) The per diem amount in paragraph (b) shall be subtracted from the long-term care nursing facility's operating cost payment rate for the rate year following the reporting year in which the receivership period ends. This provision applies whether or not there is a sale or transfer of the nursing facility, unless the provisions of subdivision 5 apply.

Sec. 118. Minnesota Statutes 1990, section 256B.495, is amended by adding a subdivision to read:

Subd. 4. [DOWNSIZING AND CLOSING NURSING FACILITIES.] (a) If the nursing facility is subject to a downsizing to closure process during the period of receivership, the commissioner may reestablish the nursing facility's payment rate. The payment rate shall be established based on the nursing facility's budgeted operating costs, the receivership property related costs, and the management fee costs for the receivership period divided by the facility's estimated resident days for the same period. The commissioner of health and the commissioner shall make every effort to first facilitate the transfer of private paying residents to alternate service sites prior to the effective date of the payment rate. The cost limits and the case mix provisions in the rate setting system shall not apply during the portion of the receivership period over which the nursing facility downsizes to closure.

(b) Any payment rate adjustment under this subdivision must meet the conditions in section 256B.47, subdivision 2, and shall remain in effect until the receivership ends, or until another date the commissioner sets.

Sec. 119. Minnesota Statutes 1990, section 256B.495, is amended by adding a subdivision to read:

Subd. 5. [SALE OR TRANSFER OF A NURSING FACILITY IN RECEIVERSHIP AFTER CLOSURE.] (a) Upon the subsequent sale or transfer of a nursing facility in receivership, the commissioner must recover any amounts paid through payment rate adjustments under subdivision 4 which exceed the normal cost of operating the nursing facility. Examples of costs in excess of the normal cost of operating the nursing facility include the managing agent's fee, directly identifiable costs of the managing agent, bonuses paid to employees for their continued employment during the downsizing to closure of the nursing facility, prereceivership expenditures paid by the receiver, additional professional services such as accountants, psychologists, and dietitians, and other similar costs incurred by the receiver to complete receivership. The buyer or transferee shall repay this amount to the commissioner within 60 days after the commissioner notifies the buyer or transferee of the obligation to repay. The buyer or transferee must also repay the private-pay resident the amount the private-pay resident paid through payment rate adjustment.

(b) If a nursing facility with payment rates subject to subdivision 4, paragraph (a), is later sold while the nursing facility is in receivership, the payment rates in effect prior to the receivership shall be the new owner's payment rates. Those payment rates shall continue to be in effect until the rate year following the reporting period ending on September 30 for the new owner. The reporting period shall, whenever possible, be at least five consecutive months. If the reporting period is less than five months but more than three months, the nursing facility's resident days for the last two months of the reporting period must be annualized over the reporting period for the purpose of computing the payment rate for the rate year following the reporting period.

Sec. 120. Minnesota Statutes 1990, section 256B.50, subdivision 1b, is amended to read:

Subd. 1b. [FILING AN APPEAL.] To appeal, the provider shall file with the commissioner a written notice of appeal; the appeal must be postmarked or received by the commissioner within 60 days of the date the determination of the payment rate was mailed. The notice of appeal must specify each disputed item; the reason for the dispute; the total dollar amount in dispute for each separate disallowance, allocation, or adjustment of each cost item or part of a cost item; the computation that the provider believes is correct; the authority in statute or rule upon which the provider relies for each disputed item; the name and address of the person or firm with whom contacts may be made regarding the appeal; and other information required by the commissioner. The commissioner shall review an appeal by a nursing facility, if the appeal was sent by certified mail and postmarked prior to August 1, 1991, and would have been received by the commissioner within the 60-day deadline if it had not been delayed due to an error by the postal service.

Sec. 121. Minnesota Statutes 1990, section 256B.50, subdivision 2, is amended to read:

Subd. 2. [APPRAISED VALUE.] (a) A nursing home may appeal the determination of its appraised value, as determined by the commissioner pursuant to section 256B.431 and rules established thereunder. A written notice of appeal concerning the appraised value of a nursing home's real estate as established by an appraisal conducted after July 1, 1986, must be filed with the commissioner within 60 days of the date the determination was made and shall state the appraised value the nursing home believes is correct for the building, land improvements, and attached equipment and the name and address of the firm with whom contacts may be made regarding the appeal. The appeal request shall include a separate appraisal report prepared by an independent appraiser of real estate which supports the total appraised value claimed by the nursing home. The appraisal report shall be based on an on-site inspection of the nursing home's real estate using the depreciated replacement cost method, must be in a form comparable to that used in the commissioner's appraisal, and must pertain to the same time period covered by the appealed appraisal. The appraisal report shall include information related to the training, experience, and qualifications of the appraiser who conducted and prepared the appraisal report for the nursing home. An appeal request shall be deemed timely if it is postmarked or received by the commissioner within the time limits established for filing such appeal requests.

(b) A nursing home which has filed an appeal request prior to the effective date of Laws 1987, chapter 403, concerning the appraised value of its real estate as established by an appraisal conducted before July 1, 1986, must submit to the commissioner the information described under paragraph (a) within 60 days of the effective date of Laws 1987, chapter 403, in order to preserve the appeal.

(c) An appeal request which has been filed pursuant to the provisions of paragraph (a) or (b) shall be finally resolved through an agreement entered into by and between the commissioner and the nursing home or by the determination of an independent appraiser based upon an on-site inspection of the nursing home's real estate using the depreciated replacement cost method, in a form comparable to that used in the commissioner's appraisal, and pertaining to the same time period covered by the appealed appraisal. The appraiser shall be selected by the commissioner and the nursing home by alternately striking names from a list of appraisers approved for state contracts by the commissioner of administration. The appraiser shall make assurances to the satisfaction of the commissioner and the nursing home that the appraiser is experienced in the use of the depreciated cost method of appraisals and that the appraiser is free of any personal, political, or economic conflict of interest that may impair the ability to function in a fair

and objective manner. The commissioner shall pay costs of the appraiser through a negotiated rate for services of the appraiser.

(d) The decision of the appraiser is final and is not appealable. Exclusive jurisdiction for appeals of the appraised value of nursing homes lies with the procedures set out in this subdivision. No court of law shall possess subject matter jurisdiction to hear appeals of appraised value determinations of nursing homes.

Sec. 122. Minnesota Statutes 1990, section 256B.501, subdivision 3c, is amended to read:

Subd. 3c. [COMPOSITE FORECASTED INDEX.] For rate years beginning on or after October 1, 1988, the commissioner shall establish a statewide composite forecasted index to take into account economic trends and conditions between the midpoint of the facility's reporting year and the midpoint of the rate year following the reporting year. The statewide composite index must incorporate the forecast by Data Resources, Inc. of increases in the average hourly earnings of nursing and personal care workers indexed in Standard Industrial Code 805 in "Employment and Earnings," published by the Bureau of Labor Statistics, United States Department of Labor. This portion of the index must be weighted annually by the proportion of total allowable salaries and wages to the total allowable operating costs in the program, maintenance, and administrative operating cost categories for all facilities.

For adjustments to the other operating costs in the program, maintenance, and administrative operating cost categories, the statewide index must incorporate the Data Resources, Inc. forecast for increases in the national CPI-U. This portion of the index must be weighted annually by the proportion of total allowable other operating costs to the total allowable operating costs in the program, maintenance, and administrative operating cost categories for all facilities. The commissioner shall use the indices as forecasted by Data Resources, Inc., in the fourth quarter of the reporting year.

For rate years beginning on or after October 1, 1990, the commissioner shall index a facility's allowable operating costs in the program, maintenance, and administrative operating cost categories by using Data Resources, Inc., forecast for change in the Consumer Price Index-All Items (U.S. city average) (CPI-U). The commissioner shall use the indices as forecasted by Data Resources, Inc., in the first quarter of the calendar year in which the rate year begins. For fiscal years beginning after June 30, 1993, the commissioner shall not provide automatic inflation adjustments for intermediate care facilities for persons with mental retardation. The commissioner of finance shall include annual inflation adjustments in operating costs for intermediate care facilities for persons with mental retardation and related conditions as a budget change request in each

biennial detailed expenditure budget submitted to the legislature under section 16A.11.

Sec. 123. Minnesota Statutes 1991 Supplement, section 256B.74, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL REIMBURSEMENT.] (a) Effective for admissions occurring on or after July 1, 1991, the commissioner shall make an indigent care payment to Minnesota and local trade area hospitals except facilities of the federal Indian Health Service and regional treatment centers, in addition to all other payment to hospitals for inpatient services. The indigent care payment shall be ten percent of the amount of medical assistance payments issued to that provider for inpatient services in a given calendar quarter or month, excluding indigent care payments paid under this section, divided by the number of related admissions, or patient days if applicable, and multiplying the result by 111 percent. The indigent care payment is added to each admission, or patient day if applicable, occurring (1) in the second calendar quarter beginning after the quarter on which the September 15, 1991, indigent care payment amount is based and (2) in the month beginning six months after the month on which the subsequent monthly indigent care payment amount is based. Medicare crossovers are excluded from indigent care payments and from the payments and admissions on which the indigent care payment is based. The commissioner may issue indigent care payments as disproportionate population adjustments for eligible hospitals.

(b) Effective for services rendered on or after July 1, 1991, the commissioner shall reimburse outpatient hospital facility fees at 80 percent of calendar year 1990 submitted charges, not to exceed the Medicare upper payment limit. Services excepted from this payment methodology are emergency room facility fees, clinic facility fees, and those services for which there is a federal maximum allowable payment.

Sec. 124. Minnesota Statutes 1991 Supplement, section 256B.74, subdivision 3, is amended to read:

Subd. 3. [NURSING FACILITY REIMBURSEMENT.] For rate years beginning on or after July 1, 1991, the commissioner shall reimburse nursing facilities participating in the medical assistance program as follows:

(1) a capital allowance of \$1.44 per resident day shall be paid. For a licensed provider with an operating lease on the nursing facility, the capital equipment allowance shall not be the property of the lessor but shall be the property of the licensed provider for the duration of the operating lease or any renewal or extension of the operating lease; and

(2) the maximum efficiency incentive per diem payment established annually under section 256B.431, subdivision 2b, paragraph (d), shall be increased to \$2.10 effective July 1, 1991, and \$2.20 effective July 1, 1992, and shall be indexed for inflation annually beginning July 1, 1993, using Data Resources, Inc., forecast for change in the nursing home market basket.

Sec. 125. Minnesota Statutes 1990, section 256D.02, is amended by adding a subdivision to read:

Subd. 18. [GROUP HEALTH PLAN.] "Group health plan" means any plan of, or contributed to by, an employer, including a self-insured plan, which provides health care directly or otherwise to the employer's employees, former employees, or the families of the employees or former employees, and includes continuation coverage pursuant to title XXII of the Public Health Service Act, section 4980B of the Internal Revenue Code of 1986, or title VI of the Employee Retirement Income Security Act of 1974.

Sec. 126. Minnesota Statutes 1990, section 256D.02, is amended by adding a subdivision to read:

Subd. 19. [COST-EFFECTIVE.] "Cost-effective" means that the amount paid by the state for premiums, coinsurance, deductibles, other cost-sharing obligations under a health insurance plan, and other administrative costs is likely to be less than the amount paid for an equivalent set of services by general assistance medical care.

Sec. 127. Minnesota Statutes 1991 Supplement, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is age 18 or older and who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 or 256D.051; or

(2)(i) who is a resident of Minnesota; and whose equity in assets is not in excess of \$1,000 per assistance unit. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. However, if a disregard of \$30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first \$50 of earned income is not allowed; or

(3) who would be eligible for medical assistance except that the person resides in a facility that is determined by the commissioner or the federal health care financing administration to be an institution for mental diseases.

(b) Eligibility is available for the month of application, and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

(c) General assistance medical care is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 30 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for

general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

Sec. 128. Minnesota Statutes 1990, section 256D.03, is amended by adding a subdivision to read:

Subd. 3b. [COOPERATION.] General assistance medical care applicants and recipients must cooperate by providing information about any group health plan in which they may be eligible to enroll. They must cooperate with the state and local agency in determining if the plan is cost-effective. If the plan is determined cost-effective and the premium will be paid by the state or local agency or is available at no cost to the person, they must enroll or remain enrolled in the group health plan. Cost-effective insurance premiums approved for payment by the state agency and paid by the local agency are eligible for reimbursement according to subdivision 6.

Sec. 129. [501B.90] [EXCULPATORY CLAUSES LINKED TO PUBLIC ASSISTANCE ELIGIBILITY UNENFORCEABLE.]

A provision in a trust created after July 1, 1992, purporting to make assets or income unavailable to a beneficiary if the beneficiary applies for or is determined eligible for public assistance or a public health care program is unenforceable.

Sec. 130. [HOSPITAL OUTPATIENT REIMBURSEMENT.]

For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum

allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

Sec. 131. [PHYSICIAN AND DENTAL REIMBURSEMENT.]

(a) The physician reimbursement increase provided in Minnesota Statutes, section 256B.74, subdivision 2, shall not be implemented. Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Health Care Finance Administration's common procedural coding system (HCPCS) codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," caesarean delivery and pharmacologic management provided to psychiatric patients, and HCPCS level three codes for enhanced services for prenatal high risk, shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992. If the rate on any procedure code within these categories is different than the rate that would have been paid under the methodology in Minnesota Statutes, section 256B.74, subdivision 2, then the larger rate shall be paid;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992; and

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases.

(b) The dental reimbursement increase provided in Minnesota Statutes, section 256B.74, subdivision 5, shall not be implemented. Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992; and

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases.

Sec. 132. [HEALTH MAINTENANCE ORGANIZATION REIMBURSEMENT.]

Effective October 1, 1992, the commissioner shall adjust rates paid to a health maintenance organization under contract with the commissioner to reflect rate increases provided in Minnesota Statutes, section 256.969, subdivisions 1, 9, and 20, and sections 130 and 131. The adjustment to reflect increases under section 256.969, subdivision 9, must be made on a nondiscounted basis.

Sec. 133. [COMMISSIONER'S DUTIES.]

The commissioner of human services shall report to the legislature quarterly on the first day of January, April, July, and October regarding the provider surcharge program. The report shall include information on total billings, total collections, and administrative expenditures. The report on January 1, 1993, shall include information on all surcharge billings, collections, federal matching payments received, efforts to collect unpaid amounts, and administrative costs pertaining to the surcharge program in effect from July 1, 1991, to September 30, 1992. The surcharge shall be adjusted by inflationary and caseload changes in future bienniums to maintain reimbursement of health care providers in accordance with the requirements of the state and federal laws governing the medical assistance program, including the requirements of the Medicaid moratorium amendments of 1991 found in Public Law No. 102-234. The commissioner shall request the Minnesota congressional delegation to support a change in federal law that would prohibit federal disallowances for any state that makes a good faith effort to comply with Public Law Number 102-234 by enacting conforming legislation prior to the issuance of federal implementing regulations.

Sec. 134. [NURSING FACILITY PLANT STUDY.]

The commissioner of health shall study the physical condition of all Minnesota nursing facilities. This study shall include an individual assessment of each facility to be performed after September 30, 1993, by one of the architectural firms authorized by the commissioner of health to conduct assessments. To qualify for authorization, an architectural firm must have actual experience and prior involvement with nursing home construction or remodeling projects. The commissioner shall select one or more architectural firms to conduct the individual facility assessment. The cost of the assessment shall be paid by the nursing facility and shall be considered an allowable cost under Minnesota Rules, parts 9549.0040, subpart 9, and 9549.0061, for rate years beginning after June 30, 1995. Prior to beginning the individual assessments, the commissioner shall convene a special task force to develop recommendations for the commissioner concerning the standards and criteria by which the individual assessments must be conducted. The

recommendation shall be provided to the commissioner by the task force by July 1, 1993. The criteria and standards for the study shall be established by the commissioner by September 30, 1993.

Sec. 135. [REPEALER; ASSET LIMITATIONS FOR VETER-ANS.]

Minnesota Statutes 1990, section 256B.056, subdivision 3a, is repealed.

Minnesota Statutes 1991 Supplement, sections 144A.071, subdivision 3a; 256.9657, subdivision 5; 256.969, subdivision 7; and 256B.74, subdivisions 8 and 9; and Laws 1991, chapter 292, article 4, section 77, excluding subdivision 9, are repealed effective October 1, 1992. Laws 1991, chapter 292, article 4, section 77, subdivision 9, is repealed the day following final enactment.

Sec. 136. [REVISOR'S INSTRUCTIONS.]

The revisor of statutes shall change the headnote in Minnesota Statutes, section 256B.495, from "LONG-TERM CARE RECEIVERSHIP FEES" to "NURSING FACILITY RECEIVERSHIP FEES." The revisor shall change the term "nursing home" and similar terms to "nursing facility" and similar terms in Minnesota Statutes, sections 256B.41, 256B.411, 256B.421, 256B.431, 256B.432, 256B.433, 256B.47, 256B.48, and 256B.50.

Sec. 137. [EFFECTIVE DATES.]

Section 39 is effective January 1, 1993.

Section 60 is effective the day following final enactment.

Sections 9, 15, 16, 18 to 21, 25, 27, 46, 82, 123, and 124 are effective October 1, 1992.

Section 42 is effective July 1, 1992, and applies to transfers or payments made on or after that date.

Section 130 is not effective in the event that the health right program is not enacted into law prior to October 1, 1992. In the event the health right program is not enacted into law prior to October 1, 1992, the percentage increase in reimbursement rates scheduled to be effective October 1, 1992, and provided for in section 131 shall not be effective, and the commissioner shall implement, effective October 1, 1992, the rate increases provided in Minnesota Statutes, section 256B.74, subdivision 2 and 5.

Section 28 is effective for admissions occurring on or after October 1, 1992.

The provisions of section 44 relating to prior authorization of drugs are effective for all drugs added to the list of drugs requiring prior authorization on or after July 1, 1992.

ARTICLE 8 ASSISTANCE PAYMENTS

Section 1. [149.10] [CREMATION; UNCLAIMED REMAINS.]

Any funeral director, or other person or establishment licensed under this chapter, may arrange for proper disposal after one year of cremains unclaimed by family or next of kin.

Sec. 2. Minnesota Statutes 1991 Supplement, section 256.031, subdivision 3, is amended to read:

Subd. 3. [AUTHORIZATION FOR THE DEMONSTRATION.] (a) The commissioner of human services, in consultation with the commissioners of education, finance, jobs and training, health, and planning, and the director of the higher education coordinating board, is authorized to proceed with the planning and designing of the Minnesota family investment plan and to implement the plan to test policies, methods, and cost impact on an experimental basis by using field trials. The commissioner, under the authority in section 256.01, subdivision 2, shall implement the plan according to sections 256.031 to 256.0361 and Public Law Numbers 101-202 and 101-239, section 8015, as amended. If major and unpredicted costs to the program occur, the commissioner may take corrective action consistent with Public Law Numbers 101-202 and 101-239, which may include termination of the program. Before taking such corrective action, the commissioner shall consult with the chairs of the senate health and human services committee, the house health and human services committee, the health and human services division of the senate finance committee and the human resources division of the house appropriations committee, or, if the legislature is not in session, consult with the legislative advisory commission.

(b) The field trials shall be conducted as permitted under federal law, for as many years as necessary, and in different geographical settings, to provide reliable instruction about the desirability of expanding the program statewide.

(c) The commissioner shall select the counties which shall serve as field trial or control comparison sites based on criteria which ensure reliable evaluation of the program.

(d) The commissioner is authorized to determine the number of families and characteristics of subgroups to be included in the evaluation.

(i) A family that applies for or is currently receiving financial assistance from aid to families with dependent children; family general assistance or work readiness; or food stamps may be tested for eligibility for aid to families with dependent children or family general assistance and may be assigned by the commissioner to an experimental a test or a control comparison group for the purposes of evaluating the family investment plan. A family found not eligible for aid to families with dependent children or family general assistance will be tested for eligibility for the food stamp program. If found eligible for the food stamp program, the commissioner may randomly assign the family to a test group, comparison group, or neither group. Families assigned to ~~an experimental~~ a test group receive benefits and services through the family investment plan. Families assigned to a ~~control comparison~~ group receive benefits and services through existing programs. A family may not select the group to which it is assigned. Once assigned to a group, ~~a an~~ eligible family must remain in that group for the duration of the project.

(ii) To evaluate the effectiveness of the family investment plan, the commissioner may designate a subgroup of families from the ~~experimental~~ test group who shall be exempt from section 256.035, subdivision 1, and shall not receive case management services under section 256.035, subdivision 6a. Families are eligible for services under section 256.736 to the same extent as families receiving AFDC.

Sec. 3. Minnesota Statutes 1991 Supplement, section 256.033, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY CONDITIONS.] (a) A family is entitled to assistance under the Minnesota family investment plan if the family is assigned to a test group in the evaluation as provided in section 256.031, subdivision 3, paragraph (d), and:

(1) the family meets the definition of assistance unit under section 256.032, subdivision 1a;

(2) the family's resources not excluded under subdivision 3 do not exceed \$2,000;

(3) the family can verify citizenship or lawful resident alien status;

(4) the family provides or applies for a social security number for each member of the family receiving assistance under the family investment plan; and

(5) the family assigns child support collection to the county agency.

(b) A family is eligible for the family investment plan if the net income is less than the transitional standard as defined in section 256.032, subdivision 13, for that size and composition of family. In determining available net income, the provisions in subdivision 2 shall apply.

(c) Upon application, a family is initially eligible for the family investment plan if the family's gross income does not exceed the applicable transitional standard of assistance for that family as defined under section 256.032, subdivision 13, after deducting:

(1) 18 percent to cover taxes;

(2) actual dependent care costs up to the maximum disregarded under United States Code, title 42, section 602(a)(8)(A)(iii); and

(3) \$50 of child support collected in that month.

(d) A family can remain eligible for the program if:

(1) it meets the conditions in section 256.035, subdivision 4; and

(2) its income is below the transitional standard in section 256.032, subdivision 13, allowing for income exclusions in subdivision 2 and after applying the family investment plan treatment of earnings under section 256.035, subdivision 4.

Sec. 4. Minnesota Statutes 1991 Supplement, section 256.033, subdivision 2, is amended to read:

Subd. 2. [DETERMINATION OF FAMILY INCOME.] The aid to families with dependent children income exclusions listed in Code of Federal Regulations, title 45, sections 233.20(a)(3) and 233.20(a)(4), must be used when determining a family's available income, except that:

(1) all earned income of a minor child receiving assistance through the Minnesota family investment plan is excluded when the child is attending school at least half-time;

(2) all earned income tax credit payments received by the family as a refund of federal income taxes or made as advance payments are excluded in accordance with United States Code, title 42, section 602(a)(8)(A)(viii);

(3) educational grants and loans as provided in section 256.74, subdivision 1, clause (2), are excluded;

(4) all other income listed in Minnesota Rules, part 9500.2380, subpart 2, is excluded; and

(5) when determining income available from members of the family who do not elect to be included in the assistance unit under section 256.032, subdivision 1a, paragraphs (c) and (e), the county agency shall count the remaining income after disregarding:

(i) the first 18 percent of the excluded family member's gross earned income;

(ii) an amount for the support of ~~the~~ any stepparent or any parent of a minor caregiver and any other individuals whom the stepparent or parent of the minor caregiver claims as dependents for determining federal personal income tax liability and who live in the same household but whose needs are not considered in determining eligibility for assistance under sections 256.031 to 256.033. The amount equals the transitional standard in section 256.032, subdivision 13, for a family of the same size and composition;

(iii) amounts the stepparent or parent of the minor caregiver actually paid to individuals not living in the same household but whom the stepparent claims as dependents for determining federal personal income tax liability; and

(iv) alimony or child support, or both, paid by the stepparent or parent of the minor caregiver for individuals not living in the same household.

Sec. 5. Minnesota Statutes 1991 Supplement, section 256.033, subdivision 3, is amended to read:

Subd. 3. [DETERMINATION OF FAMILY RESOURCES.] When determining a family's resources, the following are excluded:

(1) the family's home, together with surrounding property ~~that does not exceed ten acres and that is not separated from the home by intervening property owned by others;~~

(2) one burial plot for each family member;

(3) one prepaid burial contract with an equity value of no more than \$1,500 for each member of the family;

(4) licensed automobiles, trucks, or vans up to a total equity value of \$4,500;

(5) personal property needed to produce earned income, including tools, implements, farm animals, and inventory;

(6) the entire equity value of a motor vehicle determined to be necessary for the operation of a self-employment business; and

(7) clothing, necessary household furniture, equipment, and other basic maintenance items essential for daily living.

Sec. 6. Minnesota Statutes 1991 Supplement, section 256.033, subdivision 5, is amended to read:

Subd. 5. [ABILITY TO APPLY FOR FOOD STAMPS.] A family that is ineligible for assistance through the Minnesota family investment plan due to income or resources or has not been assigned to a test group in the evaluation as provided in section 256.031, subdivision 3, paragraph (d), may apply for, and if eligible receive, benefits under the food stamp program.

Sec. 7. Minnesota Statutes 1991 Supplement, section 256.034, subdivision 3, is amended to read:

Subd. 3. [MODIFICATION OF ELIGIBILITY TESTS.] (a) A needy family is eligible and entitled to receive assistance under the program if the family is assigned to a test group in the evaluation as provided in section 256.031, subdivision 3, paragraph (d), even if its children are not found to be deprived of parental support or care by reason of death, continued absence from the home, physical or mental incapacity of a parent, or unemployment of a parent, provided the family's income and resources do not exceed the eligibility requirements in section 256.033. In addition, a caregiver who is in the assistance unit who is physically and mentally fit, who is between the ages of 18 and 60 years, who is enrolled at least half time in an institution of higher education, and whose family income and resources do not exceed the eligibility requirements in section 256.033, is eligible for assistance under the Minnesota family investment plan if the family is assigned to a test group in the evaluation as provided in section 256.031, subdivision 3, paragraph (d), even if the conditions for eligibility as prescribed under the federal Food Stamp Act of 1977, as amended, are not met.

(b) An applicant for, or a person receiving, assistance under the Minnesota family investment plan is considered to have assigned to the public agency responsible for child support enforcement at the time of application all rights to child support, health care benefits coverage, and maintenance from any other person the applicant may have in the applicant's own behalf or on behalf of any other family member for whom application is made under the Minnesota family investment plan. The provisions of section 256.74, subdivision 5, govern the assignment. An applicant for, or a person receiving, assistance under the Minnesota family investment plan shall cooperate with the efforts of the county agency to collect child and spousal support. The county agency is entitled to any child support and maintenance received by or on behalf of the person receiving assistance or another member of the family for which the person receiving assistance is responsible. Failure by an applicant or a person receiving assistance to cooperate with the efforts of the

county agency to collect child and spousal support without good cause must be sanctioned according to section 256.035, subdivision 3.

(c) An applicant for, or a person receiving, assistance under the Minnesota family investment plan is not required to comply with the employment and training requirements prescribed under sections 256.736, subdivisions 3, 3a, and 14; and 256D.05, subdivision 1; section 402(a)(19) of the Social Security Act; the federal Food Stamp Act of 1977, as amended; Public Law Number 100-485; or any other state or federal employment and training program, unless and to the extent compliance is specifically required in a family support agreement with the county agency or its designee.

Sec. 8. Minnesota Statutes 1991 Supplement, section 256.035, subdivision 1, is amended to read:

Subdivision 1. [EXPECTATIONS.] All families eligible for assistance under the family investment plan who are assigned to a test group in the evaluation as provided in section 256.031, subdivision 3, paragraph (d), are expected to be in transitional status as defined in section 256.032, subdivision 12. To be considered in transitional status, families must meet the following expectations:

(a) For a family headed by a single adult parental caregiver, the expectation is that the parental caregiver will independently pursue self-sufficiency until the family has received assistance for 24 months within the preceding 36 months. Beginning with the 25th month of assistance, the parent must be developing or complying with the terms of the family support agreement.

(b) For a family with a minor parental caregiver or a family whose parental caregiver is 18 or 19 years of age and does not have a high school diploma or its equivalent, the expectation is that, concurrent with the receipt of assistance, the parental caregiver must be developing or complying with a family support agreement. The terms of the family support agreement must include compliance with section 256.736, subdivision 3b. However, if the assistance unit does not comply with section 256.736, subdivision 3b, the sanctions in subdivision 3 apply.

(c) For a family with two adult parental caregivers, the expectation is that at least one parent will independently pursue self-sufficiency until the family has received assistance for six months within the preceding 12 months. Beginning with the seventh month of assistance, one parent must be developing or complying with the terms of the family support agreement.

Sec. 9. Minnesota Statutes 1991 Supplement, section 256.0361, subdivision 2, is amended to read:

Subd. 2. [FINANCIAL REIMBURSEMENT.] (a) Up to the limit of the state appropriation, a county selected by the commissioner to serve as a field trial or a ~~control~~ comparison site for the Minnesota family investment plan shall be reimbursed by the state for the nonfederal share of administrative costs that were incurred during the development, implementation, and operation of the program and that exceed the administrative costs that would have been incurred in the absence of the program.

(b) Minnesota family investment plan assistance is included as covered programs and services under section 256.025, subdivision 2.

Sec. 10. [256.046] [ADMINISTRATIVE FRAUD DISQUALIFICATION HEARINGS.]

Subdivision 1. [HEARING AUTHORITY.] A local agency may initiate an administrative fraud disqualification hearing for individuals accused of wrongfully obtaining assistance or intentional program violations in the aid to families with dependent children or food stamp programs. The hearing is subject to the requirements of section 256.045 and the requirements in Code of Federal Regulations, title 7, section 273.16, for the food stamp program and title 45, section 235.112, for the aid to families with dependent children program.

Subd. 2. [COMBINED HEARING.] The referee may combine a fair hearing and administrative fraud disqualification hearing into a single hearing if the factual issues arise out of the same, or related, circumstances and the individual receives prior notice that the hearings will be combined. If the administrative fraud disqualification hearing and fair hearing are combined, the time frames for administrative fraud disqualification hearings set forth in Code of Federal Regulations, title 7, section 273.16, and title 45, section 235.112, apply. If the individual accused of wrongfully obtaining assistance is charged under section 256.98 for the same act or acts which are the subject of the hearing, the individual may request that the hearing be delayed until the criminal charge is decided by the court or withdrawn.

Sec. 11. Minnesota Statutes 1990, section 256.12, is amended by adding a subdivision to read:

Subd. 23. [IN-KIND INCOME.] "In-kind income," as used in sections 256.72 to 256.87, means income, benefits, or payments provided in a form other than money or liquid assets. In-kind income includes goods, produce, services, privileges, or payments on behalf of a person by a third party. Retirement Survivors and Disability Insurance (RSDI) benefits of an applicant or recipient, paid to a representative payee, and spent on behalf of the applicant or recipient, are not in-kind income, but are considered available income of the applicant or recipient.

Sec. 12. Minnesota Statutes 1990, section 256.81, is amended to read:

256.81 [COUNTY AGENCY, DUTIES.]

(1) The county agency shall keep such records, accounts, and statistics in relation to aid to families with dependent children as the state agency shall prescribe.

(2) Each grant of aid to families with dependent children shall be paid to the recipient by the county agency unless paid by the state agency. Payment must be by check or electronic means except in those instances in which the county agency, subject to the rules of the state agency, determines that payments for care shall be made to an individual other than the parent or relative with whom the dependent child is living or to vendors of goods and services for the benefit of the child because such parent or relative is unable to properly manage the funds in the best interests and welfare of the child. At the request of a recipient, the state or county may make payments directly to vendors of goods and services, but only for goods and services appropriate to maintain the health and safety of the child, as determined by the county.

(3) The state or county may ask the recipient to give written consent authorizing the state or county to provide advance notice to a vendor before vendor payments of rent are reduced or terminated. Whenever possible under state and federal laws and regulations and if the recipient consents, the state or county shall provide at least 30 days notice to vendors before vendor payments of rent are reduced or terminated. If 30 days notice cannot be given, the state or county shall notify the vendor within three working days after the date the state or county becomes aware that vendor payments of rent will be reduced or terminated. When the county notifies a vendor that vendor payments of rent will be reduced or terminated, the county shall include in the notice that it is illegal to discriminate on the grounds that a person is receiving public assistance and the penalties for violation. The county shall also notify the recipient that it is illegal to discriminate on the grounds that a person is receiving public assistance and the procedures for filing a complaint. The county agency may develop procedures, including using the MAXIS system, to implement vendor notice and may charge vendors a fee not exceeding \$5 to cover notification costs.

(4) A vendor payment arrangement is not a guarantee that a vendor will be paid by the state or county for rent, goods, or services furnished to a recipient, and the state and county are not liable for any damages claimed by a vendor due to failure of the state or county to pay or to notify the vendor on behalf of a recipient, except under a specific written agreement between the state or county and the vendor or when the state or county has provided a voucher guaranteeing payment under certain conditions.

(3) (5) The county shall be paid from state and federal funds available therefor the amount provided for in section 256.82.

(4) (6) Federal funds available for administrative purposes shall be distributed between the state and the counties in the same proportion that expenditures were made except as provided for in section 256.017.

Sec. 13. Minnesota Statutes 1991 Supplement, section 256.935, subdivision 1, is amended to read:

Subdivision 1. On the death of any person receiving public assistance through aid to dependent children, the county agency shall pay an amount for funeral expenses not exceeding \$370 and the amount paid for comparable services under section 261.035 plus actual cemetery charges. No funeral expenses shall be paid if the estate of the deceased is sufficient to pay such expenses or if the ~~children, or spouse, who were~~ was legally responsible for the support of the deceased while living, ~~are~~ is able to pay such expenses; provided, that the additional payment or donation of the cost of cemetery lot, interment, religious service, or for the transportation of the body into or out of the community in which the deceased resided, shall not limit payment by the county agency as herein authorized. Freedom of choice in the selection of a funeral director shall be granted to persons lawfully authorized to make arrangements for the burial of any such deceased recipient. In determining the sufficiency of such estate, due regard shall be had for the nature and marketability of the assets of the estate. The county agency may grant funeral expenses where the sale would cause undue loss to the estate. Any amount paid for funeral expenses shall be a prior claim against the estate, as provided in section 524.3-805, and any amount recovered shall be reimbursed to the agency which paid the expenses. The commissioner shall specify requirements for reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The state share of county agency expenditures shall be 50 percent and the county share shall be 50 percent. Benefits shall be issued to recipients by the state or county and funded according to section 256.025, subdivision 3, subject to provisions of section 256.017.

Beginning July 1, 1991, the state will reimburse counties according to the payment schedule set forth in section 256.025 for the county share of county agency expenditures made under this subdivision from January 1, 1991, on. Payment under this subdivision is subject to the provisions of section 256.017.

Sec. 14. Minnesota Statutes 1991 Supplement, section 256.98, subdivision 8, is amended to read:

Subd. 8. [DISQUALIFICATION FROM PROGRAM.] Any person found to be guilty of wrongfully obtaining assistance by a federal or

state court or by an administrative hearing determination, in either the aid to families with dependent children program or the food stamp program, shall be disqualified from that program. The needs of that individual shall not be taken into consideration in determining the grant level for that assistance unit:

- (1) for six months after the first conviction offense;
- (2) for 12 months after the second conviction offense; and
- (3) permanently after the third or subsequent conviction offense.

Any period for which sanctions are imposed is effective, without possibility of administrative stay, until the findings upon which the sanctions were imposed are reversed by a court of competent jurisdiction. The period for which sanctions are imposed is not subject to review. The sanctions provided under this subdivision are in addition to, and not in substitution for, any other sanctions that may be provided for by law for the offense involved. When the disqualified individual is a caretaker relative, the remainder of the aid to families with dependent children grant payable to the other eligible assistance unit members must be provided in the form of protective payments. These payments may be made to the disqualified individual only if, after reasonable efforts, the county agency documents that it cannot locate an appropriate protective payee. Protective payments must continue until the disqualification period ends.

Sec. 15. [256.986] [ASSISTANCE TRANSACTION CARD FRAUD.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meaning given them.

(a) "Assistance transaction card" means any instrument or device issued for the use of the cardholder in obtaining financial or medical assistance or in accessing any automated teller or electronic benefits machine to secure cash assistance.

(b) "Issuer" means the department of human services or any county welfare agency or human services board that issues an assistance transaction card.

(c) "Cardholder" means a person in whose name an assistance transaction card is issued.

Subd. 2. [VIOLATION.] A person who does any of the following commits assistance transaction card fraud:

- (1) uses or attempts to use a card to obtain assistance without the

consent of the cardholder knowing the cardholder has not given consent;

(2) uses or attempts to use a card knowing it to be forged, false, fictitious, or obtained in violation of clause (5);

(3) sells or transfers a card knowing that the issuer has not authorized the person to whom the card is sold or transferred to use the card, or knowing the card is forged, false, fictitious, or was obtained in violation of clause (5);

(4) receives or possesses, with intent to use, sell, or transfer in violation of clause (3), two or more cards issued in the name of another, or two or more cards knowing the cards to be forged, false, fictitious, or obtained in violation of clause (5);

(5) upon applying for an assistance transaction card from the issuer, knowingly gives a false name; and

(6) with intent to defraud, falsely notifies the issuer or any other person of a theft, loss, disappearance, or nonreceipt of an assistance transaction card.

Subd. 3. [SENTENCE.] A person who commits assistance transaction card fraud is guilty of theft and shall be sentenced under section 609.52, subdivision 3.

Sec. 16. Minnesota Statutes 1990, section 256D.02, subdivision 8, is amended to read:

Subd. 8. "Income" means any form of income, including remuneration for services performed as an employee and net earnings from self-employment, reduced by the amount attributable to employment expenses as defined by the commissioner. The amount attributable to employment expenses shall include amounts paid or withheld for federal and state personal income taxes and federal social security taxes.

"Income" includes any payments received as an annuity, retirement, or disability benefit, including veteran's or workers' compensation; old age, survivors, and disability insurance; railroad retirement benefits; unemployment benefits; and benefits under any federally aided categorical assistance program, supplementary security income, or other assistance program; rents, dividends, interest and royalties; and support and maintenance payments. Such payments may not be considered as available to meet the needs of any person other than the person for whose benefit they are received, unless that person is a family member or a spouse and the income is not excluded under section 256D.01, subdivision 1a. Goods and services provided in lieu of cash payment shall be excluded from the

definition of income, except that payments made for room, board, tuition or fees by a parent, on behalf of a child enrolled as a full-time student in a post-secondary institution, and payments made on behalf of an applicant or recipient which the applicant or recipient could legally require to be paid in cash to himself or herself, must be included as income. Benefits of an applicant or recipient, such as those administered by the Social Security Administration, that are paid to a representative payee, and are spent on behalf of the applicant or recipient, are considered available income of the applicant or recipient.

Sec. 17. Minnesota Statutes 1991 Supplement, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) For a person who is eligible under subdivision 3, paragraph (a), clause (3), general assistance medical care covers:

- (1) inpatient hospital services;
- (2) outpatient hospital services;
- (3) services provided by Medicare certified rehabilitation agencies;
- (4) prescription drugs and other products recommended through the process established in section 256B.0625, subdivision 13;
- (5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level;
- (6) eyeglasses and eye examinations provided by a physician or optometrist;
- (7) hearing aids;
- (8) prosthetic devices;
- (9) laboratory and X-ray services;
- (10) physician's services;
- (11) medical transportation;
- (12) chiropractic services as covered under the medical assistance program;
- (13) podiatric services;
- (14) dental services;

(15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;

(16) day treatment services for mental illness provided under contract with the county board;

(17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;

(18) case management services for a person with serious and persistent mental illness who would be eligible for medical assistance except that the person resides in an institution for mental diseases;

(19) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments; and

(20) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision.

(b) For a recipient who is eligible under subdivision 3, paragraph (a), clause (1) or (2), general assistance medical care covers the services listed in paragraph (a) with the exception of special transportation services.

(c) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall consult with an independent

actuary in establishing prepayment rates, but shall retain final control over the rate methodology.

(d) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions.

For the period July 1, 1985, to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

For the period January 1, 1986, to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period January 1, 1987, to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period July 1, 1987, to June 30, 1988, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than five percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period July 1, 1988, to June 30, 1989, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may not be reduced. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(e) Any county may, from its own resources, provide medical payments for which state payments are not made.

(f) Chemical dependency services that are reimbursed under chapter 254B must not be reimbursed under general assistance medical care.

(g) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

(h) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

Sec. 18. Minnesota Statutes 1991 Supplement, section 256D.05, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) Each person or family whose income and resources are less than the standard of assistance established by the commissioner and who is a resident of the state shall be eligible for and entitled to general assistance if the person or family is:

(1) a person who is suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment;

(2) a person whose presence in the home on a substantially continuous basis is required because of the professionally certified illness, injury, incapacity, or the age of another member of the household;

(3) a person who has been placed in, and is residing in, a licensed or certified facility for purposes of physical or mental health or rehabilitation, or in an approved chemical dependency domiciliary facility, if the placement is based on illness or incapacity and is pursuant to a plan developed or approved by the county agency through its director or designated representative;

(4) a person who resides in a shelter facility described in subdivision 3;

(5) a person not described in clause (1) or (3) who is diagnosed by a licensed physician, licensed psychologist, or other qualified professional, as mentally retarded or mentally ill, and that condition prevents the person from obtaining or retaining employment;

(6) a person who has an application pending for, or is appealing termination of benefits from, the social security disability program or the program of supplemental security income for the aged, blind, and disabled, provided the person has a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment;

(7) a person who is unable to obtain or retain employment because advanced age significantly affects the person's ability to seek or engage in substantial work;

(8) a person who, following participation in the work readiness program, completion of an individualized employability assessment by the work readiness service provider, and consultation between the county agency and the work readiness service provider, the ~~county agency~~ work readiness service provider determines is not employable. For purposes of this item, a person is considered employable if the county agency determines that there exist positions of employment in the local labor market, regardless of the current availability of openings for those positions, that the person is capable of performing. Eligibility under this category must be reassessed at least annually by the county agency and must be based upon the results of a new individualized employability assessment completed by the work readiness service provider. The recipient shall, if otherwise eligible, continue to receive general assistance while the annual individualized employability assessment is completed by the work readiness service provider, rather than receive work readiness payments under section 256D.051. Subsequent eligibility for general assistance is dependent upon the county agency determining, following consultation with the work readiness service provider, that the person is not employable, or the person meeting the requirements of another general assistance category of eligibility;

(9) a person who is determined by the county agency, in accordance with emergency and permanent rules adopted by the commis-

sioner, to be learning disabled, provided that if a rehabilitation plan for the person is developed or approved by the county agency, the person is following the plan;

(10) a child under the age of 18 who is not living with a parent, stepparent, or legal custodian, but only if: the child is legally emancipated or living with an adult with the consent of an agency acting as a legal custodian; the child is at least 16 years of age and the general assistance grant is approved by the director of the county agency or a designated representative as a component of a social services case plan for the child; or the child is living with an adult with the consent of the child's legal custodian and the county agency. For purposes of this clause, "legally emancipated" means a person under the age of 18 years who: (i) has been married; (ii) is on active duty in the uniformed services of the United States; (iii) has been emancipated by a court of competent jurisdiction; or (iv) is otherwise considered emancipated under Minnesota law, and for whom county social services has not determined that a social services case plan is necessary, for reasons other than that the child has failed or refuses to cooperate with the county agency in developing the plan;

(11) a woman in the last trimester of pregnancy who does not qualify for aid to families with dependent children. A woman who is in the last trimester of pregnancy who is currently receiving aid to families with dependent children may be granted emergency general assistance to meet emergency needs;

(12) a person who is eligible for displaced homemaker services, programs, or assistance under section 268.96, but only if that person is enrolled as a full-time student;

(13) a person who lives more than two hours round-trip traveling time from any potential suitable employment; ~~and~~

(14) a person who is involved with protective or court-ordered services that prevent the applicant or recipient from working at least four hours per day; ~~and~~

(15) a family as defined in section 256D.02, subdivision 5, which is ineligible for the aid to families with dependent children program. If all children in the family are six years of age or older, or if suitable child care is available for children under age six at no cost to the family, all the adult members of the family must register for and cooperate in the work readiness program under section 256D.051. If one or more of the children is under the age of six and suitable child care is not available without cost to the family, all the adult members except one adult member must register for and cooperate with the work readiness program under section 256D.051. The adult member who must participate in the work readiness program is the one having earned the greater of the incomes, excluding in-kind income, during the 24-month period immediately preceding the

month of application for assistance. When there are no earnings or when earnings are identical for each adult, the applicant must designate the adult who must participate in work readiness and that designation must not be transferred or changed after program eligibility is determined as long as program eligibility continues without an interruption of 30 days or more. The adult members required to register for and cooperate with the work readiness program are not eligible for financial assistance under section 256D.051, except as provided in section 256D.051, subdivision 6, and shall be included in the general assistance grant. If an adult member fails to cooperate with requirements of section 256D.051, the local agency shall not take that member's needs into account in making the grant determination as provided by the termination provisions of section 256D.051, subdivision 1a, paragraph (b). The time limits of section 256D.051, subdivision 1, do not apply to persons eligible under this clause; or

(16) a person over age 18 whose primary language is not English and who is attending high school at least half time.

(b) Persons or families who are not state residents but who are otherwise eligible for general assistance may receive emergency general assistance to meet emergency needs.

(c) As a condition of eligibility under paragraph (a), clauses (1), (3), (5), (8), and (9), the recipient must complete an interim assistance agreement and must apply for other maintenance benefits as specified in section 256D.06, subdivision 5, and must comply with efforts to determine the recipient's eligibility for those other maintenance benefits.

(d) The burden of providing documentation for a county agency to use to verify eligibility for general assistance or work readiness is upon the applicant or recipient. The county agency shall use documents already in its possession to verify eligibility, and shall help the applicant or recipient obtain other existing verification necessary to determine eligibility which the applicant or recipient does not have and is unable to obtain.

Sec. 19. Minnesota Statutes 1991 Supplement, section 256D.051, subdivision 1, is amended to read:

Subdivision 1. [WORK REGISTRATION.] (a) Except as provided in this subdivision, persons who are residents of the state and whose income and resources are less than the standard of assistance established by the commissioner, but who are not categorically eligible under section 256D.05, subdivision 1, are eligible for the work readiness program for a maximum period of five consecutive ~~six~~ calendar months during any 12 consecutive calendar month period, subject to the provisions of paragraph (d), subdivision 3, and section 256D.052, subdivision 4. The person's five-month ~~five-month~~ eligibility

period begins on the first day of the calendar month following the date of application for assistance or following the date all eligibility factors are met, whichever is later; and ends on the last day of the fifth consecutive calendar month, whether or not the person has received benefits for all five months. The person is not eligible to receive work readiness benefits during the seven calendar months immediately following the five-month eligibility period; however, the person may voluntarily continue to participate in work readiness services for up to three additional consecutive months immediately following the last month of benefits to complete the provisions of the person's employability development plan. After July 1, 1992, if orientation is available within three weeks after the date eligibility is determined, initial payment will not be made until the registrant attends orientation to the work readiness program. Prior to terminating work readiness assistance the county agency must provide advice on the person's eligibility for general assistance medical care and must assess the person's eligibility for general assistance under section 256D.05 to the extent possible, using information in the case file, and determine the person's eligibility for general assistance. A determination that the person is not eligible for general assistance must be stated in the notice of termination of work readiness benefits.

(b) Persons, families, and married couples who are not state residents but who are otherwise eligible for work readiness assistance may receive emergency assistance to meet emergency needs.

(c) Except for family members who must participate in work readiness services under the provisions of section 256D.05, subdivision 1, clause (14), any person who would be defined for purposes of the food stamp program as being enrolled at least half-time in an institution of higher education is ineligible for the work readiness program.

(d) Notwithstanding the provisions of sections 256.045 and 256D.10, during the pendency of an appeal, work readiness payments and services shall not continue to a person who appeals the termination of benefits due to exhaustion of the period of eligibility specified in paragraph (a) or (d).

Sec. 20. Minnesota Statutes 1990, section 256D.051, is amended by adding a subdivision to read:

Subd. 17. [START WORK GRANTS.] Within the limit of available appropriations, the county agency may make grants necessary to enable work readiness recipients to accept bona fide offers of employment. The grants may be made for costs directly related to starting employment, including transportation costs, clothing, tools and equipment, license or other fees, and relocation. Start work grants are available once in any 12-month period to a recipient. The commissioner shall allocate money appropriated for start work

grants to counties based on each county's work readiness caseload in the 12 months ending in March for each following state fiscal year and may reallocate any unspent amounts.

Sec. 21. Minnesota Statutes 1990, section 256D.06, subdivision 5, is amended to read:

Subd. 5. Any applicant, otherwise eligible for general assistance and possibly eligible for maintenance benefits from any other source shall (a) make application for those benefits within 30 days of the general assistance application; and (b) execute an interim assistance authorization agreement on a form as directed by the commissioner. If found eligible for benefits from other sources, and a payment received from another source relates to the period during which general assistance was also being received, the recipient shall be required to reimburse the county agency for the interim assistance paid. Reimbursement shall not exceed the amount of general assistance paid during the time period to which the other maintenance benefits apply and shall not exceed the state standard applicable to that time period. The commissioner shall adopt rules, and may adopt emergency rules, authorizing county agencies or other client representatives to retain from the amount recovered under an interim assistance agreement 25 percent plus actual reasonable fees, costs, and disbursements of appeals and litigation, of providing special assistance to the recipient in processing the recipient's claim for maintenance benefits from another source. The money retained under this section shall be from the state share of the recovery. The commissioner or the county agency may contract with qualified persons to provide the special assistance. The rules adopted by the commissioner shall include the methods by which county agencies shall identify, refer, and assist recipients who may be eligible for benefits under federal programs for the disabled. This subdivision does not require repayment of per diem payments made to shelters for battered women pursuant to section 256D.05, subdivision 3.

Sec. 22. Minnesota Statutes 1990, section 256D.06, is amended by adding a subdivision to read:

Subd. 5a. [SSI CONVERSIONS AND BACK CLAIMS.] (a) [SSI CONVERSIONS.] The commissioner of human services shall contract with agencies or organizations capable of ensuring that clients who are presently receiving assistance under sections 256D.01 to 256D.21, and who may be eligible for benefits under the federal Supplemental Security Income program, apply and, when eligible, are converted to the federal income assistance program and made eligible for health care benefits under the medical assistance program. The commissioner shall ensure that money owing to the state under interim assistance agreements is collected.

(b) [BACK CLAIMS FOR FEDERAL HEALTH CARE BENEFITS.] The commissioner shall also directly or through contract

implement procedures for collecting federal Medicare and medical assistance funds for which clients converted to SSI are retroactively eligible.

(c) [ADDITIONAL REQUIREMENTS.] The commissioner shall begin contracting with agencies to ensure implementation of this section within 14 days after enactment of this section. County contracts with providers for residential services shall include the requirement that providers screen residents who may be eligible for federal benefits and provide that information to the local agency. The commissioner shall modify the MAXIS computer system to provide information on clients who have been on general assistance for two years or longer. The list of clients shall be provided to local services for screening under this section.

(d) [REPORT.] The commissioner shall report to the legislature by January 15, 1993, on the implementation of this section. The report shall contain information on the following:

(1) the number of clients converted from general assistance to SSI, by county;

(2) information on the organizations involved;

(3) the amount of money collected through interim assistance agreements;

(4) the amount of money collected in federal Medicare or Medicaid funds;

(5) problems encountered in processing conversions and back claims; and

(6) recommended changes to enhance recoveries and maximize the receipt of federal money in the most efficient way possible.

Sec. 23. [256D.091] [GRANT DIVERSION.]

Subdivision 1. [DEFINITIONS.] (a) "Diverted grant" means the amount of the general assistance grant or work readiness assistance payment, not exceeding the standard of assistance for one person, that is available for a wage subsidy.

(b) "Net monthly wage" means the income remaining to a registrant after taking the disregards and exclusions from income under section 256D.06.

(c) "Registrant" means a recipient of general assistance or work assistance who is participating in a grant diversion employment and employment-related program.

Subd. 2. [GRANT DIVERSION PROGRAM.] (a) The county agency may establish a grant diversion program for payment of all or a part of a recipient's general assistance or work readiness grant to a private or nonprofit employer who agrees to employ the recipient in a permanent job or to a public employer who agrees to employ the recipient in a permanent job or an approved community investment program. The county agency may administer and deliver grant diversions directly or may contract for delivery of the program according to section 268.871.

(b) The county agency shall assess a registrant's continued eligibility for general assistance or work readiness assistance before the end of the registrant's grant diversion period.

(c) The county agency shall submit fiscal and summary reports required by the commissioner.

Subd. 3. [REGISTRANT PARTICIPATION.] (a) A recipient may refuse employment or employment-related training under the grant diversion program unless the recipient lacks a work history or local work reference and the recipient's employability plan requires participation in a community investment program.

(b) A recipient may participate in a grant diversion program for up to four months.

(c) During participation in the grant diversion program, a registrant must submit to the county agency the monthly food stamp eligibility household report form.

Subd. 4. [CONTRACT WITH GRANT DIVERSION EMPLOYER.] The county agency or the local service unit shall enter into a written contract with a grant diversion employer. The contract must include:

- (1) the period of time the diverted grant is available;
- (2) the amount of the monthly diverted grant;
- (3) the method of payment of the diverted grant;
- (4) data gathering and reporting requirements;
- (5) agreement by the employer not to terminate or reduce the working hours of current employees in order to participate in the grant diversion program;
- (6) agreement by the employer to provide the registrant the same or a comparable level of wages, fringe benefits, and workers' compensation coverage that are provided other employees; and

(7) agreement by the employer to hire the registrant at the end of the grant diversion period.

Subd. 5. [NOTICE TO REGISTRANT.] The county agency or local service unit shall provide the registrant written notice of the terms of the registrant's grant diversion program, including:

(1) the requirement to complete the period of subsidized employment or employment-related training specified in the contract;

(2) the date of the first day of employment or employment-related training;

(3) the name, address, and occupational title of the employer;

(4) the hourly wage and the number of work hours per week;

(5) the effect of participation on work readiness eligibility;

(6) the maximum period of participation and the months the registrant's grant will be diverted;

(7) the amount of the diverted grant and the amount of any residual assistance grant; and

(8) the actions to be taken if the registrant fails to complete the grant diversion participation period.

The county agency shall maintain a copy of the notice in the registrant's case file.

Subd. 6. [GRANT DIVERSION MONTHLY PAYMENT.] (a) The county agency shall calculate and pay the diverted grant directly to the registrant's employer or shall reimburse an employment and training service provider that has paid the employer. The amount of monthly payment available to an employer under the grant diversion program must not exceed the monthly standard of assistance for one person.

(b) If a registrant is receiving assistance as a member of an assistance unit, the monthly payment to the assistance unit may be reduced only by the amount of the assistance standard for one person.

(c) Notwithstanding any change in resources, household, or income of the registrant or the registrant's assistance unit, eligibility for work readiness and the amount of monthly payment is not subject to change during the grant diversion period if the registrant is participating in the grant diversion program as required in the notice provided under subdivision 5.

Subd. 7. [MEDICAL CARE.] A registrant is eligible for general assistance medical care during the term of the grant diversion contract.

Subd. 8. [CHILD CARE.] A recipient who is the sole adult in an assistance unit with one or more children under 12 years of age must not be referred to the grant diversion program during hours the child is in the home unless the county agency pays any child care expenses that exceed the child care deduction from earned income.

Subd. 9. [DISQUALIFICATION.] A registrant who fails without good cause to complete the grant diversion period specified in the contract must be disqualified from receiving assistance as provided in section 256D.101.

Sec. 24. Minnesota Statutes 1990, section 256D.35, subdivision 11, is amended to read:

Subd. 11. [IN-KIND INCOME.] "In-kind income" means income, benefits, or payments that are provided in a form other than money or liquid asset. In-kind income includes goods, produce, services, privileges, or payments on behalf of a person by a third party; except benefits of the recipient, such as those administered by the Social Security Administration, that are paid to a representative payee, and are spent on behalf of the applicant or recipient, are not in-kind income, but are considered available income of the applicant or recipient.

Sec. 25. Minnesota Statutes 1990, section 256D.54, subdivision 3, is amended to read:

Subd. 3. [INTERIM ASSISTANCE ADVOCACY INCENTIVE PROGRAM.] From the amount recovered under an interim assistance agreement, county agencies may retain 25 percent plus actual reasonable fees, costs, and disbursements of appeals, litigation, and advocacy assistance given to the recipient for the recipient's claim for supplemental security income. The money kept under this section is from the state share of the recovery. The commissioner or the county agency may contract with qualified persons to provide the special assistance. The methods by which a county agency identifies, refers, and assists recipients who may be eligible for benefits under federal programs for the aged, blind, or disabled are those methods used by the general assistance interim assistance advocacy incentive program.

Sec. 26. Minnesota Statutes 1990, section 256H.01, is amended by adding a subdivision to read:

Subd. 1a. [APPLICANT.] "Child care fund applicants" means all parents, stepparents, legal guardians, or eligible relative caretakers

who reside in the household that applies for child care assistance under the child care fund.

Sec. 27. Minnesota Statutes 1990, section 256H.01, subdivision 9, is amended to read:

Subd. 9. [FAMILY.] "Family" means parents, stepparents, guardians, or other ~~caretaker relatives eligible relative caretakers~~, and their blood related dependent children and adoptive siblings under the age of 18 years living in the same home including children temporarily absent from the household in settings such as schools, foster care, and residential treatment facilities. When a minor parent or parents and his, her, or their child or children are living with other relatives, and the minor parent or parents apply for a child care subsidy, "family" means only the minor parent or parents and the child or children. An adult may be considered a dependent member of the family unit if 50 percent of the adult's support is being provided by the parents, stepparents, guardians, or ~~other caregiver relatives eligible relative caretakers~~ residing in the same household. An adult age 18 who is a full-time high school student and can reasonably be expected to graduate before age 19 may be considered a dependent member of the family unit.

Sec. 28. Minnesota Statutes 1991 Supplement, section 256H.03, subdivision 4, is amended to read:

Subd. 4. [ALLOCATION FORMULA.] Beginning July 1, 1992, the basic sliding fee state and federal funds shall be allocated according to the following formula:

(a) One-half of the funds shall be allocated in proportion to each county's total expenditures for the basic sliding fee child care program reported during the 12-month period ending on December 31 of the preceding state fiscal year.

(b) One-fourth of the funds shall be allocated based on the number of children under age 13 in each county who are enrolled in general assistance medical care, medical assistance, and the children's health plan on July 1, of each year.

(c) One-fourth of the funds shall be allocated based on the number of children under age 13 who reside in each county, from the most recent estimates of the state demographer.

Sec. 29. Minnesota Statutes 1991 Supplement, section 256H.03, subdivision 6, is amended to read:

Subd. 6. [GUARANTEED FLOOR.] (a) Each county's guaranteed floor shall equal the lesser of:

(1) the county's original allocation in the preceding state fiscal year; or

(2) 110 percent of the county's basic sliding fee child care program state and federal earnings for the 12-month period ending on December 31 of the preceding state fiscal year. For purposes of this clause, "state and federal earnings" means the reported ~~nonfederal share of direct child care expenditures~~ adjusted for the administrative allowance and 15 percent required county match ~~and seven percent administration limit.~~

(b) When the amount of funds available for allocation is less than the amount available in the previous year, each county's previous year allocation shall be reduced in proportion to the reduction in the statewide funding, for the purpose of establishing the guaranteed floor.

Sec. 30. Minnesota Statutes 1991 Supplement, section 256H.05, subdivision 1b, is amended to read:

Subd. 1b. [ELIGIBLE RECIPIENTS.] Families eligible for guaranteed child care assistance under the AFDC child care program are:

- (1) persons receiving services under section 256.736;
- (2) AFDC recipients who are employed;
- (3) persons who are members of transition year families under section 256H.01, subdivision 16; and
- (4) members of the control group for the STRIDE evaluation conducted by the Manpower Demonstration Research Corporation; and
- (5) AFDC caretakers who are participating in the non-STRIDE AFDC child care program.

Sec. 31. Minnesota Statutes 1991 Supplement, section 256H.05, is amended by adding a subdivision to read:

Subd. 6. [NON-STRIDE AFDC CHILD CARE PROGRAM.] Starting one month after the effective date of this subdivision, the department of human services shall reimburse eligible expenditures for 2,000 family slots for AFDC caretakers not eligible for services under section 256.736, who are engaged in an authorized educational or job search program. Each county will receive a number of family slots based on the county's proportion of the AFDC caseload. A county must receive at least two family slots. Eligibility and reimbursement are limited to the number of family slots allocated to each county. County agencies shall authorize an educational plan

for each student and may prioritize families eligible for this program in their child care fund plan upon approval of the commissioner of human services.

Sec. 32. Minnesota Statutes 1990, section 256H.10, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY FACTORS.] Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

(a) receive aid to families with dependent children and are receiving employment and training services under section 256.736;

(b) have household income below the eligibility levels for aid to families with dependent children; or

(c) have household income within a range established by the commissioner.

(d) Child care services for the families receiving aid to families with dependent children must be made available as in-kind services, to cover any difference between the actual cost and the amount disregarded under the aid to families with dependent children program. Child care services to families whose incomes are below the threshold of eligibility for aid to families with dependent children, but ~~that are not receiving aid to families with dependent children~~ are not AFDC caretakers, must be made available ~~without cost to the families~~ with the minimum copayment required by federal law.

Sec. 33. Minnesota Statutes 1990, section 256I.01, is amended to read:

256I.01 [CITATION.]

Sections 256I.01 to 256I.06 shall be cited as the "negotiated group residential housing rate act."

Sec. 34. Minnesota Statutes 1990, section 256I.02, is amended to read:

256I.02 [PURPOSE.]

The negotiated group residential housing rate act establishes a comprehensive system of rates and payments for persons who reside in a negotiated rate group residence and who meet the eligibility criteria of the general assistance program under sections 256D.01 to

256D.21, or the Minnesota supplemental aid program under sections 256D.33 to 256D.54.

Sec. 35. Minnesota Statutes 1990, section 256I.03, subdivision 2, is amended to read:

Subd. 2. [~~NEGOTIATED GROUP RESIDENTIAL HOUSING RATE.~~] "Negotiated group residential housing rate" means a monthly rate set for shelter, fuel, food, utilities, household supplies, and other costs necessary to provide room and board for individuals eligible for general assistance under sections 256D.01 to 256D.21 or supplemental aid under sections 256D.33 to 256D.54. Negotiated group residential housing rate does not include payments for foster care for children who are not blind, child welfare services, medical care, dental care, hospitalization, nursing care, drugs or medical supplies, program costs, or other social services. However, the negotiated group residential housing rate for recipients living in residences in section 256I.05, subdivision 2, paragraph (c), clause (2), includes all items covered by that residence's medical assistance per diem rate. The rate is negotiated by the county agency or the state according to the provisions of sections 256I.01 to 256I.06.

Sec. 36. Minnesota Statutes 1990, section 256I.03, subdivision 3, is amended to read:

Subd. 3. [~~NEGOTIATED RATE RESIDENCE GROUP RESIDENTIAL HOUSING.~~] "Negotiated rate residence group residential housing" means a group living situation that provides at a minimum room and board to unrelated persons who meet the eligibility requirements of section 256I.04. This definition includes foster care settings for a single adult. To receive payment for a negotiated group residence rate, the residence must be licensed by either the department of health or human services and must comply with applicable laws and rules establishing standards for health, safety, and licensure. Secure crisis shelters for battered women and their children designated by the department of corrections are not negotiated rate group residences under this chapter.

Sec. 37. Minnesota Statutes 1990, section 256I.04, as amended by Laws 1991, chapter 292, article 2, section 68, is amended to read:

256I.04 [ELIGIBILITY FOR NEGOTIATED RATE GROUP RESIDENTIAL HOUSING PAYMENT.]

Subdivision 1. [ELIGIBILITY REQUIREMENTS.] To be eligible for a negotiated rate group residential housing payment, the individual must be eligible for general assistance under sections 256D.01 to 256D.21, or supplemental aid under sections 256D.33 to 256D.54. If the individual is in the negotiated rate group residence due to illness or incapacity, the individual must be in the residence under a plan developed or approved by the county agency. Residence

in other negotiated rate group residences must be approved by the county agency.

Subd. 2. [DATE OF ELIGIBILITY.] For a person living in a negotiated rate group residence who is eligible for general assistance under sections 256D.01 to 256D.21, payment shall be made from the date a signed application form is received by the county agency or the date the applicant meets all eligibility factors, whichever is later. For a person living in a negotiated rate group residence who is eligible for supplemental aid under sections 256D.33 to 256D.54, payment shall be made from the first of the month in which an approved application is received by a county agency.

Subd. 3. [MORATORIUM ON THE DEVELOPMENT OF NEGOTIATED RATE GROUP RESIDENTIAL HOUSING BEDS.] County agencies shall not enter into agreements for new general assistance or Minnesota supplemental aid negotiated rate group residence housing beds except: (1) for adult foster homes licensed by the commissioner of human services under Minnesota Rules, parts 9555.5105 to 9555.6265; (2) for facilities licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the facility is needed to meet the census reduction targets for persons with mental retardation or related conditions at regional treatment centers; (3) to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with mental retardation or related conditions or mental illness; or (4) for up to five handicapped accessible beds in a facility that serves primarily persons with a mental illness or chemical dependency that began construction to add space for the new beds before April 1, 1991, and will complete construction or remodeling by December 1, 1991. (4) up to 80 beds in a single, specialized facility located in Hennepin county that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication. Planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the housing finance agency under section 462A.05, subdivision 20a, paragraph (b).

Sec. 38. Minnesota Statutes 1990, section 256I.05, subdivision 1, is amended to read:

Subdivision 1. [MONTHLY RATES.] Monthly payments for rates negotiated by a county agency, or set by the department under rules developed pursuant to subdivision 6, on behalf of a recipient living in a negotiated rate group residence may must be paid at the rates in effect on March 1, 1985 June 30, 1991, not to exceed \$919.80 in 1989. The maximum negotiated rate must be increased annually according to subdivision 7. The county agency may provide an annual increase in the March 1, 1985, payment rate using the

formula in subdivision 7, provided the resulting rate does not exceed the maximum negotiated rate \$966.37 for a group residence that entered into an initial group residential housing agreement with a county agency before June 1, 1989. The county agency may at any time negotiate a lower payment rate than the rate that would otherwise be paid under this subdivision and subdivision 7.

Sec. 39. Minnesota Statutes 1991 Supplement, section 256I.05, subdivision 1a, is amended to read:

Subd. 1a. [LOWER MAXIMUM RATE RATES.] (a) The maximum monthly rate for a general assistance or Minnesota supplemental aid negotiated rate group residence that enters into an initial negotiated rate group residential housing agreement with a county agency on or after June 1, 1989, may not exceed 90 percent of the maximum rate established under subdivision 1. This is effective until June 30, 1993, or until the statewide system authorized under subdivision 6 is established, whichever occurs first.

(b) The maximum monthly rate for a general assistance or Minnesota supplemental aid group residence that is neither licensed by nor registered with the Minnesota department of health, or licensed by the department of human services, to provide programs or services in addition to room and board is an amount equal to the total of:

(1) the combined maximum shelter and basic needs standards for Minnesota supplemental aid recipients living alone specified in section 256D.44, subdivisions 2, paragraph (a), and 3, paragraph (a); plus

(2) for persons who are not eligible to receive food stamps due to living arrangements, the maximum allotment authorized by the federal food stamp program for a single individual which is in effect on the first day of July each year; less

(3) the personal needs allowance authorized for medical assistance recipients under section 256B.35.

Sec. 40. Minnesota Statutes 1991 Supplement, section 256I.05, subdivision 1b, is amended to read:

Subd. 1b. [RATES FOR UNCERTIFIED BOARDING CARE HOMES.] Effective July 1, 1992, the maximum rate for a boarding care home not certified to receive medical assistance is equal to 65 percent of the average nursing home level "A" rate in effect for the geographic area in which the boarding care home is located, except that a facility's rate must not be reduced by more than ten percent for the year ending June 30, 1992. This is effective until June 30, 1993. A noncertified boarding care home licensed under Minnesota

Rules, parts 9520.0500 to 9520.0690, is exempt from this rate limit. The commissioner shall study the numbers of facilities and residents that will be affected by the limit in this subdivision, the number of facilities likely to close because of the limit, the available alternatives for affected residents, methods of relocating or securing alternative placements for residents, and other effects of the limit. The commissioner shall provide a report to the legislature by January 1, 1992, on the commissioner's findings and recommendations relating to the rate limit specified in subdivision 1 does not apply to a facility which was licensed by the Minnesota department of health as a boarding care home before March 1, 1985, and which is not certified to receive medical assistance.

Sec. 41. Minnesota Statutes 1991 Supplement, section 256L.05, subdivision 2, is amended to read:

Subd. 2. [MONTHLY RATES; EXEMPTIONS.] (a) The maximum negotiated group residential housing rate does not apply to a residence that on August 1, 1984, was licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, and licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690. For residences in this clause that have less than five percent of their licensed boarding care capacity reimbursed by the medical assistance program, rate increases shall be provided according to section 256B.431, subdivision 4, paragraph (c).

(b) The maximum negotiated group residential housing rate does not apply to a residence that on August 1, 1984, was licensed by the commissioner of human services under Minnesota Rules, parts 9525.0520 to 9525.0660, but funded as a negotiated rate group residence under general assistance or Minnesota supplemental aid. Rate increases for these residences are subject to the provisions of subdivision 7.

(c) The maximum negotiated rate does not apply to a residence certified to participate in the medical assistance program, licensed as a boarding care facility or a nursing home, and declared to be an institution for mental disease by January 1, 1989. Effective January 1, 1989, the rate for these residences is the individual's appropriate medical assistance case mix rate. The exclusion from the rate limit for residences under this clause continues until June 30, 1992. The commissioner of human services, in consultation with the counties in which these residences are located, shall review the status of each certified nursing home and board and care facility declared to be an institution for mental disease. This review shall include the cost effectiveness of continued payment for residents through general assistance or Minnesota supplemental aid; the appropriateness of placement of general assistance or supplemental aid clients in these facilities; the effects of Public Law Number 100-203 on these facilities; and the role of these facilities in the mental health service

delivery system. The commissioner shall make recommendations to the legislature by January 1, 1990, regarding the need to continue the exclusion of these facilities from the negotiated rate maximum and the future role of these facilities in serving persons with mental illness.

(d) The commissioner of human services shall take the following action in relation to certified boarding care facilities and nursing homes that have been declared institutions for mental diseases, excluding those facilities exempt under paragraph (a):

(1) All mental health and placement screenings and diagnostic assessments required under the federal Omnibus Budget Reconciliation Act (OBRA) must be completed by July 1, 1991, for all residents in institutions for mental diseases admitted before June 1, 1991. Residents determined to need relocation under the preadmission screening and annual resident review must be relocated to a more appropriate placement in accordance with the timelines established in the state's alternative disposition plan.

(2) By October 1, 1991, all institutions for mental diseases must be reviewed again by the commissioner to determine if they are still institutions for mental diseases, and the commissioner shall immediately revoke a declaration that a facility is an institution for mental diseases if the commissioner determines that the facility is not an institution for mental diseases.

(3) The commissioner shall provide to institutions for mental diseases training in the criteria used in assessing residents for determination of institutions for mental diseases status and the numbers of residents in each category.

(4) For facilities whose status as an institution for mental diseases is not revoked by the commissioner by October 1, 1991, a facility-specific plan must be developed by the commissioner and the facility, in consultation with the appropriate consumer groups, to offer alternative services to enough residents by July 1, 1992, to allow the commissioner to revoke the facility's status as an institution for mental diseases.

Sec. 42. Minnesota Statutes 1990, section 256I.05, subdivision 3, is amended to read:

Subd. 3. [LIMITS ON RATES.] When a negotiated group residential housing rate is used to pay for an individual's room and board, the rate payable to the residence must not exceed the rate paid by an individual not receiving a negotiated group residential housing rate under this chapter.

Sec. 43. Minnesota Statutes 1990, section 256I.05, subdivision 6, is amended to read:

Subd. 6. [STATEWIDE RATE SETTING SYSTEM.] The commissioner shall establish a comprehensive statewide system of rates and payments for recipients who reside in ~~residences with negotiated rates~~ group residential housing to be effective ~~January 1, 1992, or as soon as possible after that date.~~ The commissioner may adopt rules to establish this rate setting system.

Sec. 44. Minnesota Statutes 1990, section 256I.05, is amended by adding a subdivision to read:

Subd. 7b. [COMMISSIONER'S DUTIES.] The commissioner shall not provide automatic annual inflation adjustments for group residential housing rates for the fiscal year beginning on July 1, 1993, and for subsequent fiscal years. The commissioner of finance shall include as a budget change request annual adjustments in reimbursement rates for group residential housing in each biennial detailed expenditure budget submitted to the legislature under section 16A.11.

Sec. 45. Minnesota Statutes 1990, section 256I.05, subdivision 8, is amended to read:

Subd. 8. [STATE PARTICIPATION.] For a resident of a negotiated rate group residence who is eligible for general assistance under sections 256D.01 to 256D.21, state participation in the negotiated group residential housing rate is determined according to section 256D.03, subdivision 2. For a resident of a negotiated rate facility group residence who is eligible under sections 256D.33 to 256D.54, state participation in the negotiated group residential housing rate is determined according to section 256D.36.

Sec. 46. Minnesota Statutes 1990, section 256I.05, subdivision 9, is amended to read:

Subd. 9. [PERSONAL NEEDS ALLOWANCE.] In addition to the negotiated group residential housing rate paid for the room and board costs, a person residing in a negotiated rate group residence shall receive an allowance for clothing and personal needs. The allowance shall not be less than that authorized for a medical assistance recipient in section 256B.35.

Sec. 47. Minnesota Statutes 1991 Supplement, section 256I.05, subdivision 10, is amended to read:

Subd. 10. [FOSTER CARE.] In keeping with the definition of "group residential housing rate" established in section 256I.03, subdivision 2, beginning July 1, 1992, the negotiated group residen-

tial housing rate of a group residence licensed as a foster home is limited to the rate set for room and board costs payments provided the foster home is not the license holder's primary residence, or the license holder is not the primary caregiver to persons receiving services in the negotiated rate group residence, and federal funding is available to pay for so long as the cost of other necessary services meets the definition of services or costs eligible for payment under the state's Medicaid program under title XIX of the Social Security Act and the persons receiving services in the group residence also receive title XIX home- and community-based waiver services for persons with mental retardation or a related condition, or persons with traumatic or acquired brain injury. For the purpose purposes of this section, the July 1, 1992, rate set for room and board costs mean costs of providing food and shelter for eligible persons, and includes payments must not exceed the group residential housing rate effective June 30, 1992, minus the additional rate to be paid under title XIX of the Social Security Act. The only exception to this limitation is a rate adjustment for the payment of the additional room and board costs of serving additional persons in the group residence. Until a statewide rate setting system is developed in accordance with subdivision 6, "room and board payments" referenced in this section means the directly identifiable payments for the usual costs of:

- (1) normal and special diet, food preparation and food services;
- (2) providing linen, bedding, laundering, and laundry supplies;
- (3) housekeeping, including cleaning and lavatory supplies;
- (4) maintenance and operation of the residence and grounds, including fuel, utilities, supplies, and equipment;
- (5) the allocation of salaries related to these areas; and
- (6) the lease or mortgage payment, property tax and insurance, furnishings and appliances.

For purposes of this section, room and board payments do not include payments for the costs of modifications and adaptations of the group residence required to ensure the health and safety of the resident or to meet the requirements of the applicable life safety code when those costs meet the definition of services and costs eligible for payment under the state's Medicaid program under title XIX of the Social Security Act. The group residences identified in this section shall be subject to a statewide rate setting system identified in subdivision 6 once the rate setting system has been developed. Any amount of payment made by counties prior to July 1, 1992, that exceeds the rate caps established in subdivisions 1 and 2 is not considered part of the group residential housing rate under this section and may not be considered as part of the group

residential housing rate set as of July 1, 1992, nor shall that amount be considered eligible for payment under title XIX of the Social Security Act.

Sec. 48. [256I.051] [RATE LIMITATION; WAIVERED SERVICES ELIGIBILITY.]

(a) If a group residential housing rate for an adult foster care or board and lodging placement is for an individual who would be or is eligible for the elderly waiver, the community alternatives for disabled individuals program, or the community alternative care program, the group residential housing rate must include only the room and board portion of the rate. This paragraph applies only to the extent that there are waiver funds available.

(b) The room and board portion of the group residential housing rate is an amount equal to the total of:

(1) the combined maximum shelter and basic needs standards for Minnesota supplemental aid recipients living alone, specified in section 256D.44, subdivisions 2, paragraph (a), and 3, paragraph (a); plus

(2) the maximum allotment authorized by the federal food stamp program for a single individual in effect on the first day of July each year to be applied to persons who are not eligible to receive food stamps due to living arrangement; and less

(3) the personal needs allowance authorized for medical assistance recipients under section 256B.35.

Sec. 49. Minnesota Statutes 1990, section 256I.06, is amended to read:

256I.06 [PAYMENT METHODS.]

When a ~~negotiated~~ group residential housing rate is used to pay the room and board costs of a person eligible under sections 256D.01 to 256D.21, the monthly payment may be issued as a voucher or vendor payment. When a ~~negotiated~~ group residential housing rate is used to pay the room and board costs of a person eligible under sections 256D.33 to 256D.54, payments must be made to the recipient. If a recipient is not able to manage the recipient's finances, a representative payee must be appointed.

Sec. 50. Minnesota Statutes 1991 Supplement, section 261.035, is amended to read:

261.035 [~~BURIAL~~ FUNERALS AT EXPENSE OF COUNTY.]

When a person dies in any county without apparent means to provide for ~~burial and without relatives of sufficient ability to procure the burial~~ that person's funeral or final disposition, the county board shall first investigate to determine whether ~~the that~~ person who has died has had contracted for any prepaid ~~burial funeral~~ arrangements. If ~~such~~ arrangements have been made, the county shall authorize burial arrangements to be implemented in accord with the ~~written~~ instructions of the deceased. If it is determined that the person did not leave sufficient means to defray the necessary expenses of ~~burial a funeral and final disposition~~, nor any ~~relatives therein spouse~~ of sufficient ability to procure the burial, the county board shall ~~cause provide for a decent burial or cremation funeral and final disposition~~ of the person's remains to be made at the expense of the county. ~~Cremation shall not be used for persons who are known to be opposed to cremation because of religious affiliation or belief. Any funeral and final disposition provided at the expense of the county shall be in accordance with religious and moral beliefs of the decedent or the decedent's spouse or the decedent's next of kin. If the wishes of the decedent are not known and the county has no information about the existence of or location of any next of kin, the county may determine the method of final disposition.~~

Sec. 51. Minnesota Statutes 1990, section 357.021, subdivision 1a, is amended to read:

Subd. 1a. (a) Every person, including the state of Minnesota and all bodies politic and corporate, who shall transact any business in the district court, shall pay to the court administrator of said court the sundry fees prescribed in subdivision 2. Except as provided in paragraph (d), the court administrator shall transmit the fees monthly to the state treasurer for deposit in the state treasury and credit to the general fund.

(b) In a county which has a screener-collector position, fees paid by a county pursuant to this subdivision shall be transmitted monthly to the county treasurer, who shall apply the fees first to reimburse the county for the amount of the salary paid for the screener-collector position. The balance of the fees collected shall then be forwarded to the state treasurer for deposit in the state treasury and credited to the general fund. A screener-collector position for purposes of this paragraph is an employee whose function is to increase the collection of fines and to review the incomes of potential clients of the public defender, in order to verify eligibility for that service.

(c) No fee is required under this section from the public authority or the party the public authority represents in an action for:

(1) child support enforcement or modification, medical assistance enforcement, or establishment of parentage in the district court, or child or medical support enforcement conducted by an administra-

tive law judge in an administrative hearing under section 518.551, subdivision 10;

(2) civil commitment under chapter 253B;

(3) the appointment of a public conservator or public guardian or any other action under chapters 252A and 525;

(4) wrongfully obtaining public assistance under section 256.98 or 256D.07, or recovery of overpayments of public assistance;

(5) court relief under chapter 260;

(6) forfeiture of property under sections 609.531 to 609.5317;

(7) recovery of amounts issued by political subdivisions or public institutions under sections 246.52, 252.27, 256.045, 256.25, 256.87, 256B.042, 256B.14, 256B.15, 256B.37, and 260.251, or other sections referring to other forms of public assistance; or

(8) restitution under section 611A.04.

(d) The fees collected for child support modifications under subdivision 2, clause (11), must be transmitted to the county treasurer for deposit in the county general fund. The fees must be used by the county to pay for child support enforcement efforts by county attorneys.

Sec. 52. Minnesota Statutes 1991 Supplement, section 357.021, subdivision 2, is amended to read:

Subd. 2. [FEE AMOUNTS.] The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of \$85.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of \$85.

The party requesting a trial by jury shall pay \$30.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or

certified copies of any papers so filed or proceedings under chapter 103E, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding, \$5, plus 25 cents per page after the first page, and \$3.50, plus 25 cents per page after the first page for an uncertified copy.

(3) Issuing a subpoena, \$3 for each name.

(4) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$10.

(5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$7.50.

(6) Filing and entering a satisfaction of judgment, partial satisfaction, or assignment of judgment, \$5.

(7) Certificate as to existence or nonexistence of judgments docketed, \$5 for each name certified to.

(8) Filing and indexing trade name; or recording notary commission; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians, or optometrists, \$5.

(9) For the filing of each partial, final, or annual account in all trusteeships, \$10.

(10) For the deposit of a will, \$5.

(11) Filing a motion or response to a motion for modification of child support, a fee fixed by rule or order of the supreme court.

(12) All other services required by law for which no fee is provided, such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

Sec. 53. Minnesota Statutes 1990, section 518.551, subdivision 7, is amended to read:

Subd. 7. [SERVICE FEE.] (a) When the public agency responsible for child support enforcement provides child support collection services either to a public assistance recipient or to a party who does not receive public assistance, the public agency may upon written notice to the obligor charge a monthly collection fee equivalent to the full monthly cost to the county of providing collection services, in addition to the amount of the child support which was ordered by the court. The fee shall be deposited in the county general fund. The

service fee assessed is limited to ten percent of the monthly court ordered child support and shall not be assessed to obligors who are current in payment of the monthly court ordered child support. An application fee not to exceed \$5 \$25 shall be paid by the person who applies for child support and maintenance collection services, except persons who transfer from public assistance to nonpublic assistance status. Fees assessed by state and federal tax agencies for collection of overdue support owed to or on behalf of a person not receiving public assistance must be imposed on the person for whom these services are provided.

However, the limitations of this subdivision on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under Title IV-A and Title IV-D of the Social Security Act, United States Code, title 42, sections 601 to 613 and United States Code, title 42, sections 651 to 662.

Sec. 54. Minnesota Statutes 1990, section 518.551, subdivision 10, is amended to read:

Subd. 10. [ADMINISTRATIVE PROCESS FOR CHILD AND MEDICAL SUPPORT ORDERS.] (a) An administrative process is established to obtain, modify, and enforce child and medical support orders and maintenance.

The commissioner of human services may designate counties to participate in the administrative process established by this section. All proceedings for obtaining, modifying, or enforcing child and medical support orders and maintenance and adjudicating uncontested parentage proceedings, required to be conducted in counties designated by the commissioner of human services in which the county human services agency is a party or represents a party to the action must be conducted by an administrative law judge from the office of administrative hearings, except for the following proceedings:

- (1) adjudication of contested parentage;
- (2) motions to set aside a paternity adjudication or declaration of parentage;
- (3) evidentiary hearing on contempt motions; and
- (4) motions to sentence or to revoke the stay of a jail sentence in contempt proceedings.

(b) An administrative law judge may hear a stipulation reached on a contempt motion, but any stipulation that involves a finding of

contempt and a jail sentence, whether stayed or imposed, shall require the review and signature of a district judge.

(c) For the purpose of this process, all powers, duties, and responsibilities conferred on judges of the district court to obtain and enforce child and medical support obligations, subject to the limitation set forth herein, are conferred on the administrative law judge conducting the proceedings, including the power to issue orders to show cause and to issue bench warrants for failure to appear.

(d) Before implementing the process in a county, the chief administrative law judge, the commissioner of human services, the director of the county human services agency, the county attorney, and the county court administrator shall jointly establish procedures and the county shall provide hearing facilities for implementing this process in a county.

(e) Nonattorney employees of the public agency responsible for child support in the counties designated by the commissioner, acting at the direction of the county attorney, may prepare, sign, serve, and file complaints and motions for obtaining, modifying, or enforcing child and medical support orders and maintenance and related documents, appear at prehearing conferences, and participate in proceedings before an administrative law judge. This activity shall not be considered to be the unauthorized practice of law.

(f) The hearings shall be conducted under the rules of the office of administrative hearings, Minnesota Rules, parts 1400.7100 to 1400.7500, 1400.7700, and 1400.7800, as adopted by the chief administrative law judge. All other aspects of the case, including, but not limited to, pleadings, discovery, and motions, shall be conducted under the rules of family court, the rules of civil procedure, and chapter 518. The administrative law judge shall make findings of fact, conclusions, and a final decision and issue an order. Orders issued by an administrative law judge are enforceable by the contempt powers of the county and district courts.

(g) The decision and order of the administrative law judge is appealable to the court of appeals in the same manner as a decision of the district court.

(h) The commissioner of human services shall distribute money for this purpose to counties to cover the costs of the administrative process, including the salaries of administrative law judges. If available appropriations are insufficient to cover the costs, the commissioner shall prorate the amount among the counties.

Sec. 55. [MSA SHARED HOUSING DEMONSTRATION PROJECT.]

Within available appropriations, the commissioner of human services shall establish a shared housing demonstration project for mentally ill persons receiving assistance under the Minnesota supplemental aid (MSA) program established by Minnesota Statutes, sections 256D.33 to 256D.54. Persons selected for the project shall be MSA recipients who are mentally ill and who are certified by a physician as needing shared housing for medical reasons. These individuals shall be permitted to reside with other individuals while still receiving the full MSA shelter allowance and full basic needs allowance under Minnesota Statutes, section 256D.44. The purpose of the project is to demonstrate that allowing full MSA grants for certain persons with mental illness who share housing can be effective in helping those individuals avoid costly mental health treatment including repeated hospitalizations. The study must be conducted in conformity with federal requirements on studies using human subjects for research.

As part of the demonstration project, the commissioner shall conduct a survey of mental health professionals and county case managers and shall analyze the MSA caseload figures maintained by the department of human services. The purpose of the survey and analysis is to determine the likely number of individuals that would be impacted by an increase in the standard of assistance under Minnesota Statutes, section 256D.44, for mentally ill persons in shared housing situations. The commissioner shall consult with mental health advocacy and other public interest groups in preparing and carrying out the survey. The commissioner shall report to the legislature by January 15, 1994, on the results of the survey and demonstration project. For purposes of this demonstration project, eligible individuals shall be limited to Hennepin county on a first-come, first-served basis, subject to approval of the county board.

Sec. 56. [COLLECTIONS AND COST RECOVERY.]

The commissioner of human services shall consult with representatives of the office of child support enforcement, local social service agencies, the department of revenue, and legislative staff to make recommendations for a process to increase the collection of child support arrearages and to institute cost recovery in child support enforcement. The commissioner of human services and the commissioner of revenue shall report the recommendations to the chairs of the committees on health and human services and judiciary in the senate and the house of representatives by January 15, 1993.

Sec. 57. [CHILD SUPPORT COMPUTER SYSTEM.]

The commissioner of human services shall take appropriate action to ensure that the statewide computer system for the collection and enforcement of child support is operating effectively and efficiently as soon as possible. The commissioner shall report to the chairs of the committees on health and human services and judiciary in the

senate and the house of representatives by January 15, 1993, concerning the status of the computer system and any problems in the functioning of the system.

Sec. 58. [IMPLEMENTATION.]

Notwithstanding the second sentence of Laws 1991, chapter 292, article 5, section 85, subdivision 1, the commissioner shall implement the Minnesota family investment plan field trials beginning April 1, 1994.

Sec. 59. [REPEALER.]

Minnesota Statutes 1990, sections 144A.15, subdivision 6; 256B.495, subdivision 3; 256D.09, subdivision 3; and 256I.05, subdivision 7; and Minnesota Statutes 1991 Supplement, section 256I.05, subdivision 7a, are repealed.

Sec. 60. [EFFECTIVE DATE.]

Sections 26 to 32 are effective the day following final enactment. Section 37, subdivision 3, clause (4), is effective July 1, 1993.

Section 19 is effective January 1, 1993, except for the provision in subdivision 1, paragraph (a), referring to orientation which is effective immediately upon final enactment.

ARTICLE 9

SOCIAL SERVICES, MENTAL HEALTH, AND DEVELOPMENTAL DISABILITIES

Section 1. [16B.185] [PROCUREMENTS FROM REHABILITATION FACILITIES AND DAY TRAINING AND HABILITATION FACILITIES.]

In collaboration with the commissioners of jobs and training, human services, and trade and economic development, the commissioner shall identify contracts for the purchase of goods and services from certified rehabilitation facilities and day training and habitation services that will enhance employment opportunities for persons with severe disabilities that result in additional annual sales volume of 15 percent per year by July 1, 1995.

Sec. 2. Minnesota Statutes 1990, section 43A.191, subdivision 2, is amended to read:

Subd. 2. [AGENCY AFFIRMATIVE ACTION PLANS.] (a) The head of each agency in the executive branch shall prepare and

implement an agency affirmative action plan consistent with this section and rules issued under section 43A.04, subdivision 3.

(b) The agency plan must include a plan for the provision of reasonable accommodation in the hiring and promotion of qualified disabled persons. The reasonable accommodation plan must consist of at least the following:

(1) procedures for compliance with section 363.03 and, where appropriate, regulations implementing United States Code, title 29, section 794, as amended through December 31, 1984, which is section 504 of the Rehabilitation Act of 1973, as amended;

(2) methods and procedures for providing reasonable accommodation for disabled job applicants, current employees, and employees seeking promotion; and

(3) provisions for funding reasonable accommodations.

(c) The agency plan must be prepared by the agency head with the assistance of the agency affirmative action officer and the director of equal employment opportunity. The council on disability shall provide assistance with the agency reasonable accommodation plan.

(d) The agency plan must identify, annually, any positions in the agency that can be used for supported employment as defined in section 268A.01, subdivision 13, of persons with severe disabilities. The agency shall report this information to the commissioner. An agency that hires more than one supported worker in the identified positions must receive recognition for each supported worker toward meeting the agency's affirmative action goals and objectives.

(e) An agency affirmative action plan may not be implemented without the commissioner's approval.

Sec. 3. [244.17] [BOOT CAMP PROGRAM.]

Subdivision 1. [GENERALLY.] The commissioner may select offenders who meet the eligibility requirements of subdivisions 2 and 3 to participate in the boot camp program described in sections 244.171 and 244.172 for all or part of the offender's sentence if the offender agrees to participate in the program and signs a written contract with the commissioner agreeing to comply with the program's requirements.

Subd. 2. [ELIGIBILITY.] The commissioner must limit the boot camp program to the following persons:

(1) offenders who are committed to the commissioner's custody following revocation of a stayed sentence; and

(2) offenders who are committed to the commissioner's custody for a term of imprisonment of not less than 18 months nor more than 36 months and who did not receive a dispositional departure under the sentencing guidelines.

Subd. 3. [OFFENDERS NOT ELIGIBLE.] The following offenders are not eligible to be placed in the boot camp program:

(1) offenders who are committed to the commissioner's custody following a conviction for murder, manslaughter, criminal sexual conduct, assault, kidnapping, robbery, arson, or any other offense involving death or personal injury; and

(2) offenders who previously were convicted of an offense described in clause (1) and were committed to the custody of the commissioner.

Sec. 4. [244.171] [BOOT CAMP PROGRAM; BASIC ELEMENTS.]

Subdivision 1. [REQUIREMENTS.] The commissioner shall operate the boot camp program in conformance with this section. The commissioner shall administer the program to further the following goals:

(1) to punish the offender;

(2) to protect the safety of the public;

(3) to enhance the employment skills of the offender during the boot camp program and afterward;

(4) to use offenders to accomplish community service initiatives, goals, and projects; and

(5) to facilitate treatment of offenders who are chemically dependent.

Subd. 2. [GOOD TIME NOT AVAILABLE.] An offender in the boot camp program does not earn good time during phases I and II of the program, notwithstanding section 244.04.

Subd. 3. [SANCTIONS.] The commissioner shall impose severe and meaningful sanctions for violating the conditions of the boot camp program. The commissioner shall remove an offender from the boot camp program if the offender:

(1) commits a material violation of or repeatedly fails to follow the rules of the program;

(2) commits any misdemeanor, gross misdemeanor, or felony offense; or

(3) presents a risk to the public, based on the offender's behavior, attitude, or abuse of alcohol or controlled substances. The removal of an offender from the boot camp program is governed by the procedures in the commissioner's rules adopted under section 244.05, subdivision 2.

An offender who is removed from the boot camp program shall be imprisoned for a time period equal to the offender's original term of imprisonment, minus earned good time if any, but in no case for longer than the time remaining in the offender's sentence. "Original term of imprisonment" means a time period equal to two-thirds of the sentence originally executed by the sentencing court, minus jail credit, if any.

Sec. 5. [244.172] [BOOT CAMP PROGRAM; PHASES I to III.]

Subdivision 1. [PHASE I.] Phase I of the program lasts at least six months. The offender must be confined in a state correctional facility designated by the commissioner and must successfully participate in all intensive treatment, education, and work programs required by the commissioner. The offender must also submit on demand to random drug and alcohol testing at time intervals set by the commissioner. For the first three months of phase I, the offender may not receive visitors or telephone calls, except under emergency circumstances.

Subd. 2. [PHASE II.] Phase II of the program lasts at least six months. The offender shall serve this phase of the offender's sentence in an intensive community supervision program established by the commissioner under section 244.13. The commissioner may impose on the offender any of the requirements described in section 244.15, subdivisions 2 to 7, provided that the offender must be required to submit to daily drug and alcohol tests for the first three months, biweekly tests for the next two months, and weekly tests for the remainder of phase II. The commissioner shall also require the offender to report daily to a day-reporting facility designated by the commissioner. In addition, if the commissioner required the offender to undergo acupuncture during phase I, the offender must continue to submit to acupuncture treatment throughout phase II.

Subd. 3. [PHASE III.] Phase III lasts for the remainder of the offender's sentence. During phase III, the commissioner shall place the offender on supervised release under section 244.05. The commissioner shall set the level of the offender's supervision based on the public risk presented by the offender.

Sec. 6. [244.173] [BOOT CAMP PROGRAM; EVALUATION AND REPORT.]

The commissioner shall develop a system for gathering and analyzing information concerning the value and effectiveness of the

boot camp program. The commissioner shall report to the legislature by January 1, 1996, on the operation of the program.

Sec. 7. Minnesota Statutes 1990, section 245A.02, is amended by adding a subdivision to read:

Subd. 7a. [HIV MINIMUM STANDARDS.] "HIV minimum standards" means those items approved by the department and contained in the HIV-1 Guidelines for chemical dependency treatment and care programs in Minnesota including HIV education to clients, completion of HIV training by all new and existing staff, provision for referral to individual HIV counseling and services for all clients, and the implementation of written policies and procedures for working with HIV-infected clients.

Sec. 8. Minnesota Statutes 1990, section 245A.02, is amended by adding a subdivision to read:

Subd. 15. [RESPITE CARE SERVICES.] "Respite care services" means temporary services provided to a person due to the absence or need for relief of the person's family member or legal representative who is the primary caregiver and principally responsible for the care and supervision of the person. Respite care services are those that provide the level of supervision and care that is necessary to ensure the health and safety of the person. Respite care services do not include services that are specifically directed toward the training and habilitation of the person.

Sec. 9. Minnesota Statutes 1991 Supplement, section 245A.03, subdivision 2, is amended to read:

Subd. 2. [EXCLUSION FROM LICENSURE.] Sections 245A.01 to 245A.16 do not apply to:

(1) residential or nonresidential programs that are provided to a person by an individual who is related;

(2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;

(3) residential or nonresidential programs that are provided to adults who do not abuse chemicals or who do not have a chemical dependency, a mental illness, mental retardation or a related condition, a functional impairment, or a physical handicap;

(4) sheltered workshops or work activity programs that are certified by the commissioner of jobs and training;

(5) programs for children enrolled in kindergarten to the 12th grade and prekindergarten regular and special education programs

that are operated by the commissioner of education or a school as defined in section 120.101, subdivision 4;

(6) nonresidential programs for children that provide care or supervision for periods of less than three hours a day while the child's parent or legal guardian is in the same building or present on property that is contiguous with the physical facility where the nonresidential program is provided;

(7) nursing homes or hospitals licensed by the commissioner of health except as specified under section 245A.02;

(8) board and lodge facilities licensed by the commissioner of health that provide services for five or more persons whose primary diagnosis is mental illness who have refused an appropriate residential program offered by a county agency. This exclusion expires on July 1, 1990;

(9) homes providing programs for persons placed there by a licensed agency for legal adoption, unless the adoption is not completed within two years;

(10) programs licensed by the commissioner of corrections;

(11) recreation programs for children or adults that operate for fewer than 40 calendar days in a calendar year;

(12) programs whose primary purpose is to provide, for adults or school-age children, including children who will be eligible to enter kindergarten within not more than four months, social and recreational activities, such as scouting, boys clubs, girls clubs, sports, or the arts; except that a program operating in a school building is not excluded unless it is approved by the district's school board;

(13) head start nonresidential programs which operate for less than 31 days in each calendar year;

(14) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or mental retardation;

(15) nonresidential programs for nonhandicapped children provided for a cumulative total of less than 30 days in any 12-month period;

(16) residential programs for persons with mental illness, that are located in hospitals, until the commissioner adopts appropriate rules;

(17) the religious instruction of school-age children; Sabbath or Sunday schools; or the congregate care of children by a church, congregation, or religious society during the period used by the church, congregation, or religious society for its regular worship;

(18) camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;

(19) mental health outpatient services for adults with mental illness or children with emotional disturbance; or

(20) residential programs serving school-age children whose sole purpose is cultural or educational exchange, until the commissioner adopts appropriate rules;

(21) unrelated individuals who provide out-of-home respite care services to persons with mental retardation or related conditions from a single related family for no more than 30 days in a 12-month period and the respite care services are for the temporary relief of the person's family or legal representative;

(22) respite care services provided as a home- and community-based service to a person with mental retardation or a related condition, in the person's primary residence; or

(23) community support services programs as defined in section 245.462, subdivision 6, and family community support services as defined in section 245.4871, subdivision 17.

For purposes of clause (5), the department of education, after consulting with the department of human services, shall adopt standards applicable to preschool programs administered by public schools that are similar to Minnesota Rules, parts 9503.005 to 9503.0175. These standards are exempt from rulemaking under chapter 14.

Sec. 10. Minnesota Statutes 1991 Supplement, section 245A.04, subdivision 3, is amended to read:

Subd. 3. [STUDY OF THE APPLICANT.] (a) Before the commissioner issues a license, the commissioner shall conduct a study of the individuals specified in clauses (1) to (4) according to rules of the commissioner. The applicant, license holder, the bureau of criminal apprehension, and county agencies, after written notice to the individual who is the subject of the study, shall help with the study by giving the commissioner criminal conviction data and reports about abuse or neglect of adults in licensed programs substantiated under section 626.557 and the maltreatment of minors in licensed programs substantiated under section 626.556. The individuals to be studied shall include:

- (1) the applicant;
- (2) persons over the age of 13 living in the household where the licensed program will be provided;
- (3) current employees or contractors of the applicant who will have direct contact with persons served by the program; and
- (4) volunteers who have direct contact with persons served by the program to provide program services, if the contact is not directly supervised by the individuals listed in clause (1) or (3).

The juvenile courts shall also help with the study by giving the commissioner existing juvenile court records on individuals described in clause (2) relating to delinquency proceedings held within either the five years immediately preceding the application or the five years immediately preceding the individual's 18th birthday, whichever time period is longer. The commissioner shall destroy juvenile records obtained pursuant to this subdivision when the subject of the records reaches age 23.

For purposes of this subdivision, "direct contact" means providing face-to-face care, training, supervision, counseling, consultation, or medication assistance to persons served by a program. For purposes of this subdivision, "directly supervised" means an individual listed in clause (1) or (3) is within sight or hearing of a volunteer to the extent that the individual listed in clause (1) or (3) is capable at all times of intervening to protect the health and safety of the persons served by the program who have direct contact with the volunteer.

A study of an individual in clauses (1) to (4) shall be conducted on at least an annual basis. No applicant, license holder, or individual who is the subject of the study shall pay any fees required to conduct the study.

(b) The individual who is the subject of the study must provide the applicant or license holder with sufficient information to ensure an accurate study including the individual's first, middle, and last name; home address, city, county, and state of residence; zip code; sex; date of birth; and driver's license number. The applicant or license holder shall provide this information about an individual in paragraph (a), clauses (1) to (4), on forms prescribed by the commissioner. The commissioner may request additional information of the individual, which shall be optional for the individual to provide, such as the individual's social security number or race.

(c) Except for child foster care, adult foster care, and family day care homes, a study must include information from the county agency's record of substantiated abuse or neglect of adults in licensed programs, and the maltreatment of minors in licensed

programs, information from juvenile courts as required in paragraph (a) for persons listed in paragraph (a), clause (2), and information from the bureau of criminal apprehension. For child foster care, adult foster care, and family day care homes, the study must include information from the county agency's record of substantiated abuse or neglect of adults, and the maltreatment of minors, information from juvenile courts as required in paragraph (a) for persons listed in paragraph (a), clause (2), and information from the bureau of criminal apprehension. The commissioner may also review arrest and investigative information from the bureau of criminal apprehension, a county attorney, county sheriff, county agency, local chief of police, other states, the courts, or a national criminal record repository if the commissioner has reasonable cause to believe the information is pertinent to the disqualification of an individual listed in paragraph (a), clauses (1) to (4).

(d) An applicant's or license holder's failure or refusal to cooperate with the commissioner is reasonable cause to deny an application or immediately suspend, suspend, or revoke a license. Failure or refusal of an individual to cooperate with the study is just cause for denying or terminating employment of the individual if the individual's failure or refusal to cooperate could cause the applicant's application to be denied or the license holder's license to be immediately suspended, suspended, or revoked.

(e) The commissioner shall not consider an application to be complete until all of the information required to be provided under this subdivision has been received.

(f) No person in paragraph (a), clause (1), (2), (3), or (4) who is disqualified as a result of this section may be retained by the agency in a position involving direct contact with persons served by the program.

~~(g) The commissioner shall not implement the procedures contained in this subdivision until appropriate rules have been adopted, except for the applicants and license holders for child foster care, adult foster care, and family day care homes.~~

~~(h)~~ Termination of persons in paragraph (a), clause (1), (2), (3), or (4) made in good faith reliance on a notice of disqualification provided by the commissioner shall not subject the applicant or license holder to civil liability.

~~(i)~~ (h) The commissioner may establish records to fulfill the requirements of this section. The information contained in the records is only available to the commissioner for the purpose authorized in this section.

~~(j)~~ (i) The commissioner may not disqualify an individual subject

to a study under this section because that person has, or has had, a mental illness as defined in section 245.462, subdivision 20.

Sec. 11. Minnesota Statutes 1990, section 245A.07, subdivision 2, is amended to read:

Subd. 2. [IMMEDIATE SUSPENSION IN CASES OF IMMINENT DANGER TO HEALTH, SAFETY, OR RIGHTS.] If the license holder's failure to comply with applicable law or rule has placed the health, safety, or rights of persons served by the program in imminent danger, the commissioner shall act immediately to suspend the license. No state funds shall be made available or be expended by any agency or department of state, county, or municipal government for use by a license holder regulated under sections 245A.01 to 245A.16 while a license is under immediate suspension. A notice stating the reasons for the immediate suspension and informing the license holder of the right to a contested case hearing under chapter 14 must be delivered by personal service to the address shown on the application or the last known address of the license holder. The license holder may appeal an order immediately suspending a license ~~by notifying the commissioner. The appeal of an order immediately suspending a license must be made in writing by certified mail and must be received by the commissioner within five calendar days after receiving the license holder receives~~ notice that the license has been immediately suspended. A license holder and any controlling individual shall discontinue operation of the program upon receipt of the commissioner's order to immediately suspend the license.

Sec. 12. Minnesota Statutes 1990, section 245A.07, subdivision 3, is amended to read:

Subd. 3. [SUSPENSION, REVOCATION, PROBATION.] The commissioner may suspend, revoke, or make probationary a license if a license holder fails to comply fully with applicable laws or rules. A license holder who has had a license suspended, revoked, or made probationary must be given notice of the action by certified mail. The notice must be mailed to the address shown on the application or the last known address of the license holder. The notice must state the reasons the license was suspended, revoked, or made probationary.

(a) If the license was suspended or revoked, the notice must inform the license holder of the right to a contested case hearing under chapter 14. The license holder may appeal an order suspending or revoking a license ~~by notifying the commissioner. The appeal of an order suspending or revoking a license must be made in writing by certified mail and must be received by the commissioner within ten calendar days after receiving the license holder receives~~ notice that the license has been suspended or revoked.

(b) If the license was made probationary, the notice must inform the license holder of the right to request a reconsideration by the commissioner. The request for reconsideration must be made in writing by certified mail and must be received by the commissioner within ten calendar days after receiving the license holder receives notice that the license has been made probationary. The license holder may submit with the request for reconsideration written argument or evidence in support of the request for reconsideration. The commissioner's disposition of a request for reconsideration is final and is not subject to appeal under chapter 14.

Sec. 13. [245A.091] [EXEMPTION FROM CERTAIN RULE PARTS GOVERNING RESIDENTIAL PROGRAMS FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

A Minnesota residential program certified under federal standards by the department of health as an intermediate care facility for persons with mental retardation or related conditions is exempt from the following Minnesota Rules parts:

(1) part 9525.0235, subparts 4; 6; 7; 8; 10, items A and B; and 12 to 15;

(2) part 9525.0243;

(3) part 9525.0245, subparts 2, items A, C, D, E, F; 4 to 7; and 9;

(4) part 9525.0255, subparts 1, items B, D, and F; and 3;

(5) part 9525.0265, subparts 1, items A and C; 3, items A to F; 5; and 8, items A and B;

(6) part 9525.0275;

(7) part 9525.0285, subparts 2 and 3;

(8) part 9525.0295, subparts 5, item B, subitem (3); and 6;

(9) part 9525.0305, subparts 2; 3, items C, E, and F; and 5;

(10) part 9525.0315, subparts 1; 2; and 3, items A to D;

(11) part 9525.0325, subpart 3, items A, D to G, and I to K;

(12) part 9525.0335, items C, E, F, H to J, and K, subitems (2) and (3); and

(13) part 9525.0345, subparts 1, item B, subitem (2); 2, item A; 3 to 5; and 6, items A and B.

Sec. 14. Minnesota Statutes 1990, section 245A.11, is amended to read:

245A.11 [SPECIAL CONDITIONS FOR RESIDENTIAL PROGRAMS.]

Subdivision 1. [POLICY STATEMENT.] It is the policy of the state that persons shall not be excluded by municipal zoning ordinances or other land use regulations from the benefits of normal residential surroundings.

Subd. 2. [PERMITTED SINGLE-FAMILY RESIDENTIAL USE.] Residential programs with a licensed capacity of six or fewer persons shall be considered a permitted single-family residential use of property for the purposes of zoning and other land use regulations. Programs otherwise allowed under this subdivision shall not be prohibited by operation of restrictive covenants or similar restrictions, regardless of when entered into, which cannot be met because of the nature of the licensed program, including provisions which require the home's occupants be related, and that the home must be occupied by the owner, or similar provisions.

Subd. 2a. [ADULT FOSTER CARE LICENSE CAPACITY.] An adult foster care license holder may have a maximum license capacity of five if all persons in care are age 60 or over and who do not have a serious and persistent mental illness or a developmental disability. A license holder who is incorporated as a business may operate a maximum of two programs with a licensed capacity of five in each program.

Subd. 2b. [ADULT FOSTER CARE; FAMILY ADULT DAY CARE.] An adult foster care license holder licensed under the conditions in subdivision 2a may also provide family adult day care for adults age 60 or over if no persons in the adult foster or adult family day care program have a serious and persistent mental illness or a developmental disability. The maximum combined capacity for adult foster care and family adult day care is five adults. A separate license is not required to provide family adult day care under this subdivision. Adult foster care homes providing services to five adults under this section shall not be subject to licensure by the commissioner of health under the provisions of chapter 144, 144A, 157, or any other law requiring facility licensure by the commissioner of health.

Subd. 3. [PERMITTED MULTIFAMILY RESIDENTIAL USE.] Unless otherwise provided in any town, municipal, or county zoning regulation, a licensed residential program with a licensed capacity of seven to 16 ~~adults or children~~ persons shall be considered a permitted multifamily residential use of property for the purposes of

zoning and other land use regulations. A town, municipal, or county zoning authority may require a conditional use or special use permit to assure proper maintenance and operation of a residential program. Conditions imposed on the residential program must not be more restrictive than those imposed on other conditional uses or special uses of residential property in the same zones, unless the additional conditions are necessary to protect the health and safety of the ~~adults or children~~ persons being served by the program. Nothing in sections 245A.01 to 245A.16 shall be construed to exclude or prohibit residential programs from single-family zones if otherwise permitted by local zoning regulations.

Subd. 4. [LOCATION OF RESIDENTIAL PROGRAMS.] In determining whether to grant a license, the commissioner shall specifically consider the population, size, land use plan, availability of community services, and the number and size of existing licensed residential programs in the town, municipality, or county in which the applicant seeks to operate a residential program. The commissioner shall not grant an initial license to any residential program if the residential program will be within 1,320 feet of an existing residential program unless one of the following conditions apply: (1) the existing residential program is located in a hospital licensed by the commissioner of health; ~~or~~ (2) the town, municipality, or county zoning authority grants the residential program a conditional use or special use permit. ~~In cities of the first class, this subdivision applies even if a residential program is considered a permitted single-family residential use of property under subdivision 2. Foster care homes are exempt from this subdivision;~~ (3) the program serves six or fewer persons and is not located in a city of the first class; or (4) the program is foster care.

Subd. 5. [OVERCONCENTRATION AND DISPERSAL.] (a) Before January 1, 1985, each county having two or more group residential programs within 1,320 feet of each other shall submit to the department of human services a plan to promote dispersal of group residential programs. In formulating its plan, the county shall solicit the participation of affected persons, programs, municipalities having highly concentrated residential program populations, and advocacy groups. For the purposes of this subdivision, "highly concentrated" means having a population in residential programs serving seven or more persons that exceeds one-half of one percent of the population of a recognized planning district or other administrative subdivision.

(b) Within 45 days after the county submits the plan, the commissioner shall certify whether the plan fulfills the purposes and requirements of this subdivision including the following requirements:

(1) a new program serving seven or more persons must not be located in any recognized planning district or other administrative

subdivision where the population in residential programs is highly concentrated;

(2) the county plan must promote dispersal of highly concentrated residential program populations;

(3) the county plan shall promote the development of residential programs in areas that are not highly concentrated;

(4) no person in a residential program shall be displaced as a result of this section until a relocation plan has been implemented that provides for an acceptable alternative placement;

(5) if the plan provides for the relocation of residential programs, the relocation must be completed by January 1, 1990. If the commissioner certifies that the plan does not do so, the commissioner shall state the reasons, and the county has 30 days to submit a plan amended to comply with the requirements of the commissioner.

(c) After July 1, 1985, the commissioner may reduce grants under section 245.73 to a county required to have an approved plan under paragraph (a) if the county does not have a plan approved by the commissioner or if the county acts in substantial disregard of its approved plan. The county board has the right to be provided with advance notice and to appeal the commissioner's decision. If the county requests a hearing within 30 days of the notification of intent to reduce grants, the commissioner shall not certify any reduction in grants until a hearing is conducted and a decision made in accordance with the contested case provisions of chapter 14.

Subd. 5a. [INTEGRATION OF RESIDENTIAL PROGRAMS.] The commissioner of human services shall seek input from counties and municipalities on methods for integrating all residential programs into the community.

Subd. 6. [HOSPITALS; EXEMPTION.] Residential programs located in hospitals shall be exempt from the provisions of this section.

Sec. 15. Minnesota Statutes 1990, section 245A.13, subdivision 4, is amended to read:

Subd. 4. [FEE.] A receiver appointed under an involuntary receivership or the managing agent is entitled to a reasonable fee as determined by the court. ~~The fee is governed by section 256B.495.~~

Sec. 16. Minnesota Statutes 1991 Supplement, section 245A.16, subdivision 1, is amended to read:

Subdivision 1. [DELEGATION OF AUTHORITY TO AGENCIES.]

(a) County agencies and private agencies that have been designated or licensed by the commissioner to perform licensing functions and activities under section 245A.04, to recommend denial of applicants under section 245A.05, to issue correction orders, to issue variances, and recommend fines under section 245A.06, or to recommend suspending, revoking, and making licenses probationary under section 245A.07, shall comply with rules and directives of the commissioner governing those functions and with this section.

~~(b) By January 1, 1991, the commissioner shall study and make recommendations to the legislature regarding the licensing and provision of support services to child foster homes. In developing the recommendations, the commissioner shall consult licensed private agencies, county agencies, and licensed foster home providers.~~

(e) For family day care programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

Sec. 17. [245A.19] [HIV TRAINING IN CHEMICAL DEPENDENCY TREATMENT PROGRAM.]

(a) Applicants and license holders for chemical dependency residential and nonresidential programs must demonstrate compliance with HIV minimum standards prior to their application being complete. The HIV minimum standards contained in the HIV-1 Guidelines for chemical dependency treatment and care programs in Minnesota are not subject to rulemaking.

(b) Ninety days after enactment of this section, the applicant or license holder shall orient all chemical dependency treatment staff and clients to the HIV minimum standards. Thereafter, orientation shall be provided to all staff and clients, within 72 hours of employment or admission to the program. In-service training shall be provided to all staff on at least an annual basis and the license holder shall maintain records of training and attendance.

(c) The license holder shall maintain a list of referral sources for the purpose of making necessary referrals of clients to HIV-related services. The list of referral services shall be updated at least annually.

(d) Written policies and procedures, consistent with HIV minimum standards, shall be developed and followed by the license holder. All policies and procedures concerning HIV minimum standards shall be approved by the commissioner. The commissioner shall provide training on HIV minimum standards to applicants.

(e) The commissioner may permit variances from the require-

ments in this section. License holders seeking variances must follow the procedures in section 245A.04, subdivision 9.

Sec. 18. [246.0135] [OPERATION OF REGIONAL TREATMENT CENTERS.]

The commissioner of human services is prohibited from closing any regional treatment center or state-operated nursing home or any program at any of the regional treatment centers or state-operated nursing homes, without specific legislative authorization. For persons with mental retardation or related conditions who move from one regional treatment center to another regional treatment center, the provisions of section 256B.092, subdivision 10, must be followed for both the discharge from one regional treatment center and admission to another regional treatment center, except that the move is not subject to the consensus requirement of section 256B.092, subdivision 10, paragraph (b).

Sec. 19. Minnesota Statutes 1991 Supplement, section 251.011, subdivision 3, is amended to read:

Subd. 3. [AH-GWAH-CHING CENTER.] When tuberculosis treatment is discontinued at Ah-Gwah-Ching that facility ~~may~~ shall be used by the commissioner of human services for the care of geriatric patients, and shall be known as the Ah-Gwah-Ching Center. The commissioner shall not decrease the number of nursing home beds nor close the Ah-Gwah-Ching Center without specific approval by the legislature.

Sec. 20. Minnesota Statutes 1990, section 252.025, subdivision 4, is amended to read:

Subd. 4. [STATE-PROVIDED SERVICES.] (a) It is the policy of the state to capitalize and recapitalize the regional treatment centers as necessary to prevent depreciation and obsolescence of physical facilities and to ensure they retain the physical capability to provide residential programs. Consistent with that policy and with section 252.50, and within the limits of appropriations made available for this purpose, the commissioner may establish, by June 30, 1991, the following state-operated, community-based programs for the least vulnerable regional treatment center residents: at Brainerd regional services center, two residential programs and two day programs; at Cambridge regional treatment center, four residential programs and two day programs; at Faribault regional treatment center, ten residential programs and six day programs; at Fergus Falls regional treatment center, two residential programs and one day program; at Moose Lake regional treatment center, four residential programs and two day programs; and at Willmar regional treatment center, two residential programs and one day program.

(b) By January 15, 1991, the commissioner shall report to the

legislature a plan to provide continued regional treatment center capacity and state-operated, community-based residential and day programs for persons with developmental disabilities at Brainerd, Cambridge, Faribault, Fergus Falls, Moose Lake, St. Peter, and Willmar, as follows:

(1) by July 1, 1998, continued regional treatment center capacity to serve 350 persons with developmental disabilities as follows: at Brainerd, 80 persons; at Cambridge, 12 persons; at Faribault, 110 persons; at Fergus Falls, 60 persons; at Moose Lake, 12 persons; at St. Peter, 35 persons; at Willmar, 25 persons; and up to 16 crisis beds in the Twin Cities metropolitan area; and

(2) by July 1, 1999, continued regional treatment center capacity to serve 254 persons with developmental disabilities as follows: at Brainerd, 57 persons; at Cambridge, 12 persons; at Faribault, 80 persons; at Fergus Falls, 35 persons; at Moose Lake, 12 persons; at St. Peter, 30 persons; at Willmar, 12 persons, and up to 16 crisis beds in the Twin Cities metropolitan area. In addition, the plan shall provide for the capacity to provide residential services to 570 persons with developmental disabilities in 95 state-operated, community-based residential programs.

The commissioner is subject to a mandamus action under chapter 586 for any failure to comply with the provisions of this subdivision.

Sec. 21. Minnesota Statutes 1991 Supplement, section 252.28, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATIONS; ~~BIENNIAL~~ REDETERMINATIONS.] In conjunction with the appropriate county boards, the commissioner of human services shall determine, and shall redetermine biennially at least every four years, the need, location, size, and program of public and private residential services and day training and habilitation services for persons with mental retardation or related conditions. This subdivision does not apply to semi-independent living services and residential-based habilitation services provided to four or fewer persons at a site funded as home and community-based services.

Sec. 22. Minnesota Statutes 1991 Supplement, section 252.50, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZATION TO BUILD OR PURCHASE.] Within the limits of available appropriations, the commissioner may build, purchase, or lease suitable buildings for state-operated, community-based programs. The commissioner must develop the state-operated community residential facilities authorized in the worksheets of the house appropriations and senate finance committees. If financing through state general obligation bonds is not available, the commissioner shall finance the purchase or construc-

tion of state-operated, community-based facilities with the Minnesota housing finance agency. The commissioner shall make payments through the department of administration to the Minnesota housing finance agency in repayment of mortgage loans granted for the purposes of this section. Programs must be adaptable to the needs of persons with mental retardation or related conditions and residential programs must be homelike.

Sec. 23. Minnesota Statutes 1990, section 254A.03, subdivision 2, is amended to read:

Subd. 2. [AMERICAN INDIAN PROGRAMS.] There is hereby created a section of American Indian programs, within the alcohol and drug abuse section of the department of human services, ~~the position of to be headed by a special assistant for American Indian programs on alcoholism and drug abuse and an assistant to that position. The section shall be staffed with all personnel necessary to fully administer programming for alcohol and drug abuse for American Indians in the state.~~ The special assistant position shall be filled by a person with considerable practical experience in and understanding of alcohol and other drug abuse problems in the American Indian community, who shall be responsible to the director of the alcohol and drug abuse section created in subdivision 1 and shall be in the unclassified service. The special assistant shall meet with the American Indian advisory council as described in section 254A.035 and serve as a liaison to the Minnesota Indian affairs council to report on the status of alcohol and other drug abuse among American Indians in the state of Minnesota. The special assistant with the approval of the director shall:

(a) Administer funds appropriated for American Indian groups, organizations and reservations within the state for American Indian alcoholism and drug abuse programs.

(b) Establish policies and procedures for such American Indian programs with the assistance of the American Indian advisory board.

(c) Hire and supervise staff to assist in the administration of the American Indian program section within the alcohol and drug abuse section of the department of human services.

Sec. 24. Minnesota Statutes 1991 Supplement, section 254B.04, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) Persons eligible for benefits under Code of Federal Regulations, title 25, part 20, persons eligible for medical assistance benefits under sections 256B.055 and 256B.056 or who meet the income standards of section 256B.056, subdivision 4, and persons eligible for general assistance medical care under section 256D.03, subdivision 3, are entitled to chemical

dependency fund services. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

(b) A person not entitled to services under paragraph (a), but with family income that is less than 60 percent of the state median income for a family of like size and composition, shall be eligible to receive chemical dependency fund services within the limit of funds available after persons entitled to services under paragraph (a) have been served. A county may spend money from its own sources to serve persons under this paragraph. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

(c) Persons whose income is between 60 percent and 115 percent of the state median income shall be eligible for chemical dependency services on a sliding fee basis, within the limit of funds available, after persons entitled to services under paragraph (a) and persons eligible for services under paragraph (b) have been served. Persons eligible under this paragraph must contribute to the cost of services according to the sliding fee scale established under subdivision 3. A county may spend money from its own sources to provide services to persons under this paragraph. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

(d) Notwithstanding the provisions of paragraphs (b) and (c), state funds appropriated to serve persons who are not entitled under the provisions of paragraph (a), shall be expended for chemical dependency treatment services for nonentitled but eligible persons who have children in their household, are pregnant, or are younger than 18 years old. These persons may have household incomes up to 60 percent of the state median income. Any funds in addition to the amounts necessary to serve the persons identified in this paragraph shall be expended according to the provisions of paragraphs (b) and (c).

Sec. 25. Minnesota Statutes 1990, section 256B.0625, is amended by adding a subdivision to read:

Subd. 20a. [CASE MANAGEMENT FOR PERSONS WITH MENTAL RETARDATION OR A RELATED CONDITION.] To the extent defined in the state Medicaid plan, case management service activities for persons with mental retardation or a related condition as defined in section 256B.092, and rules promulgated thereunder, are covered services under medical assistance.

Sec. 26. Minnesota Statutes 1990, section 256B.092, is amended by adding a subdivision to read:

Subd. 2a. [MEDICAL ASSISTANCE FOR CASE MANAGEMENT

ACTIVITIES UNDER THE STATE PLAN MEDICAID OPTION.] Upon receipt of federal approval, the commissioner shall make payments to approved vendors of case management services participating in the medical assistance program to reimburse costs for providing case management service activities to medical assistance eligible persons with mental retardation or a related condition, in accordance with the state Medicaid plan and federal requirements and limitations.

Sec. 27. Minnesota Statutes 1991 Supplement, section 256B.092, subdivision 7, is amended to read:

Subd. 7. [SCREENING TEAMS.] For persons with mental retardation or a related condition, screening teams shall be established which shall evaluate the need for the level of care provided by residential-based habilitation services, residential services, training and habilitation services, and nursing facility services. The evaluation shall address whether home- and community-based services are appropriate for persons who are at risk of placement in an intermediate care facility for persons with mental retardation or related conditions, or for whom there is reasonable indication that they might require this level of care. The screening team shall make an evaluation of need within 15 working days of the date that the assessment is completed or within 60 working days of a request for service by a person with mental retardation or related conditions, whichever is the earlier, and within five working days of an emergency admission of a person to an intermediate care facility for persons with mental retardation or related conditions. The screening team shall consist of the case manager for persons with mental retardation or related conditions, the person, the person's legal guardian or conservator, or the parent if the person is a minor, and a qualified mental retardation professional, as defined in the Code of Federal Regulations, title 42, section 483.430, as amended through June 3, 1988. The case manager may also act as the qualified mental retardation professional if the case manager meets the federal definition. County social service agencies may contract with a public or private agency or individual who is not a service provider for the person for the public guardianship representation required by the screening or individual service planning process. The contract shall be limited to public guardianship representation for the screening and individual service planning activities. The contract shall require compliance with the commissioner's instructions and may be for paid or voluntary services. For persons determined to have overriding health care needs, a registered nurse must be designated as either the case manager or the qualified mental retardation professional. The case manager shall consult with the person's physician, other health professionals or other individuals as necessary to make this evaluation. For persons under the jurisdiction of a correctional agency, the case manager must consult with the corrections administrator regarding additional health, safety, and supervision needs. The case manager, with the concurrence of the person,

the person's legal guardian or conservator, or the parent if the person is a minor, may invite other individuals to attend meetings of the screening team. No member of the screening team shall have any direct or indirect service provider interest in the case. Nothing in this section shall be construed as requiring the screening team meeting to be separate from the service planning meeting.

Sec. 28. Minnesota Statutes 1990, section 256B.501, is amended by adding a subdivision to read:

Subd. 4a. [INCLUSION OF HOME CARE COSTS IN WAIVER RATES.] The commissioner shall adjust the limits of the established average daily reimbursement rates for waived services to include the cost of home care services that may be provided to waived services recipients. This adjustment must be used to maintain or increase services and shall not be used by county agencies for inflation increases for waived services vendors. Home care services referenced in this section are those listed in section 256B.0627, subdivision 2. The average daily reimbursement rates established in accordance with the provisions of this subdivision apply only to the combined average, daily costs of waived and home care services and do not change home care limitations under section 256B.0627. Waivered services recipients receiving home care as of June 30, 1992, shall not have the amount of their services reduced as a result of this section.

Sec. 29. Minnesota Statutes 1990, section 256B.501, is amended by adding a subdivision to read:

Subd. 4b. [WAIVER RATES AND GROUP RESIDENTIAL HOUSING RATES.] The average daily reimbursement rates established by the commissioner for waived services shall be adjusted to include the additional costs of services eligible for waiver funding under title XIX of the Social Security Act and for which there is no group residential housing payment available as a result of the payment limitations set forth in section 256I.05, subdivision 10. The adjustment to the waiver rates shall be based on county reports of service costs that are no longer eligible for group residential housing payments. No adjustment shall be made for any amount of reported payments that prior to July 1, 1992, exceeded the group residential housing rate limits established in section 256I.05 and were reimbursed through county funds.

Sec. 30. Minnesota Statutes 1990, section 256C.28, subdivision 2, is amended to read:

Subd. 2. [REMOVAL; VACANCIES; EXPIRATION.] The compensation, removal of members, and filling of vacancies on the council are as provided in section 15.0575. The council expires as provided in section 15.059, subdivision 5.

Sec. 31. Minnesota Statutes 1990, section 256C.28, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The council shall:

(1) advise ~~the commissioner~~, the governor, ~~and~~ the legislature, ~~and the commissioners of the departments of human services, education, jobs and training, and health~~ on the nature of the issues and disabilities confronting hearing impaired persons in Minnesota;

(2) advise ~~the commissioner~~, the governor, ~~and~~ the legislature, ~~and the commissioners of the departments of human services, education, jobs and training, and health~~ on the development of policies, programs, and services affecting hearing impaired persons, and on the use of appropriate federal and state money;

(3) create a public awareness of the special needs and potential of hearing impaired persons;

(4) provide ~~the commissioner~~, the governor, ~~and~~ the legislature, ~~and the commissioners of the departments of human services, education, jobs and training, and health~~ with a review of ongoing services, programs, and proposed legislation affecting hearing impaired persons;

(5) advise ~~the commissioner~~, the governor, ~~and~~ the legislature, ~~and the commissioners of the departments of human services, education, jobs and training, and health~~ on statutes or rules necessary to ensure that hearing impaired persons have access to benefits and services provided to individuals in Minnesota;

(6) recommend to ~~the commissioner~~, the governor, ~~and~~ the legislature, ~~and the commissioners of the departments of human services, education, jobs and training, and health~~ legislation designed to improve the economic and social conditions of hearing impaired persons in Minnesota;

(7) propose solutions to problems of hearing impaired persons in the areas of education, employment, human rights, human services, health, housing, and other related programs;

(8) recommend to the governor and the legislature any needed revisions in the state's affirmative action program and any other steps necessary to eliminate the underemployment or unemployment of hearing impaired persons in the state's work force;

(9) work with other state and federal agencies and organizations to promote economic development for hearing impaired Minnesotans; and

(10) coordinate its efforts with other state and local agencies serving hearing impaired persons.

Sec. 32. Minnesota Statutes 1990, section 256E.14, is amended to read:

256E.14 [GRANTS FOR CASE MANAGEMENT FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

~~For the biennium ending June 30, 1991,~~ The commissioner shall distribute to counties the appropriation made available under this section for case management services for persons with mental retardation or related conditions as follows:

~~(1) one-half of the appropriation must be distributed to the counties according to the formula in section 256E.06, subdivision 1; and~~

~~(2) one-half of as provided in this section.~~ The appropriation must be distributed to the counties on the basis of the number of persons with mental retardation or a related condition that were receiving case management services from the county on the January 1 preceding the start of the fiscal year in which the funds are distributed. The appropriation may be reduced by the amount necessary to meet the state match for medical reimbursement under section 256B.092, subdivision 2a.

Sec. 33. Minnesota Statutes 1990, section 299F.011, subdivision 4a, is amended to read:

Subd. 4a. [FAMILY OR GROUP FAMILY DAY CARE HOME REGULATION.] (a) Notwithstanding any contrary provision of this section, the fire marshal shall not adopt or enforce a rule:

(1) establishing staff ratios, age distribution requirements, and limitations on the number of children in care;

(2) regulating the means of egress from family or group family day care homes in addition to the egress rules that apply to the home as a single family dwelling; or

(3) confining family or group family day care home activities to the floor of exit discharge.

(b) For purposes of this subdivision, "family or group family day care home" means a dwelling unit in which the day care provider provides the services referred to in section 245A.02, subdivision 10, to one or more persons.

(c) Nothing in this subdivision prohibits the department of human services from adopting or enforcing rules regulating day care, including the subjects in subdivision 4a, clauses (1) and (3). The department may not, however, adopt or enforce a rule stricter than subdivision 4a, clause (2).

(d) The department of human services may by rule adopt procedures for requesting the state fire marshal or a local fire marshal to conduct an inspection of day care homes to ensure compliance with state or local fire codes.

(e) The commissioners of public safety and human services may enter into an agreement for the commissioner of human services to perform follow-up inspections of programs, subject to licensure under section 245A, to determine whether certain violations cited by the state fire marshal have been corrected. The agreement shall identify specific items the commissioner of human services is permitted to inspect. The list of items is not subject to rulemaking and may be changed by mutual agreement between the state fire marshal and the commissioner. The agreement shall provide for training of individuals who will conduct follow-up inspections. The agreement shall contain procedures for the commissioner of human services to follow when the commissioner requires assistance from the state fire marshal to carry out the duties of the agreement.

(f) No tort liability is transferred to the commissioner of human services as a result of the commissioner of human services performing activities within the limits of the agreement.

Sec. 34. Minnesota Statutes 1990, section 363.071, is amended by adding a subdivision to read:

Subd. 7. [LITIGATION AND HEARING COSTS.] The administrative law judge shall order a respondent who is determined to have engaged in an unfair discriminatory practice to reimburse the department and the attorney general for all appropriate litigation and hearing costs expended in preparing for and conducting the hearing, unless payment of the costs would impose a financial hardship on the respondent. Appropriate costs include but are not limited to the costs of services rendered by the attorney general, private attorneys if engaged by the department, administrative law judges, court reporters, and expert witnesses as well as the costs of transcripts and other necessary supplies and materials.

Sec. 35. Minnesota Statutes 1990, section 363.14, subdivision 2, is amended to read:

Subd. 2. [DISTRICT COURT JURISDICTION.] Any action brought pursuant to this section shall be filed in the district court of the county wherein the unlawful discriminatory practice is alleged

to have been committed or where the respondent resides or has a principal place of business.

Any action brought pursuant to this chapter shall be heard and determined by a judge sitting without a jury.

If the court finds that the respondent has engaged in an unfair discriminatory practice, it shall issue an order directing appropriate relief as provided by section 363.071, subdivision 2.

When the court issues an order providing for payment to the state of a civil penalty pursuant to section 363.071, subdivision 2, it shall serve a copy of that order upon the attorney general at the same time as it makes service upon the parties.

Sec. 36. Minnesota Statutes 1990, section 363.14, subdivision 3, is amended to read:

Subd. 3. [ATTORNEY'S FEES AND COSTS.] In any action or proceeding brought pursuant to this section the court, in its discretion, may allow the prevailing party a reasonable attorney's fee as part of the costs. In any case brought by the department, the court shall order a respondent who is determined to have engaged in an unfair discriminatory practice to reimburse the department and the attorney general for all appropriate litigation and court costs expended in preparing for and conducting the hearing, unless payment of the costs would impose a financial hardship on the respondent. Appropriate costs include but are not limited to the costs of services rendered by the attorney general, private attorneys if engaged by the department, court costs, court reporters, and expert witnesses as well as the costs of transcripts and other necessary supplies and materials.

Sec. 37. [SPECIAL RATE AND LICENSING EXCEPTION.]

Notwithstanding contrary provisions of Minnesota Statutes, chapters 144, 157, 245A, and 256B, a facility that on August 1, 1987, was licensed by the commissioner of health as a boarding care facility with 11 or fewer beds and which had at least 75 percent of its licensed beds occupied by chronically, severely impaired, mentally ill individuals who were transferred to the facility from a regional treatment center may retain that license and must be reimbursed at a rate equal to its documented actual costs and known cost changes according to the rate formula in effect in 1980, or \$50 per resident per day, whichever is lower. This exemption from other rate-setting regulations or restrictions continues as long as the proportion of the facility's residents who are chronically, severely impaired, mentally ill individuals who were transferred to the facility from a regional treatment center remains at or above 75 percent.

Sec. 38. [WAIVERED SERVICES RATE STRUCTURE.]

The commissioner of human services shall report to the legislature by January 15, 1993, with plans to implement on July 1, 1993, a rate structure for home- and community-based services under title XIX of the Social Security Act which bases funding on assessed needs of persons with mental retardation or related conditions.

Sec. 39. [MENTAL HEALTH SERVICES DELIVERY SYSTEM PILOT PROJECT IN DAKOTA COUNTY.]

Subdivision 1. [AUTHORIZATION FOR PILOT PROJECT.] (a) Notwithstanding Minnesota Statutes, section 256E.05, subdivision 3a, after July 1, 1992, the commissioner of human services shall establish a pilot project in Dakota county to test alternatives to the delivery of mental health services required under the Minnesota comprehensive mental health act, Minnesota Statutes, sections 245.461 to 245.486.

(b) The pilot project shall be established to design and plan an improved mental health services delivery system for adults with serious and persistent mental illness that would: (1) enhance consumer choice and flexibility; (2) maximize local community-based alternatives; (3) support persons in independent living arrangements; (4) enhance the person's ability to work; (5) ensure the person a place in the community; and (6) enhance the development of a strong community-based psychiatric program.

(c) By January 1, 1993, the pilot program shall develop a comprehensive proposal for integrated program funding which would permit flexibility in expenditures based on local needs with local control. The planning process shall include, but not be limited to, mental health consumers, health advocacy groups, Dakota county, and the department of human services.

The integrated funding proposal shall be presented to the state legislature for approval prior to implementation on July 1, 1993.

(d) The pilot project may include, but not be limited to, issues in the service delivery system relating to:

(1) financial assistance from the state and the ability to use existing funds flexibly to downsize residential facilities for persons with mental illness governed by Minnesota Rules, parts 9520.0500 to 9520.0690;

(2) joint collaboration or program development projects between counties to enhance efficiency and expand program opportunities in such areas as mental illness and chemical dependency, downsizing of residential facilities for persons with mental illness, and residential

or supported living arrangements for mothers with mental illness and their children;

(3) integrated program funding to permit flexibility in expenditures based on local needs with local control;

(4) flexibility in the delivery of case management services;

(5) waiver or removal of the rate cap and moratorium on negotiated rate facilities;

(6) broader usage and additional services to be covered under the medical assistance state plan rehabilitation option;

(7) prepaid managed health care programs; and

(8) commitment of persons under Minnesota Statutes, chapter 253B, to community facilities and programs.

(e) The integrated funding may include current mental health expenditures, including maintenance costs, from the following sources:

(1) general assistance medical care;

(2) general assistance;

(3) medical assistance;

(4) Minnesota supplemental aid;

(5) grants for residential services for adults with mental illness;

(6) grants for community support services programs for persons with serious and persistent mental illness; and

(7) mental health special project grants.

(f) The pilot project shall establish an opportunity to expand educational opportunities in the area of community-based psychiatry. The pilot project shall develop and may implement a psychiatric residency program at the Dakota Mental Health Center, Inc. The program may train at least one psychiatric resident per year. The program may contract with a psychiatric faculty member from a Minnesota medical school who will supervise the resident and assist in the development of a strong community-based psychiatric program.

(g) For purposes of the pilot project, for those persons committed under Minnesota Statutes, chapter 253B, and awaiting transfer to a regional treatment center, postcommitment costs of care will be added to the cost of care as provided for in Minnesota Statutes, sections 246.50, subdivision 5, and 246.54.

(h) An intergovernmental agreement or contract may be developed between the county and state to specify the terms of the pilot.

(i) Evaluation of the pilot project will be based on outcome evaluation criteria negotiated with the county prior to implementation of the pilot project.

(j) The pilot project shall be implemented after July 1, 1992.

(k) The pilot project shall be completed by July 1, 1997.

(l) A report on the pilot project must be completed by January 1, 1998, and a report presented to the commissioner.

Subd. 2. [DUTIES OF THE COMMISSIONER.] For purposes of the pilot project, the commissioner:

(1) shall combine all mental health program and funding plans into one comprehensive plan unless otherwise required by federal law. Any mental health expenditures from regional treatment center appropriations or any share of expenditures from mental health funding used for commitment to or treatment in a regional treatment center shall not become part of any comprehensive fund or plan;

(2) may waive administrative rule requirements for the duration of the pilot project status;

(3) may exempt the participating county from fiscal sanctions for noncompliance with social services requirements in laws and rules; and

(4) shall recommend legislative changes in the biennial state plan if the results of the pilot project indicate the need for legislative change.

Sec. 40. [PILOT PROJECT FOR CRISIS SERVICES.]

The commissioner may authorize a pilot project to provide community-based crisis services for persons with mental retardation or related conditions who would otherwise be admitted to or are at risk of being admitted to an acute care hospital for psychological care. To make available the facility capacity for the pilot project, the commissioner may authorize relocation of and alternative services for up

to 15 residents of an existing intermediate care facility for persons with mental retardation or related conditions. The medical assistance costs of the alternative services must not exceed the medical assistance costs of services, including day training and habilitation services, for the residents at the intermediate care facility who are relocated. The commissioner may adjust the program operating costs rate of the facility under Minnesota Rules, part 9553.0050, subpart 3, as necessary to implement the pilot project. The project shall serve persons who are the responsibility of Hennepin and Carver counties and other counties as determined by the commissioner.

By January 15, 1994, the commissioner shall report to the legislature on the cost effectiveness of the pilot project.

Sec. 41. [ALTERNATIVE SERVICES PILOT PROJECTS.]

Subdivision 1. [ELIGIBLE PERSON.] "Eligible person" means a person with mental retardation or related conditions who is 65 years of age or older. An eligible person may be under 65 years of age if authorized by the commissioner to receive alternative services for health or medical reasons.

Subd. 2. [ALTERNATIVE SERVICES AUTHORIZED.] Notwithstanding other law to the contrary, the commissioner may develop pilot projects that provide alternatives to day training and habilitation services for persons with mental retardation or related conditions who are 65 years of age or older. Before implementing the pilot projects, the commissioner shall consult with the board on aging; providers of day training and habilitation programs, residential programs, state-operated community-based programs, and other alternative services for persons with mental retardation or related conditions; and other interested persons including parents, advocates, and persons who may be considered for alternative services. The commissioner shall select as pilot project vendors only current providers of day training and habilitation programs, residential programs, state-operated community-based programs, or other alternative programs.

Subd. 3. [ALTERNATIVE SERVICES PARTICIPATION.] No more than 30 persons may receive alternative services under the pilot projects, and participants must be selected as follows: no more than seven persons from day training and habilitation programs; no more than seven persons from state-operated community-based programs; no more than seven persons from residential programs; and no more than nine persons from other community-integrated programs. Alternative services may be provided by a person's residential program provider only after other alternative services have been considered and determined not to meet the person's needs.

Subd. 4. [ADVISORY COMMITTEE.] The commissioner shall convene an advisory committee consisting of persons concerned with

and affected by the alternative services pilot projects and the effect of the projects on existing services to evaluate the alternative services pilot projects. The commissioner shall report the advisory committee's evaluation to the legislature by February 1, 1994.

Subd. 5. [RIGHTS AND PROTECTIONS.] (a) The commissioner shall notify eligible persons or their legal representatives, in writing, when alternative services pilot projects have been authorized in the county. Eligible persons or their legal representatives may choose to participate in the alternative services pilot project that best serves the person's individual needs.

(b) Persons participating in alternative services must continue to receive active treatment as provided in a person's individual service plan to ensure compliance with applicable federal regulations.

(c) The county must inform persons participating in alternative services when any part of Minnesota Rules is waived. No rights or procedural protections under sections 256.045, subdivision 4a, or 256B.092, may be waived.

Subd. 6. [PAYMENT FOR ALTERNATIVE SERVICES.] (a) Payment for alternative services shall be made to approved vendors under the conditions of existing contracts with the host county, except for intermediate care facilities for persons with mental retardation or a related condition reimbursed through Minnesota Rules, parts 9553.0010 to 9553.0080. When alternative services under this section are provided by an intermediate care facility for persons with mental retardation or related conditions, the following reimbursement and reporting procedures will be applied.

(b) Effective upon date of enactment, the commissioner shall, for a facility determined to be eligible under this section, negotiate an adjustment to the payment rate. The negotiated adjustment must reflect only the actual programmatic costs of meeting the alternative day training and habilitation needs of persons participating in service alternatives under this section. Additional programmatic costs must not include administrative and property-related costs. The additional programmatic costs shall be limited to:

(1) program salaries, payroll taxes, and fringe benefits of facility employees providing direct care services;

(2) costs of program consultants providing direct care services;

(3) training costs of facility employees providing direct care services;

(4) costs of program supplies; and

(5) additional operating costs related to transporting persons to community activities which have not been included in the facility's payment rate.

The additional programmatic costs must be reported on the facility's annual cost report in the program operating cost category. A facility receiving a negotiated adjustment to its payment rate must agree to report these payments on an accrual basis as an applicable credit in the program operating cost category on its annual cost report for each reporting year in which a negotiated adjustment is in effect. The maximum amount of the negotiated adjustment shall not exceed the cost of the day training and habilitation service provided to a person just prior to entering alternative services.

(c) The negotiated per diem adjustment to the facility's payment rate shall be equal to the sum of the negotiated programmatic costs divided by the facility's resident days for the reporting year used to establish the payment rate being adjusted. The adjusted payment rate shall be effective the first day of the month following the month when a person ceases receiving day training and habilitation services. The negotiated per diem adjustment may be subject to renegotiation on October 1 of each subsequent rate year. The negotiated per diem adjustment shall terminate upon discharge of the person from the facility, or at such time when the person is determined by the commissioner to no longer require service alternatives.

(d) Upon statewide implementation of a residential client-based reimbursement system for ICF/MR facilities, parts or all of this subdivision shall be subject to amendment, if no longer applicable, as determined by the commissioner.

Sec. 42. [SOCIAL SERVICE PILOT PROJECT; INTERGOVERNMENTAL AGREEMENTS.]

Subdivision 1. [PILOT PROJECTS.] The commissioner of human services may approve up to six counties to participate in a pilot project to demonstrate the use of intergovernmental contracts between the state and counties to fund, administer, and regulate the delivery of programs under Minnesota Statutes, sections 245.461 to 245.4861 and 245.487 to 245.4887, and Minnesota Statutes, chapter 256E. The commissioner shall consider statewide distribution and county population in selecting counties for the pilot project. Counties may also develop integrated plans for any social service and community health programs which shall be accepted by the commissioners of health and human services in lieu of plans required in statute or rule. Two or more counties may submit joint proposals under the pilot project. The pilot projects shall expire after June 30, 1997.

Subd. 2. [PURPOSE OF PILOT PROJECTS.] Purposes of the social service contract pilot projects include:

(a) Improving the quality of social services provided to persons by county human service agencies.

(b) Eliminating administrative mandates and procedural requirements governing delivery of social services.

(c) Consolidating program funds to permit county flexibility in the use of program funds.

(d) Encouraging intercounty and regional cooperation and coordination.

(e) Simplifying and consolidating planning and reporting requirements.

(f) Determining feasibility of using outcome-based performance standards to regulate the delivery of social services by counties.

(g) Clarifying the role of counties and state in the delivery of social services programs.

Subd. 3. [TERMS; CONDITIONS OF INTERGOVERNMENTAL AGREEMENTS.] Counties participating in the pilot projects shall be exempt from the procedural requirements in state law except as required in federal law. Counties providing services under the pilot project shall continue mandated services. Program funds may be consolidated to permit the greatest flexibility in the delivery of services. Each intergovernmental agreement shall specify a limited and reasonable number of measurable objectives based on the county's community social services plan which will be used by the state to determine compliance. Counties participating in pilot projects will be required to provide mandated services to all eligible persons but will have flexibility in the delivery of services and use of funds. The county shall review pilot projects proposed under subdivisions 1 to 5 with all county social services and mental health advisory committees and councils.

Subd. 4. [MONITORING AND ENFORCEMENT.] The commissioner of human services shall monitor the pilot projects to determine compliance with the terms of the intergovernmental contracts and to assure that social services are delivered according to the county community social services act plan. The commissioner may rescind approval for the pilot project if the county fails to comply with the terms of the intergovernmental contract. If approval is withdrawn, the county will immediately be subject to all the requirements of the administrative rules governing programs covered under the intergovernmental contract.

Subd. 5. [DISPUTE RESOLUTION.] Nothing in this section shall alter the due process rights available to persons under state and federal law. Disputes which arise between the state and county in the development of contracts authorized in this section shall be resolved through mediation. The state and county shall select a mediator acceptable to both parties for the purpose of resolving disputes.

Sec. 43. [STUDY OF RESTRICTIONS ON RIGHT TO PROVIDE LICENSED DAY CARE.]

The commissioner of human services shall submit a report to the legislature by December 1, 1992, on the feasibility and desirability of prohibiting deeds; covenants; housing, condominium, or town-house association bylaws, declarations, or rules; leases, rental agreements, or rules for manufactured home park lots or other rental property; or other conveyance instruments from including restrictions on use of residential property that would prevent a person from providing family or group family day care services for which the person is licensed under Minnesota Rules, parts 9502.0300 to 9502.0445. In completing the report, the commissioner shall consider the need for exceptions for:

(1) owner-occupied rental property with no more than two units, including the owner-occupied unit; and

(2) housing for older persons, as defined in United States Code, title 42, section 3607(b), as amended through December 31, 1991.

Sec. 44. [REPEALER.]

Minnesota Statutes 1990, sections 245A.14, subdivision 5; 245A.17; and Minnesota Statutes 1991 Supplement, section 252.46, subdivision 15, are repealed.

Minnesota Rules, part 9503.0170, subpart 6, item D, are repealed."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; providing for programs relating to higher education; environment and natural resources; agriculture, transportation, semi-state, and regulatory agencies; economic and state affairs; health and human services; providing for regulation of certain activities and practices; making fund and account transfers; providing for fees; making grants; appropriating money and reducing earlier appropriations with certain conditions; amending Minnesota Statutes 1990, sections 3.21; 3.305; 3.736, subdivision 8; 5.09; 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 subdivisions; 18B.26, subdivision 3; 43A.191, subdivision 2; 44A.0311; 60A.1701, subdivision 5; 72B.04, subdivision 10; 80A.28, subdivision 2; 82.21, subdivision 1; 82B.09, subdivision 1; 85A.04, subdivision 1; 89.035; 89.37, by adding a subdivision; 115D.04, subdivision 2; 116J.9673, subdivision 4; 116P.11; 136.60, by adding a subdivision; 136A.1354, subdivision 4; 136A.29, subdivision 9; 138.56, by adding a subdivision; 138.763, subdivision 1; 138.766; 141.21, by adding a subdivision; 144.122; 144.123, subdivision 2; 144A.071, subdivision 2; 144A.073, subdivisions 3, 3a, and 5; 144A.43, subdivisions 3 and 4; 144A.46, subdivision 5; 144A.51, subdivisions 4 and 6; 144A.52, subdivisions 3 and 4; 144A.53, subdivisions 2, 3, and 4; 144A.54, subdivision 1; 147.01, by adding a subdivision; 151.06, subdivision 1, and by adding a subdivision; 169.01, subdivision 55; 169.965, by adding a subdivision; 176.104, subdivision 2, and by adding subdivisions; 176.129, subdivisions 1 and 11; 176.183, subdivision 1; 182.666, subdivision 7; 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 subdivisions; 245A.07, subdivisions 2 and 3; 245A.11; 245A.13, subdivision 4; 252.025, subdivision 4; 254A.03, subdivision 2; 254B.06, subdivision 3; 256.12, by adding a subdivision; 256.81; 256.9655; 256.9695, subdivision 3; 256B.02, by adding subdivisions; 256B.035; 256B.056, subdivisions 1a, 2, 3, 5, and by adding a subdivision; 256B.057, by adding a subdivision; 256B.059, subdivisions 2 and 5; 256B.0595, subdivision 1; 256B.0625, by adding subdivisions; 256B.064, by adding a subdivision; 256B.092, by adding a subdivision; 256B.14, subdivision 2; 256B.15, subdivisions 1 and 2; 256B.19, by adding a subdivision; 256B.36; 256B.41, subdivisions 1 and 2; 256B.421, subdivision 1, and by adding a subdivision; 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, 2, 3, 4, and by adding subdivisions; 256B.495, subdivisions 1, 2, and by adding subdivisions; 256B.50, subdivisions 1b and 2; 256B.501, subdivision 3c, and by adding subdivisions; 256C.28, subdivisions 2 and 3; 256D.02, subdivision 8, and by adding subdivisions; 256D.03, by adding a subdivision; 256D.051, by adding a subdivision; 256D.06, subdivision 5, and by adding a subdivision; 256D.35, subdivision 11; 256D.54, subdivision 3; 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; 270.063; 270.71; 298.221; 299E.01, subdivision 1; 299F.011, subdivision 4a; 340A.301, subdivision 6; 340A.302, subdivision 3; 340A.315, subdivision 1; 340A.317, subdivision 2; 340A.408, subdivision 4; 345.32; 345.33; 345.34; 345.35; 345.36; 345.37; 345.38; 345.39; 345.42, subdivision 3; 349.161, subdivision 4; 349.163, subdivision 2; 352.04, subdivisions 2 and 3; 353.27, subdivision 13; 356.65, subdivision 1; 357.021, subdivision 1a; 357.18, by adding a subdivision; 359.01, subdivision 3; 363.071, by adding a subdivision; 363.14, subdivisions 2 and 3; 466.06; 490.123, by adding a subdivision; 514.67; 518.551, subdivisions 7 and 10; 609.131, by adding a subdivision; 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; 60A.14, subdivision 1; 84.0855; 89.37, subdivision 4; 121.936, subdivision 1; 135A.03, subdivisions 1a and 7; 136A.101, subdivision 8; 136A.121, subdivision 6; 136A.1353, subdivision 4; 144.50, subdivision 6; 144A.071, subdivision 3; 144A.31, subdivision 2a; 144A.46, subdivisions 1 and 2; 144A.49; 144A.51, subdivision 5; 144A.53, subdivision 1; 144A.61, subdivisions 3a and 6a; 144B.01, subdivisions 5, 6, and by adding a subdivision; 144B.10, subdivision 2; 147.03; 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; 240.13, subdivisions 5 and 6; 240.15, subdivision 6; 240.18, by adding a subdivision; 245A.03, subdivision 2; 245A.04, subdivision 3; 245A.16, subdivision 1; 251.011, subdivision 3; 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; 256.035, subdivision 1; 256.935, subdivision 1; 256.9656; 256.9657, subdivisions 1, 2, 3, 4, 7, and by adding a subdivision; 256.9685, subdivision 1; 256.969, subdivisions 1, 2, 9, 20, and 21; 256.9751, subdivisions 1 and 6; 256.98, subdivision 8; 256B.0625, subdivisions 2, 13, and 17; 256B.0627, subdivision 5, as amended; 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.0919, subdivision 1; 256B.092, subdivisions 4 and 7; 256B.093, subdivisions 1, 2, and 3; 256B.431, subdivisions 2l, 2m, 2o, and 3f; 256B.49, subdivision 4; 256B.74, subdivisions 1 and 3; 256D.03, subdivisions 3 and 4; 256D.05, subdivision 1; 256D.051, subdivision 1; 256H.03, subdivisions 4 and 6; 256H.05, subdivision 1b, and by adding a subdivision; 256I.05, subdivisions 1a, 1b, 2, and 10; 261.035; 340A.311; 340A.316; 340A.504, subdivision 3; 349A.10, subdivision 3; 357.021, subdivision 2; 508.82; 508A.82; 611.27, subdivision 7; 626.861, subdivisions 1 and 4; Laws 1987, chapter 396, article 12, section 6, subdivision 2; Laws 1991, chapter 233, section 2, subdivision 2; Laws 1991, chapter 254, article 1, section 7, subdivision 5; and Laws 1991, chapter 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, chapter 4A; 16B; 44A; 84; 115B; 136C; 144; 144A; 149; 244; 245A; 246; 256; 256B; 256D; 256I; and 501B; repealing Minnesota Statutes 1990, sections 41A.051; 84.0885; 89.036; 136A.143; 136C.13, subdivision 2; 141.21, subdivision 2; 144A.15, subdivision 6; 211A.04, subdivision 2; 245A.14, subdivision 5; 245A.17; 252.46, subdivision 15; 256B.056, subdivision 3a; 256B.495, subdivision 3; 256D.09, subdivision 3; 256I.05, subdivision 7; and 270.185; Minnesota Statutes 1991 Supplement, sections 97A.485, subdivision 1a; 135A.50; 144A.071, subdivision 3a; 256.9657, subdivision 5; 256.969, subdivision 7; 256B.74, subdivisions 8 and 9; 256I.05, subdivision 7a; 326.991; and Laws 1991, chapters 292, article 4, section 77; and 356, article 3, section 14."

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

House Conferees: PHYLLIS KAHN, DAVID P. BATTAGLIA, LEE GREENFIELD, LYNDON R. CARLSON AND JAMES I. RICE.

Senate Conferees: WILLIAM P. LUTHER, CARL W. KROENING, DON SAMUELSON, KEITH LANGSETH AND DENNIS R. FREDERICKSON.

Kahn moved that the report of the Conference Committee on H. F. No. 2694 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker resumed the Chair.

CALL OF THE HOUSE

On the motion of Welle and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

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

Welle moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

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, infra-

structure 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 3.736, 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; 256.12, by adding a subdivision; 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, subdivision 8, and by adding subdivisions; 256D.03, by adding a subdivision; 256D.06, subdivision 5, and by adding a subdivision; 256D.35, subdivision 11; 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, subdivision 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; 375.055, subdivision 1; 466.06; 490.123, by adding a subdivision; 514.67; 518.14; 518.171, subdivisions 1, 3, 4, and 6; 518.175, subdivisions 1 and 3; 518.54, subdivision 4; 518.551, subdivisions 1, 7, 10, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.619, by adding a subdivision; 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, subdivisions 2 and 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; 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; 256.98, subdivision 8; 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, 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; 16A; 16B; 44A; 84; 136C; 137; 144; 144A; 241; 244; 245; 246; 252; 256; 256B; 256D; 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; 136E.01; 136E.02; 136E.03; 136E.04; 136E.05; 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 bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 72 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dorn	Kinkel	Osthoff	Steensma
Anderson, R.	Farrell	Krambeer	Ostrom	Thompson
Battaglia	Garcia	Krueger	Pelowski	Trimble
Bauerly	Greenfield	Lieder	Pugh	Tunheim
Begich	Hasskamp	Lourey	Reding	Vanasek
Bertram	Hausman	Mariani	Rest	Vellenga
Bishop	Jacobs	McEachern	Rice	Wagenius
Bodahl	Janezich	McGuire	Rodovich	Wejman
Brown	Jaros	Milbert	Rukavina	Welle
Carlson	Jefferson	Munger	Sarna	Wenzel
Carruthers	Johnson, A.	Murphy	Segal	Winter
Clark	Johnson, R.	Nelson, K.	Simoneau	Spk. Long
Cooper	Kahn	O'Connor	Skoglund	
Dauner	Kalis	Orenstein	Solberg	
Dawkins	Kelso	Orfield	Sparby	

Those who voted in the negative were:

Abrams	Goodno	Koppendrayner	Olsen, S.	Smith
Anderson, R. H.	Gruenes	Krinkie	Olson, E.	Stanius
Beard	Gutknecht	Lasley	Olson, K.	Sviggum
Bettermann	Hanson	Leppik	Omann	Swenson
Blatz	Hartle	Limmer	Onnen	Tompkins
Boo	Haukoos	Lynch	Ozment	Uphus
Davids	Heir	Macklin	Pauly	Valento
Dempsey	Henry	Marsh	Pellow	Waltman
Dille	Hufnagle	McPherson	Peterson	Weaver
Erhardt	Hugoson	Morrison	Runbeck	Welker
Frederick	Jennings	Nelson, S.	Schafer	
Frerichs	Johnson, V.	Newinski	Schreiber	
Girard	Knickerbocker	Ogren	Seaberg	

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

CALL OF THE HOUSE LIFTED

Welle moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2113

A bill for an act relating to traffic regulations; authorizing the operation of flashing lights and stop arms on school buses transporting persons age 18 and under to and from certain activities; authorizing revolving safety lights on rural mail carrier vehicles; requiring school bus sign on school bus providing such transportation; amending Minnesota Statutes 1991 Supplement, sections 169.441, subdivision 3; 169.443, subdivision 3, and by adding a subdivision; and 169.64, by adding a subdivision.

April 14, 1992

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 2113, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2113 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1991 Supplement, section 169.441, subdivision 3, is amended to read:

Subd. 3. [SIGN ON BUS; APPLICATION OF OTHER LAW.] Sections 169.442, subdivisions 2 and 3; 169.443, subdivision 2; and 169.444, subdivisions 1, 4, and 5, apply only if the school bus bears on its front and rear a plainly visible sign containing the words "school bus" in letters at least eight inches in height.

Except as provided in section 169.443, subdivision 8, the sign must be removed or covered when the vehicle is being used as other than a school bus.

Sec. 2. Minnesota Statutes 1991 Supplement, section 169.443, subdivision 3, is amended to read:

Subd. 3. [WHEN SIGNALS NOT USED.] School bus drivers shall not activate the prewarning flashing amber signals or flashing red signals:

(1) in special school bus loading areas where the bus is entirely off the traveled portion of the roadway and where no other motor vehicle traffic is moving or is likely to be moving within 20 feet of the bus;

(2) in residential or business districts of home rule or statutory cities when directed not to do so by the local school administrator;

(3) when a school bus is being used on a street or highway for purposes other than the actual transportation of school children to or from school or a school-approved activity, except as provided in subdivision 8;

(4) at railroad grade crossings; and

(5) when loading and unloading people while the bus is completely off the traveled portion of a separated, one-way roadway that has adequate shoulders. The driver shall drive the bus completely off the traveled portion of this roadway before loading or unloading people.

Sec. 3. Minnesota Statutes 1991 Supplement, section 169.443, is amended by adding a subdivision to read:

Subd. 8. [SCHOOL BUSES USED FOR RECREATIONAL AND EDUCATIONAL ACTIVITY.] A school bus that transports over regular routes and on regular schedules persons age 18 or under to and from a regularly scheduled recreational or educational activity must comply with subdivisions 1 and 7. Notwithstanding section 169.441, subdivision 3, a school bus may provide such transportation only if (1) the "school bus" sign required by section 169.443, subdivision 3, is plainly visible; (2) the school bus has a valid certificate of inspection under section 169.451; (3) the driver of the school bus possesses a driver's license with a valid school bus endorsement under section 171.10; and (4) the entity that organizes the recreational or educational activity, or the contractor who provides the school buses to the entity, consults with the superintendent of the school district in which the activity is located or the superintendent's designee on the safety of the regular routes used.

Sec. 4. Laws 1988, chapter 573, section 1, is amended to read:

Section 1. [DULUTH TRANSIT BUSES ARE NOT SCHOOL BUSES.]

Notwithstanding Minnesota Statutes, section 169.01, subdivision 6, and 171.01, subdivision 21, the Duluth transit authority may transport secondary students to or from a school, or to or from school-related activities within the city of Duluth, on fixed routes and schedules or under an agreement with independent school district No. 709, in a publicly owned transit bus. For the purposes of this section, secondary students include students in grade six who attend a school serving grades six through eight.

Sec. 5. [EFFECTIVE DATE.]

Section 4 is effective the day after the school board in section 4 complies with Minnesota Statutes, section 645.021, subdivision 3."

Delete the title and insert:

"A bill for an act relating to traffic regulations; authorizing the operation of flashing lights and stop arms on school buses transporting persons age 18 and under to and from certain activities; requiring school bus sign on school bus providing such transportation; amending Minnesota Statutes 1991 Supplement, sections

169.441, subdivision 3; and 169.443, subdivision 3, and by adding a subdivision; Laws 1988, chapter 573, section 1."

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

House Conferees: HOWARD ORENSTEIN, ALICE M. JOHNSON AND ARTHUR W. SEABERG.

Senate Conferees: RICHARD J. COHEN, SAM G. SOLON AND LYLE G. MEHRKENS.

Orenstein moved that the report of the Conference Committee on H. F. No. 2113 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2113, A bill for an act relating to traffic regulations; authorizing the operation of flashing lights and stop arms on school buses transporting persons age 18 and under to and from certain activities; authorizing revolving safety lights on rural mail carrier vehicles; requiring school bus sign on school bus providing such transportation; amending Minnesota Statutes 1991 Supplement, sections 169.441, subdivision 3; 169.443, subdivision 3, and by adding a subdivision; and 169.64, by adding a subdivision.

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

The question was taken on the repassage of the bill and the roll was called. There were 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dempsey	Jacobs	Lynch	Orfield
Anderson, I.	Dille	Janezich	Macklin	Osthoff
Anderson, R.	Dorn	Jaros	Mariani	Ostrom
Anderson, R. H.	Erhardt	Jefferson	Marsh	Ozment
Battaglia	Farrell	Jennings	McEachern	Pauly
Bauerly	Frederick	Johnson, A.	McGuire	Pellow
Beard	Frerichs	Johnson, R.	McPherson	Pelowski
Begich	Garcia	Johnson, V.	Milbert	Peterson
Bertram	Girard	Kahn	Morrison	Pugh
Bettermann	Goodno	Kalis	Munger	Reding
Bishop	Greenfield	Kelso	Murphy	Rest
Blatz	Gruenes	Kinkel	Nelson, K.	Rice
Bodahl	Gutknecht	Knickerbocker	Nelson, S.	Rodosovich
Boo	Hanson	Koppendrayner	Newinski	Rukavina
Brown	Hartle	Krambeer	O'Connor	Runbeck
Carlson	Hasskamp	Krinkie	Ogren	Sarna
Carruthers	Haukoos	Krueger	Olsen, S.	Schafer
Clark	Hausman	Lasley	Olson, E.	Schreiber
Cooper	Heir	Leppik	Olson, K.	Seaberg
Dauner	Henry	Lieder	Omman	Segal
Davids	Hufnagle	Limmer	Onnen	Simoneau
Dawkins	Hugoson	Lourey	Orenstein	Skoglund

Smith	Svigum	Tunheim	Wagenius	Welle
Solberg	Swenson	Uphus	Waltman	Wenzel
Sparby	Thompson	Valento	Weaver	Winter
Stanius	Tompkins	Vanasek	Wejman	Spk. Long
Steensma	Trimble	Vellenga	Welker	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1910

A bill for an act relating to corporations; providing for the formation, organization, operation, taxation, management, and ownership of limited liability companies; prescribing the procedures for filing articles of organization; establishing the powers of a limited liability company; providing for the naming of a limited liability company; providing for the appointment of a resident agent for a limited liability company; establishing the relationship of the members of a limited liability company to each other and to third parties; permitting the merger of one or more limited liability companies with other domestic limited liability companies and domestic and foreign corporations; providing for the dissolution, winding up, and termination of a limited liability company; providing for foreign limited liability companies to do business in this state; defining certain terms; amending Minnesota Statutes 1990, sections 211B.15, subdivision 1; 290.01, by adding a subdivision; 302A.011, subdivision 19; 302A.115, subdivision 1; 302A.121, subdivision 2; 302A.601, by adding a subdivision; 308A.005, subdivision 6; 308A.121, subdivision 1; 317A.011, subdivision 16; 317A.115, subdivision 2; 319A.02, subdivision 5, and by adding a subdivision; 319A.03; 319A.05; 319A.06, subdivision 2; 319A.07; 319A.12, subdivisions 1a and 2; 319A.20; 322A.01; 322A.02; 333.001; 333.18, subdivision 2; 333.20, subdivision 2; and 333.21, subdivision 1; Minnesota Statutes 1991 Supplement, sections 290.06, subdivision 22; 302A.471, subdivision 1; and 500.24, subdivision 3; proposing coding for new law as Minnesota Statutes, chapter 322B.

April 14, 1992

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1910, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1910 be further amended as follows:

Pages 1 and 2, delete section 1, and insert:

“Section 1. Minnesota Statutes 1990, section 211B.15, subdivision 1, is amended to read:

Subdivision 1. ~~[DEFINITION DEFINITIONS.]~~ (a) For purposes of this section, the following terms have the meanings given them.

(b) “Corporation” ~~for purposes of this section~~ means a corporation organized for profit that does business in Minnesota.

(c) “Limited liability company” means a limited liability company formed under chapter 322B, or under similar laws of another state, that does business in Minnesota.

Sec. 2. Minnesota Statutes 1990, section 211B.15, subdivision 2, is amended to read:

Subd. 2. ~~[PROHIBITED CONTRIBUTIONS.]~~ A corporation or limited liability company may not make a contribution or offer or agree to make a contribution, directly or indirectly, of any money, property, free service of its officers or employees, or thing of monetary value to a major political party, organization, committee, or individual to promote or defeat the candidacy of an individual for nomination, election, or appointment to a political office. For the purpose of this subdivision, “contribution” includes an expenditure to promote or defeat the election or nomination of a candidate to a political office that is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of, a candidate or committee established to support or oppose a candidate.

Sec. 3. Minnesota Statutes 1990, section 211B.15, subdivision 3, is amended to read:

Subd. 3. ~~[INDEPENDENT EXPENDITURES.]~~ A corporation or limited liability company may not make an independent expenditure or offer or agree to make an independent expenditure to promote or defeat the candidacy of an individual for nomination, election, or appointment to a political office. For the purpose of this subdivision, “independent expenditure” means an expenditure that is not made with the authorization or expressed or implied consent of, or in cooperation or concert with, or at the request or suggestion of, a candidate or committee established to support or oppose a candidate.

Sec. 4. Minnesota Statutes 1990, section 211B.15, subdivision 4, is amended to read:

Subd. 4. ~~[BALLOT QUESTION.]~~ A corporation or limited liability

company may make contributions or expenditures to promote or defeat a ballot question, to qualify a question for placement on the ballot unless otherwise prohibited by law, or to express its views on issues of public concern. A corporation or limited liability company may not make a contribution to a candidate for nomination, election, or appointment to a political office or to a committee organized wholly or partly to promote or defeat a candidate.

Sec. 5. Minnesota Statutes 1990, section 211B.15, subdivision 6, is amended to read:

Subd. 6. [PENALTY FOR INDIVIDUALS.] An officer, manager, stockholder, member, agent, employee, attorney, or other representative of a corporation or limited liability company acting in behalf of the corporation or limited liability company who violates this section may be fined not more than \$20,000 or be imprisoned for not more than five years, or both.

Sec. 6. Minnesota Statutes 1990, section 211B.15, subdivision 7, is amended to read:

Subd. 7. [PENALTY FOR CORPORATIONS OR LIMITED LIABILITY COMPANIES.] A corporation or limited liability company convicted of violating this section is subject to a fine not greater than \$40,000. A convicted domestic corporation or limited liability company may be dissolved as well as fined. If a foreign or nonresident corporation or limited liability company is convicted, in addition to being fined, its right to do business in this state may be declared forfeited.

Sec. 7. Minnesota Statutes 1990, section 211B.15, subdivision 9, is amended to read:

Subd. 9. [MEDIA PROJECTS.] It is not a violation of this section for a corporation or limited liability company to contribute to or conduct public media projects to encourage individuals to attend precinct caucuses, register, or vote if the projects are not controlled by or operated for the advantage of a candidate, political party, or committee.

Sec. 8. Minnesota Statutes 1990, section 211B.15, subdivision 10, is amended to read:

Subd. 10. [MEETING FACILITIES.] It is not a violation of this section for a corporation or limited liability company to provide meeting facilities to a committee, political party, or candidate on a nondiscriminatory and nonpreferential basis.

Sec. 9. Minnesota Statutes 1990, section 211B.15, subdivision 11, is amended to read:

Subd. 11. [MESSAGES ON CORPORATE PREMISES.] It is not a violation of this section for a corporation or limited liability company selling products or services to the public to post on its public premises messages that promote participation in precinct caucuses, voter registration, or elections if the messages are not controlled by or operated for the advantage of a candidate, political party, or committee."

Renumber the sections of article 1 in sequence

Correct internal references

Amend the title as follows:

Page 1, line 20, delete "subdivision 1" and insert "subdivisions 1, 2, 3, 4, 6, 7, 9, 10, and 11"

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

House Conferees: ANN H. REST, RON ABRAMS AND KRIS HASSKAMP.

Senate Conferees: EMBER D. REICHGOTT, LAWRENCE J. POGEMILLER AND WILLIAM V. BELANGER, JR.

Rest moved that the report of the Conference Committee on H. F. No. 1910 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1910, A bill for an act relating to corporations; providing for the formation, organization, operation, taxation, management, and ownership of limited liability companies; prescribing the procedures for filing articles of organization; establishing the powers of a limited liability company; providing for the naming of a limited liability company; providing for the appointment of a resident agent for a limited liability company; establishing the relationship of the members of a limited liability company to each other and to third parties; permitting the merger of one or more limited liability companies with other domestic limited liability companies and domestic and foreign corporations; providing for the dissolution, winding up, and termination of a limited liability company; providing for foreign limited liability companies to do business in this state; defining certain terms; amending Minnesota Statutes 1990, sections 211B.15, subdivision 1; 290.01, by adding a subdivision; 302A.011, subdivision 19; 302A.115, subdivision 1; 302A.121, subdivision 2; 302A.601, by adding a subdivision; 308A.005, subdivision 6; 308A.121, subdivision 1; 317A.011, subdivision 16; 317A.115, subdivision 2; 319A.02, subdivision 5, and by adding a subdivision; 319A.03; 319A.05; 319A.06, subdivision 2; 319A.07;

319A.12, subdivisions 1a and 2; 319A.20; 322A.01; 322A.02; 333.001; 333.18, subdivision 2; 333.20, subdivision 2; and 333.21, subdivision 1; Minnesota Statutes 1991 Supplement, sections 290.06, subdivision 22; 302A.471, subdivision 1; and 500.24, subdivision 3; proposing coding for new law as Minnesota Statutes, chapter 322B.

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

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Cooper Jennings

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

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

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

S. F. No. 1691, A bill for an act relating to courts; authorizing certain appearances in conciliation court; modifying and clarifying conciliation court jurisdiction and procedures; increasing jurisdictional amounts; amending Minnesota Statutes 1990, sections 487.30, subdivisions 1, 3a, 4, 7, 8, and by adding subdivisions; 488A.12, subdivision 3; 488A.15, subdivision 2; 488A.16, subdivision 1; 488A.17, subdivision 10; 488A.29, subdivision 3; 488A.32, subdivision 2; 488A.33, subdivision 1; 488A.34, subdivision 9; Minnesota Statutes 1991 Supplement, section 481.02, subdivision 3; repealing Minnesota Statutes 1990, sections 487.30, subdivision 3; 488A.14, subdivision 6; 488A.31, subdivision 6.

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

Messrs. Kelly, Cohen and Knaak.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Pugh moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1691. The motion prevailed.

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. 2280, A bill for an act relating to state lands; authorizing a conveyance of state lands to the city of Biwabik; authorizing the private sale of certain tax-forfeited land in St. Louis county; authorizing the sale of tax-forfeited land in the city of Duluth; authorizing the sale of certain land in the Chisago county.

PATRICK E. FLAHAVEN, Secretary of the Senate

Rukavina moved that the House refuse to concur in the Senate

amendments to H. F. No. 2280, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

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. 2030, A bill for an act relating to motor carriers; making all persons who transport passengers for hire in intrastate commerce subject to rules of the commissioner of transportation on insurance and driver hours of service; amending Minnesota Statutes 1990, sections 221.031, by adding a subdivision; and 221.141, by adding a subdivision; Minnesota Statutes 1991 Supplement, section 221.025.

PATRICK E. FLAHAVEN, Secretary of the Senate

Rice moved that the House refuse to concur in the Senate amendments to H. F. No. 2030, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

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. 1681, A bill for an act relating to commerce; regulating data collection, enforcement powers, premium finance agreements, temporary capital stock of mutual life companies, surplus lines insurance, conversion privileges, coverages, rehabilitations and liquidations, the comprehensive health insurance plan, and claims practices; requiring insurers to notify all covered persons of cancellations of group coverage; regulating continuation privileges and automobile premium surcharges; regulating unfair or deceptive practices; regulating insurance agent licensing and education; carrying out the intent of the legislature to make uniform the statutory service of process provisions under the jurisdiction of the department of commerce; permitting the sale of credit unemployment insurance on the same basis as other credit insurance; requiring consumer disclosures; specifying minimum loss ratios for credit insurance; making various technical changes; amending Minnesota Statutes 1990, sections 45.012; 45.027, by adding subdivisions; 45.028, subdivision 1; 47.016, subdivision 1; 48.185, subdivisions 4 and 7; 56.125, subdivision 3; 56.155, subdivision 1; 59A.08, subdi-

visions 1 and 4; 59A.11, subdivisions 2 and 3; 59A.12, subdivision 1; 60A.02, subdivision 7, and by adding a subdivision; 60A.03, subdivision 2; 60A.07, subdivision 10; 60A.12, subdivision 4; 60A.17, subdivision 1a; 60A.1701, subdivisions 3 and 7; 60A.19, subdivision 4; 60A.201, subdivision 4; 60A.203; 60A.206, subdivision 3; 60A.21, subdivision 2; 60B.03, by adding a subdivision; 60B.15; 60B.17, subdivision 1; 61A.011, by adding a subdivision; 62A.10, subdivision 1; 62A.146; 62A.17, subdivision 2; 62A.21, subdivisions 2a and 2b; 62A.30, subdivision 1; 62A.41, subdivision 4; 62A.54; 62B.01; 62B.02, by adding a subdivision; 62B.03; 62B.04, subdivision 2; 62B.05; 62B.06, subdivisions 1, 2, and 4; 62B.07, subdivisions 2 and 6; 62B.08, subdivisions 1, 3, and 4; 62B.09, subdivisions 1 and 2; 62B.11; 62C.142, subdivision 2a; 62C.17, subdivision 5; 62D.101, subdivision 2a; 62D.22, subdivision 8; 62E.02, subdivision 23; 62E.11, subdivision 9; 62E.14, by adding a subdivision; 62E.15, subdivision 4, and by adding subdivisions; 62E.16; 62H.01; 64B.33; 64B.35, subdivision 2; 65B.133, subdivision 4; 70A.11, subdivision 1; 71A.02, subdivision 3; 72A.07; 72A.125, subdivision 2; 72A.20, subdivision 27, and by adding a subdivision; 72A.201, subdivision 3; 72A.22, subdivision 5; 72A.37, subdivision 2; 72A.43, subdivision 2; 72B.02, by adding a subdivision; 72B.03, subdivision 2; 72B.04, subdivision 6; 80A.27, subdivisions 7 and 8; 80C.20; 82.31, subdivision 3; 82A.22, subdivisions 1 and 2; 83.39, subdivisions 1 and 2; 270B.07, subdivision 1; and 543.08; Minnesota Statutes 1991 Supplement, sections 45.027, subdivisions 1, 2, 5, 6, and 7; 52.04, subdivision 1; 60A.13, subdivision 3a; 60D.15, subdivision 4; 60D.17, subdivision 4; 62E.10, subdivision 9; 62E.12; 72A.061, subdivision 1; 72A.201, subdivision 8; and 82B.15, subdivision 3; Laws 1991, chapter 233, section 111; proposing coding for new law in Minnesota Statutes, chapters 60A; 62A; 62B; and 62I; proposing coding for new law as Minnesota Statutes, chapter 60K; repealing Minnesota Statutes 1990, sections 60A.05; 60A.051; 60A.17, subdivisions 1, 1a, 1b, 1c, 2c, 2d, 3, 5, 5b, 6, 6b, 6c, 6d, 7a, 8, 8a, 9a, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 21; 65B.70; and 72A.13, subdivision 3; Minnesota Statutes 1991 Supplement, section 60A.17, subdivision 1d.

PATRICK E. FLAHAVEN, Secretary of the Senate

Skoglund moved that the House refuse to concur in the Senate amendments to H. F. No. 1681, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

REPORT FROM THE COMMITTEE ON RULES AND
LEGISLATIVE ADMINISTRATION

Welle, from the Committee on Rules and Legislative Administra-

tion, pursuant to rule 1.09, designated the following bills as Special Orders to be acted upon immediately following printed Special Orders for today, Wednesday, April 15, 1992:

S. F. Nos. 2199 and 2628; H. F. No. 355; S. F. No. 1821; H. F. Nos. 2445, 2813 and 2050; S. F. No. 735; H. F. Nos. 2734, 3042 and 2018; S. F. No. 1638; H. F. No. 2855; S. F. Nos. 1644, 2233, 2319, 651 and 2396; H. F. No. 2723; S. F. Nos. 1898 and 304; H. F. Nos. 2042 and 1965; S. F. No. 1693; H. F. Nos. 804 and 2191; S. F. No. 2565; H. F. No. 2544; S. F. Nos. 976, 2115, 2011, 2227 and 1841; H. F. No. 2226; and S. F. Nos. 1794, 2213, 2328, 2475 and 2162.

SPECIAL ORDERS

S. F. No. 2199 was reported to the House.

Wagenius moved to amend S. F. No. 2199, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 16B.121, is amended to read:

16B.121 [PURCHASE OF RECYCLED, REPAIRABLE, AND DURABLE MATERIALS.]

The commissioner shall take the recycled content and recyclability of commodities to be purchased into consideration in bid specifications. ~~The commissioner shall apply weighting factors to the recycled content and recyclability criteria in order to give a preferential treatment to those criteria. State agencies shall purchase recycled materials when specifications allow the practical use of the recycled materials and the price does not exceed the price of nonrecycled materials by more than ten percent. If possible, state agencies should purchase materials recycled from waste generated in this state. When feasible and when the price of recycled materials does not exceed the price of nonrecycled materials by more than ten percent, the commissioner, and state agencies when purchasing under delegated authority, shall purchase recycled materials. In order to maximize the quantity and quality of recycled materials purchased, the commissioner, and state agencies when purchasing under delegated authority, may also use other appropriate procedures to acquire recycled materials at the most economical cost to the state.~~

When purchasing commodities and services, the commissioner, and state agencies when purchasing under delegated authority,

shall apply and promote the preferred waste management practices listed in section 115A.02, with special emphasis on reduction of the quantity and toxicity of materials in waste. The commissioner, and state agencies when purchasing under delegated authority, in developing bid specifications, shall consider the extent to which a commodity or product is durable, reusable, or recyclable and marketable through the state resource recovery program.

Sec. 2. Minnesota Statutes 1991 Supplement, section 16B.122, subdivision 2, is amended to read:

Subd. 2. [PURCHASES; PRINTING.] (a) Whenever practicable, a public entity shall:

- (1) purchase uncoated office paper and printing paper;
 - (2) purchase recycled content paper with at least ten percent postconsumer material by weight;
 - (3) purchase paper which has not been dyed with colors, excluding pastel colors;
 - (4) purchase recycled content paper that is manufactured using little or no chlorine bleach or chlorine derivatives;
 - (5) use no more than two colored inks, standard or processed, except in formats where they are necessary to convey meaning;
 - (6) use reusable binding materials or staples and bind documents by methods that do not use glue;
 - (7) use soy-based inks; and
 - (8) produce reports, publications, and periodicals that are readily recyclable within the state ~~resources~~ resource recovery program.
- (b) Paragraph (a), clause (1), does not apply to coated paper that is made with at least 50 percent ~~fiber that has been recycled after use by a consumer~~ postconsumer material.
- (c) A public entity shall print documents on both sides of the paper where commonly accepted publishing practices allow.

Sec. 3. [16B.123] [PACKING MATERIALS.]

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 resources. For the purposes of this section, "packing material" means loose foam

material, other than an exterior packaging shell, that is used to stabilize, protect, cushion, or brace the contents of a package.

Sec. 4. Minnesota Statutes 1990, section 115.071, subdivision 1, is amended to read:

Subdivision 1. [REMEDIES AVAILABLE.] The provisions of sections 103F.701 to 103F.761, chapters 115, 115A, and 116 and all rules, standards, orders, stipulation agreements, schedules of compliance, and permits adopted or issued by the agency thereunder or under any other law now in force or hereafter enacted for the prevention, control, or abatement of pollution may be enforced by any one or any combination of the following: criminal prosecution; action to recover civil penalties; injunction; action to compel performance; or other appropriate action, in accordance with the provisions of said chapters and this section.

Sec. 5. Minnesota Statutes 1991 Supplement, section 115A.02, is amended to read:

115A.02 [LEGISLATIVE DECLARATION OF POLICY; PURPOSES.]

(a) It is the goal of this chapter to improve waste management in the state to serve the following purposes:

- (1) Reduction in the amount and toxicity of waste generated;
- (2) Separation and recovery of materials and energy from waste;
- (3) Reduction in indiscriminate dependence on disposal of waste;
- (4) Coordination of solid waste management among political subdivisions; and
- (5) Orderly and deliberate development and financial security of waste facilities including disposal facilities.

(b) The waste management goal of the state is to foster an integrated waste management system in a manner appropriate to the characteristics of the waste stream. The following waste management practices are in order of preference:

- (1) waste reduction and reuse;
- (2) waste recycling;
- (3) composting of yard waste and food waste;

(4) resource recovery through mixed municipal solid waste composting or incineration; and

(5) land disposal.

Sec. 6. Minnesota Statutes 1990, section 115A.03, is amended by adding a subdivision to read:

Subd. 6a. [COMMISSIONER.] "Commissioner" means the commissioner of the pollution control agency.

Sec. 7. Minnesota Statutes 1990, section 115A.03, is amended by adding a subdivision to read:

Subd. 24b. [POSTCONSUMER MATERIAL.] "Postconsumer material" means a finished material that would normally be discarded as a solid waste having completed its life cycle as a consumer item.

Sec. 8. Minnesota Statutes 1990, section 115A.03, subdivision 36a, is amended to read:

Subd. 36a. [WASTE REDUCTION; SOURCE REDUCTION.] "Waste reduction" or "source reduction" means an activity that prevents generation of waste or the inclusion of toxic materials in waste, including:

(1) reusing a product in its original form;

(2) increasing the life span of a product;

(3) reducing material or the toxicity of material used in production or packaging; or

(4) changing procurement, consumption, or waste generation habits to result in smaller quantities or lower toxicity of waste generated.

Sec. 9. [115A.034] [ENFORCEMENT.]

Chapter 115A may be enforced by the commissioner under sections 115.071 and 116.072.

Sec. 10. Minnesota Statutes 1990, section 115A.07, is amended by adding a subdivision to read:

Subd. 3. [UNIFORM WASTE STATISTICS; GUIDELINES.] The director, after consulting with the commissioner, the metropolitan council, local government units, representatives of the waste management industry, and other interested persons, shall establish

guidelines for uniform collection and reporting of waste reduction, generation, collection, transportation, storage, recycling, processing, and disposal statistics necessary for proper waste management and for reporting required by law. All persons and units of government shall follow the guidelines established under this subdivision for the purpose of collecting and reporting waste-related statistics requested under or required by law.

Sec. 11. Minnesota Statutes 1991 Supplement, section 115A.15, subdivision 9, is amended to read:

Subd. 9. [RECYCLING GOAL.] By December 31, 1993, the commissioner shall recycle at least 40 percent by weight of the solid waste generated by state offices and other state operations located in the metropolitan area. By ~~August~~ October 1 of each year the commissioner shall report to the office and the metropolitan council the recycling rates by county for state offices and other state operations in the metropolitan area for the previous fiscal year. The office shall incorporate these figures into the reports submitted by the counties under section 115A.557, subdivision 3, to determine each county's progress toward the goal in section 115A.551, subdivision 2.

Each state agency in the metropolitan area shall work to meet the recycling goal individually. If the goal is not met by an agency, the commissioner shall notify that agency that the goal has not been met and the reasons the goal has not been met and shall provide information to the employees in the agency regarding recycling opportunities and expectations.

Sec. 12. Minnesota Statutes 1991 Supplement, section 115A.411, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; PURPOSE.] The director with assistance from the commissioner shall prepare and adopt a report on solid waste management policy excluding the metropolitan area. The report must be submitted by the director to the legislative commission on waste management by ~~November 15~~ July 1 of each even-numbered year and may include reports required under sections 115A.551, subdivision 4, and 115A.557, subdivision 4.

Sec. 13. Minnesota Statutes 1990, section 115A.557, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY TO RECEIVE MONEY.] (a) To be eligible to receive money distributed by the office under this section, a county shall within one year of October 4, 1989:

(1) create a separate account in its general fund to credit the money; and

(2) set up accounting procedures to ensure that money in the separate account is spent only for the purposes in subdivision 2.

(b) In each following year, each county shall also:

(1) have in place an approved solid waste management plan or master plan including a recycling implementation strategy under section 115A.551, subdivision 7, or 473.803, subdivision 1e, and a household hazardous waste management plan under section 115A.96, subdivision 6, by the dates specified in those provisions;

(2) submit a report by ~~August~~ March 1 of each year to the office detailing how the money was spent and the resulting gains achieved in solid waste management practices during the previous ~~fiscal~~ calendar year; and

(3) provide evidence to the office that local revenue equal to 25 percent of the money sought for distribution under this section will be spent for the purposes in subdivision 2.

(c) The office shall withhold all or part of the funds to be distributed to a county under this section if the county fails to comply with this subdivision and subdivision 2.

Sec. 14. [115A.56] [RECYCLED CONTENT; LABELS.]

A person may not label or otherwise indicate on a product or package for sale or distribution that the product or package contains recycled material unless at least ten percent by weight of the product or package consists of postconsumer material.

Sec. 15. Minnesota Statutes 1990, section 115A.63, subdivision 3, is amended to read:

Subd. 3. [RESTRICTIONS.] No waste district shall be established within the boundaries of the Western Lake Superior Sanitary District established by Laws 1971, chapter 478, as amended. No waste district shall be established wholly within one county. The ~~office director~~ shall not establish a waste district within or extending into the metropolitan area, nor define or alter the powers or boundaries of a district, without the approval of the metropolitan council. The council shall not approve a district unless the articles of incorporation of the district require that the district will have the same procedural and substantive responsibilities, duties, and relationship to the metropolitan agencies as a metropolitan county. ~~The office shall not establish a district unless the petitioners demonstrate that they are unable to fulfill the purposes of a district through joint action under section 471.59. The office director shall require the completion of a comprehensive solid waste management~~

plan conforming to the requirements of section 115A.46, by petitioners seeking to establish a district.

Sec. 16. Minnesota Statutes 1990, section 115A.81, subdivision 2, is amended to read:

Subd. 2. [DESIGNATION.] "Designation" means a requirement by a waste management district or county that all or any portion of the ~~mixed municipal~~ solid waste that is generated within its boundaries or any service area thereof be delivered to a processing or disposal facility identified by the district or county.

Sec. 17. Minnesota Statutes 1991 Supplement, section 115A.83, is amended to read:

115A.83 [EXEMPTION.]

The designation may not apply to or include:

(1) materials that have not been aggregated by the generator with other solid waste and are separated from mixed municipal solid waste and recovered for reuse in their original form or for use in manufacturing processes managed separately from other solid waste if the materials are managed using a waste management practice that is the same as or higher on the preferred waste management practices list in section 115A.02 than the waste management practice that ultimately would be applied to those materials in the form in which they would arrive at the designated facility if they were subject to designation;

(2) recyclable materials that are being recycled;

(3) materials that are processed at a resource recovery facility at the capacity in operation at the time that the designation plan is approved by the reviewing authority; ~~or~~

~~(3)~~ (4) materials that are separated at a permitted transfer station located within the boundaries of the designating authority for the purpose of recycling the materials if: (i) the transfer station was in operation on January 1, 1991; or (ii) the materials were not being separated for recycling at the designated facility at the time the transfer station began separation of the materials; or

(5) materials separated from construction debris prior to final processing or disposal if the materials are managed consistent with clause (1).

For the purposes of this section, "manufacturing processes" does not include the treatment of waste after collection for the purpose of composting.

~~The exemptions in this section apply to only those materials separated from mixed municipal solid waste that are managed in a manner that is preferred over the primary management method of the designated facility under section 115A.02, paragraph (b).~~

Sec. 18. Minnesota Statutes 1990, section 115A.87, is amended to read:

115A.87 [JUDICIAL REVIEW.]

An action challenging a designation must be brought within 60 days of the approval of the designation by the reviewing authority. The action is subject to section 562.02.

In any action challenging a designation ordinance or the implementation of a designation ordinance, the person bringing the challenge shall notify the attorney general. The attorney general may intervene in any administrative or court action to represent the state's interest in designation of solid waste.

Sec. 19. Minnesota Statutes 1991 Supplement, section 115A.9157, subdivision 5, is amended to read:

Subd. 5. [COLLECTION AND MANAGEMENT PROGRAMS.] By April 15, 1994, the manufacturers or their representative organization shall implement permanent programs, based on the results of the pilot projects required in subdivision 3 4, that may be reasonably expected to collect 90 percent of the waste rechargeable batteries and the participating manufacturers' products powered by rechargeable batteries that are generated in the state. The batteries and products collected must be recycled or otherwise managed or disposed of properly.

Sec. 20. Minnesota Statutes 1991 Supplement, section 115A.93, subdivision 3, is amended to read:

Subd. 3. [LICENSE REQUIREMENTS; PRICING BASED ON VOLUME OR WEIGHT.] (a) A licensing authority shall require ~~that~~ licensees to impose charges for collection of mixed municipal solid waste vary that increase with the volume or weight of the waste collected.

(b) A licensing authority may impose requirements that are consistent with the county's solid waste policies as a condition of receiving and maintaining a license.

(c) A licensing authority shall prohibit mixed municipal solid waste collectors from imposing a greater charge on residents who recycle than on residents who do not recycle.

Sec. 21. Minnesota Statutes 1990, section 115A.93, is amended by adding a subdivision to read:

Subd. 3a. [VOLUME REQUIREMENT; BAGS.] A licensing authority that requires a pricing system based on volume instead of weight under subdivision 3 shall determine a base unit size for an average small quantity household generator and establish, or require the licensee to establish, a multiple unit pricing system that ensures that amounts of waste generated in excess of the base unit amount are priced higher than the base unit price.

Sec. 22. [115A.9301] [SOLID WASTE COLLECTION; VOLUME-OR WEIGHT-BASED PRICING.]

Subdivision 1. [REQUIREMENT.] A local government unit that collects charges for solid waste collection directly from waste generators shall implement charges that increase as the volume or weight of the waste collected on-site from each generator's residence or place of business increases.

Subd. 2. [VOLUME REQUIREMENT; BAGS.] If a local government unit implements a pricing system based on volume instead of weight under subdivision 1, it shall determine a base unit size for an average small quantity household generator and establish a multiple unit pricing system that ensures that amounts of waste generated in excess of the base unit amount are priced higher than the base unit price.

Sec. 23. Minnesota Statutes 1991 Supplement, section 115A.931, is amended to read:

115A.931 [YARD WASTE PROHIBITION.]

(a) Except as authorized by the agency, in the metropolitan area after January 1, 1990, and outside the metropolitan area after January 1, 1992, a person may not place yard waste:

- (1) in mixed municipal solid waste;
- (2) in a disposal facility; or
- (3) in a resource recovery facility except for the purposes of composting or co-composting.

(b) Yard waste subject to this subdivision ~~is~~ includes garden wastes, leaves, lawn cuttings, weeds, shrub and tree waste, and prunings.

Sec. 24. [115A.951] [TELEPHONE DIRECTORIES.]

Subdivision 1. [DEFINITION.] For the purposes of this section, a "telephone directory" means a printed list of residential, governmental, or commercial telephone service subscribers or users, or a combination of subscribers or users, that contains more than 7,500 listings and is distributed to the subscribers or users.

Subd. 2. [PROHIBITION.] A person may not place a telephone directory:

(1) in solid waste;

(2) in a disposal facility; or

(3) in a resource recovery facility, except a recycling facility.

Subd. 3. [RECYCLABILITY.] (a) A person may not distribute a telephone directory to any person in this state unless the telephone directory:

(1) is printed on paper that contains recycled postconsumer material and is recyclable;

(2) is printed with vegetable oil-based inks that contain no heavy metals or other toxic materials; and

(3) is bound with materials that pose no significant barriers to recycling of the directory.

(b) Paragraph (a), clause (1), applies when there is more than one supplier of paper that contains recycled postconsumer material. If there is only one supplier of paper that contains recycled postconsumer material, paragraph (a), clause (1), applies if the cost of the recycled content paper is no more than ten percent greater than the cost of paper without recycled postconsumer material.

Subd. 4. [COLLECTION OF USED DIRECTORIES.] Each publisher or distributor of telephone directories shall:

(1) provide for the collection and delivery to a recycler of waste telephone directories;

(2) inform recipients of directories of the collection system;

(3) maintain records that specify how directories have been collected and where they were delivered for recycling; and

(4) allow access to collection and recycling records, upon request, by local government staff who have waste management responsibility or by agency staff authorized by the commissioner to inspect the records.

Sec. 25. Minnesota Statutes 1990, section 115A.981, is amended to read:

115A.981 [SOLID WASTE DISPOSAL FACILITIES ANNUAL REPORTING MANAGEMENT; ECONOMIC STATUS AND OUT-LOOK.]

Subdivision 1. [RECORD KEEPING REQUIREMENTS.] The owner or operator of a solid waste disposal facility must maintain the records necessary to comply with the requirements of subdivision 2.

Subd. 2. [ANNUAL REPORTING.] (a) The owner or operator of a solid waste disposal facility ~~must~~:

~~(1) shall~~ submit an annual report to the ~~agency under section 115A.92;~~ commissioner that includes:

~~(2) (1) annually certify a certification that it~~ (1) annually certify a certification that it the owner or operator has established financial assurance for closure, postclosure care, and corrective action at the facility by using one or more of the financial assurance mechanisms specified by rule and specification of the financial assurance mechanism used, including the amount paid in or assured during the past year and the total amount of financial assurance accumulated to date; and

~~(3) (2) file a fee schedule with the agency with the annual report.~~

~~(b) The fee schedule must list of fees charged by the facility for waste management, including all tipping fees, rates, charges, surcharges, and any other fees charged by to each classification of customer.~~

~~(b) The agency may suspend the operation of a disposal facility whose permittee fails to file the information required under this subdivision. The owner or operator of a facility may not increase fees until 30 days after the owner or operator has submitted a fee schedule amendment to the agency commissioner.~~

Subd. 3. [AGENCY REPORT.] (a) The ~~agency commissioner~~ shall report to the legislative commission on waste management by July 1 of each odd-numbered year on the viability economic status and outlook of the state's solid waste processing and disposal capability, the status of competitive forces in the market including recycling, composting, waste reduction and incineration, management sector including:

(1) an estimate of the extent to which existing fees prices for services are sufficient for facility development, engineering, solid waste management paid by consumers reflect costs related to

environmental and safety factors, the progress of the industry in meeting the state's waste management goals, public health protection, including a discussion of how prices are publicly and privately subsidized and how identified costs of waste management are not reflected in the prices;

(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.

(d) The report must also include:

(1) statewide and facility by facility estimates of the total potential costs and liabilities associated with solid waste disposal facilities for closure and postclosure care, response costs under chapter 115B, and any other potential costs, liabilities, or financial responsibilities;

(2) statewide and facility by facility requirements for proof of financial responsibility under section 116.07, subdivision 4h; and

(3) an annual update addressing how each facility is meeting its financial responsibility under section 116.07, subdivision 4h, and how each facility is meeting those requirements.

Sec. 26. Minnesota Statutes 1990, section 325E.125, subdivision 1, is amended to read:

Subdivision 1. ~~[IDENTIFICATION LABELING.]~~ (a) The manufacturer of a button cell battery that is to be sold in this state shall ensure that each battery is labeled to clearly identify for the final consumer of the battery the type of electrode used in the battery.

(b) The manufacturer of a rechargeable battery that is to be sold in this state shall ensure that each rechargeable battery is labeled to clearly identify for the final consumer of the battery the type of electrode used in the battery and the name and address of the manufacturer. The manufacturer of a rechargeable battery shall also provide clear instructions for properly recharging the battery.

Sec. 27. [325E.39] [SALE OF PETROLEUM-BASED SWEEPING COMPOUND PRODUCTS PROHIBITED.]

Subdivision 1. [PROHIBITION.] A person may not offer for sale or sell any sweeping compound product containing petroleum oil.

Subd. 2. [PENALTY.] A person who violates this section is guilty of a misdemeanor.

Sec. 28. Minnesota Statutes 1990, section 473.844, subdivision 4, is amended to read:

Subd. 4. [RESOURCE RECOVERY GRANTS AND LOANS.] The grant and loan program under this subdivision is administered by

the metropolitan council. Grants and loans may be made to any person for resource recovery projects. The grants and loans may include the cost of planning, acquisition of land and equipment, and capital improvements. Grants and loans for planning may not exceed 50 percent of the planning costs. Grants and loans for acquisition of land and equipment and for capital improvements may not exceed 50 percent of the cost of the project. Grants and loans may be made for public education on the need for the resource recovery projects. A grant or loan for land, equipment, or capital improvements may not be made until the metropolitan council has determined the total estimated capital cost of the project and ascertained that full financing of the project is assured. Grants and loans made to cities, counties, or solid waste management districts must be for projects that are in conformance with approved master plans. A grant or loan to a city or town must be reviewed and approved by the county for conformance with the county master plan. The council shall require, where practical, cooperative purchase between cities, counties, and districts of capital equipment.

Sec. 29. Minnesota Statutes 1991 Supplement, section 473.849, is amended to read:

473.849 [PROHIBITION; SOLID WASTE DISPOSAL.]

No person may place ~~processed or unprocessed mixed municipal, or transport for placement~~, solid waste that is generated in the metropolitan area in a portion of a disposal facility that does not comply with the minimum requirements for design, construction, and operation of a new ~~mixed municipal solid waste disposal facility under Minnesota Rules in effect on January 1, 1991 for the type of solid waste being disposed~~. Each metropolitan county shall, and each county in which is located a disposal facility may, enforce this prohibition and may impose penalties and recover attorney fees and court costs to the same extent as for enforcement of a designation ordinance under section 115A.86, subdivision 6. The commissioner of the pollution control agency may enforce this section under section 115.071 or 116.072.

Sec. 30. Laws 1991, chapter 337, section 90, is amended to read:

Sec. 90. [REPEALER.]

(a) Minnesota Statutes 1990, sections 16B.125; 115A.953; 325E.045; and 473.844, subdivision 3, are repealed. Laws 1989, chapter 325, section ~~71~~ 72, subdivision 2, is repealed.

(b) Minnesota Statutes 1990, sections 473.149, subdivision 2b; 473.803, subdivision 1a; 473.806; 473.831; 473.833; and 473.840, are repealed.

Sec. 31. [AUTOMOBILE WASTE; STUDY AND RECOMMENDATIONS.]

The legislative commission on waste management, in consultation with the commissioner of the pollution control agency, the director of the office of waste management, and other interested persons, shall study the existing system for managing automobile-related wastes other than air emissions and, if necessary, recommend appropriate legislation for consideration during the 1993 legislative session to ensure that materials from automobiles that cause damage if released into the environment are properly removed and managed during maintenance and prior to recycling or disposal of the automobiles and to ensure that waste automobile hulks are properly recycled or disposed.

Sec. 32. [CONSTRUCTION DEBRIS; STUDY AND RECOMMENDATIONS.]

The commissioner of the pollution control agency shall gather information about construction debris, including its composition, possibilities for source reduction, recyclability and recycling rates, processibility and processing rates, and existing disposal system. The commissioner shall summarize the information and present the summary to the legislative commission on waste management by August 15, 1993, including, if the commissioner determines that legislation is necessary to adequately regulate generation and management of construction debris, recommendations for appropriate legislation.

Sec. 33. [USED MOTOR OIL; STUDY AND RECOMMENDATIONS.]

The commissioner of the pollution control agency, in consultation with the director of the office of waste management, shall identify locations for the retail sale of motor oil and locations for the deposit and collection of used motor oil across the state to determine the extent of compliance with Minnesota Statutes, section 325E.11, and to determine whether used oil is being properly managed. By August 15, 1993, the commissioner shall report to the legislative commission on waste management on compliance with the law, the general management system for used motor oil, and any appropriate recommendations for legislation to ensure that used motor oil is properly managed and that persons who generate used motor oil have reasonably convenient opportunities for discarding the used oil.

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.

Sec. 35. [INSTRUCTION TO REVISOR.]

The revisor of statutes is directed to change the words "November 15" to the words "July 1" in Minnesota Statutes, sections 115A.551, subdivision 4, and 115A.557, subdivision 4, in Minnesota Statutes 1992 and subsequent editions of the statutes.

Sec. 36. [EFFECTIVE DATES.]

Section 3 is effective August 1, 1993.

Sections 12, 13, 20, 22, subdivision 1, and 24, subdivision 3, are effective January 1, 1993.

Section 14 is effective for products and packaging manufactured on or after January 1, 1993.

Sections 21 and 22, subdivision 2, are effective January 1, 1994.

Section 24, subdivisions 2 and 4, are effective August 1, 1993.

Section 27 is effective January 1, 1993.

Section 30 is effective August 1, 1991."

Delete the title and insert:

"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; authorizing the director of the office of waste management to establish guidelines for reporting; 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; prohibiting the use of petroleum-based sweeping compound products; requiring labeling of rechargeable batteries; requiring studies on automobile waste, degradable packing material, 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.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; and 473.849; Laws 1991, chapter 337, section 90; proposing coding for new law in Minnesota Statutes, chapters 16B; 115A; and 325E."

The motion prevailed and the amendment was adopted.

Wagenius moved to amend S. F. No. 2199, as amended, as follows:

Page 11, line 28, delete everything after "that"

Page 11, line 29, delete "material and"

Page 11, line 32, delete "significant" and insert "unreasonable"

Page 11, delete lines 34 to 36

Page 12, delete lines 1 to 4

Page 12, line 11, delete everything after "(3)" and insert "submit a report to the office of waste management by August 1 of each year that specifies the percentage of distributed directories collected as waste directories by distribution area and the locations where the waste directories were delivered for recycling and that verifies that the directories have been recycled"

Page 12, line 12, delete everything before the semicolon

Page 15, line 13, delete "used in the battery"

Page 15, line 14, delete "and address"

Page 17, line 14, after "DEBRIS" insert "AND NONHAZARDOUS INDUSTRIAL WASTE"

Page 17, line 16, after "debris" insert "and nonhazardous industrial waste"

Page 17, line 24, after "debris" insert "or nonhazardous industrial waste"

The motion prevailed and the amendment was adopted.

The Speaker called Krueger to the Chair.

Winter moved to amend S. F. No. 2199, as amended, as follows:

Page 3, line 19, after "starches" insert "or other renewable resources"

Page 3, line 21, delete "other" and insert "nonrenewable"

The motion prevailed and the amendment was adopted.

Winter moved to amend S. F. No. 2199, as amended, as follows:

Page 15, line 20, delete "containing" and insert "that the person knows contains"

Page 15, delete lines 22 to 23 and insert:

"Subd. 2. [LABELING.] The manufacturer of sweeping compound that is to be sold in this state shall label the packaging for the compound to clearly indicate the type of oil contained in the compound.

Subd. 3. [ENFORCEMENT.] In addition to the enforcement mechanisms available for this chapter, the commissioner of the pollution control agency may enforce this section under section 116.072."

The motion prevailed and the amendment was adopted.

Rukavina moved to amend S. F. No. 2199, as amended, as follows:

Page 6, after line 23, insert:

"Sec. 13. Minnesota Statutes 1991 Supplement, section 115A.551, subdivision 2a, is amended to read:

Subd. 2a. [SUPPLEMENTARY RECYCLING GOALS.] By July December 31, 1996, each county will have as a goal to recycle the following amounts:

(1) for a county outside of the metropolitan area, 30 percent by weight of total solid waste generation;

(2) for a metropolitan county, 45 percent by weight of total solid waste generation.

Each county will develop and implement or require political subdivisions within the county to develop and implement programs, practices, or methods designed to meet its recycling goal. Nothing in this section or in any other law may be construed to prohibit a county from establishing a higher recycling goal. For the purposes of this subdivision "recycle" and "total solid waste generation" ~~has~~ have the meaning meanings given it them in subdivision 1, except that ~~it does not include~~ neither includes yard waste.

Sec. 14. Minnesota Statutes 1991 Supplement, section 115A.551, subdivision 4, is amended to read:

Subd. 4. [INTERIM MONITORING.] The office, for counties outside of the metropolitan area, and the metropolitan council, for counties within the metropolitan area, shall monitor the progress of each county toward meeting the recycling ~~goal goals~~ in ~~subdivision subdivisions~~ 2 and 2a and shall report to the legislative commission on waste management on the progress of the counties by November 15 of each year. If the office or the council finds that a county is not progressing toward the ~~goal goals~~ in ~~subdivision subdivisions~~ 2 and 2a, it shall negotiate with the county to develop and implement solid waste management techniques designed to assist the county in meeting the ~~goal goals~~, such as organized collection, curbside collection of source-separated materials, and volume-based pricing.

In even-numbered years the progress report may be included in the solid waste management policy report required under section 115A.411.

Sec. 15. Minnesota Statutes 1990, section 115A.551, subdivision 5, is amended to read:

Subd. 5. [FAILURE TO MEET GOAL.] (a) A county failing to meet the interim goals in subdivision 3 shall, as a minimum:

(1) notify county residents of the failure to achieve the goal and why the goal was not achieved; and

(2) provide county residents with information on recycling programs offered by the county.

(b) If, based on the recycling monitoring described in subdivision 4, the office or the metropolitan council finds that a county will be unable to meet the recycling ~~goal goals~~ established in ~~subdivision subdivisions~~ 2 and 2a, the office or council shall, after consideration of the reasons for the county's inability to meet the ~~goal goals~~, recommend legislation for consideration by the legislative commis-

sion on waste management to establish mandatory recycling standards and to authorize the office or council to mandate appropriate solid waste management techniques designed to meet the standards in those counties that are unable to meet the goal goals."

Renumber the remaining sections in sequence

Correct internal cross references

The motion prevailed and the amendment was adopted.

Anderson, R.; Simoneau and Kalis were excused while in conference.

Peterson moved to amend S. F. No. 2199, as amended, as follows:

Page 1, before line 34, insert:

"ARTICLE 1"

Page 18, after line 31, insert:

"ARTICLE 2

Section 1. Minnesota Statutes 1991 Supplement, section 115E.04, subdivision 2, is amended to read:

Subd. 2. [TIMING.] (a) A person required to be prepared under section 115E.03, other than a person who owns or operates a motor vehicle, rolling stock, or a facility that stores less than 250,000 gallons of oil or a hazardous substance, shall complete the response plan required by this section by March 1, 1993, unless one of the commissioners orders the person to demonstrate preparedness at an earlier date under section 115E.05. Plans must be updated every three years. Plans must be updated before three years following a significant discharge, upon significant change in vessel or facility operation or ownership, upon significant change in the national or area contingency plans under the Oil Pollution Act of 1990, or upon change in the capabilities or role of a person named in a plan who has an important response role.

(b) A person who owns or operates a motor vehicle, rolling stock, or a facility that stores less than 250,000 gallons of oil or a hazardous substance shall complete the response plan required by this section by January 1, 1994.

Sec. 2. [221.0335] [HAZARDOUS MATERIALS TRANSPORTATION REGISTRATION; FEES.]

A person required to file a registration statement under section 106(c) of the federal Hazardous Materials Transportation Safety Act of 1990 may not transport a hazardous material unless the person files an annual hazardous materials registration statement with the commissioner and pays a fee. The commissioner shall adopt rules to implement this section, including administration of the registration program and establishing registration fees. A fee may not exceed a person's annual registration fee under the federal act. Fees must be set in accordance with section 16A.128, subdivision 1a, to cover the costs of administering and enforcing this section and the costs of hazardous materials incident response capability under sections 3 to 8. All fees collected under this section must be deposited in the general fund.

Sec. 3. [299A.47] [CITATION.]

Sections 3 to 8 may be cited as the "Minnesota hazardous materials incident response act."

Sec. 4. [299A.48] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of sections 3 to 8, the following terms have the meanings given them.

Subd. 2. [CHEMICAL ASSESSMENT TEAM.] "Chemical assessment team" means a team trained and equipped to evaluate a hazardous materials incident and recommend the best means of controlling the hazard after consideration of life safety concerns, environmental effects, exposure hazards, quantity and type of hazardous material, availability of local resources, or other relevant factors.

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

Subd. 4. [HAZARDOUS MATERIALS.] "Hazardous materials" means substances or materials that, because of their chemical, physical, or biological nature, pose a potential risk to life, health, or property if they are released. "Hazardous materials" includes any substance or material in a particular form or quantity that may pose an unreasonable risk to health, safety, and property, or any substance or material in a quantity or form that may be harmful to humans, animals, crops, water systems, or other elements of the environment if accidentally released. Hazardous substances so designated may include explosives, radioactive materials, etiologic agents, flammable liquids or solids, combustible liquids or solids, poisons, oxidizing or corrosive materials, and flammable gases.

Subd. 5. [LOCAL UNIT OF GOVERNMENT.] "Local unit of government" means a county, home rule charter or statutory city, or town.

Subd. 6. [PERSON.] "Person" means any individual, partnership, association, public or private corporation or other entity including the United States government, any interstate body, the state, and any agency, department, or political subdivision of the state.

Subd. 7. [REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM.] "Regional hazardous materials response team" means a team trained and equipped to respond to and mitigate a hazardous materials release. A regional hazardous materials response team may include strategically located chemical assessment teams.

Sec. 5. [299A.49] [RESPONSE PLAN.]

Subdivision 1. [ELEMENTS OF PLAN; RULES.] (a) After consultation with the commissioners of natural resources, agriculture, transportation, and the pollution control agency, the state fire marshal, the emergency response commission, appropriate technical emergency response representatives, and representatives of affected parties, the commissioner shall adopt rules to implement a state-wide hazardous materials incident response plan. The plan must include:

(1) the locations of up to five regional hazardous materials response teams, based on the location of hazardous materials, response time, proximity to large population centers, and other factors;

(2) the number and qualifications of members on each team;

(3) the responsibilities of regional hazardous materials response teams;

(4) equipment needed for regional hazardous materials response teams;

(5) procedures for selecting and contracting with local governments or nonpublic persons to establish regional hazardous materials response teams;

(6) procedures for dispatching teams at the request of local governments;

(7) a fee schedule for reimbursing local governments or nonpublic persons responding to an incident; and

(8) coordination with other state departments and agencies, local units of government, other states, Indian tribes, the federal government, and other nonpublic persons.

Subd. 2. [CONTRACTS AND AGREEMENTS.] The commissioner may cooperate with and enter into contracts with other state departments and agencies, local units of government, other states, Indian tribes, the federal government, or nonpublic persons to implement the response plan.

Sec. 6. [299A.50] [LIABILITY AND WORKERS' COMPENSATION.]

Subdivision 1. [LIABILITY.] During operations authorized under section 5, members of a regional hazardous materials response team operating outside their geographic jurisdiction are "employees of the state" as defined in section 3.736.

Subd. 2. [WORKERS' COMPENSATION.] During operations authorized under section 5, members of a regional hazardous materials response team operating outside their geographic jurisdiction are considered state employees for purposes of chapter 176.

Subd. 3. [GOOD SAMARITAN.] A person who provides personnel and equipment to assist at the scene of a hazardous materials response incident outside the person's geographic jurisdiction or property, at the request of the state or a local unit of government, is not liable for any civil damages resulting from acts or omissions in providing the assistance, unless the person acts in a willful and wanton or reckless manner in providing the assistance.

Sec. 7. [299A.51] [RESPONSIBLE PERSON.]

Subdivision 1. [RESPONSE LIABILITY.] A responsible person, as described in section 115B.03, is liable for the reasonable and necessary costs, including legal and administrative costs, of response to a hazardous materials incident incurred by a regional hazardous materials response team or local unit of government. For the purposes of this section, "hazardous substance" as used in section 115B.03 means "hazardous material" as defined in section 4.

Subd. 2. [EXPENSE RECOVERY.] The commissioner shall assess the responsible person for the regional hazardous materials response team costs of response. The commissioner may bring an action for recovery of unpaid costs, reasonable attorney fees, and any additional court costs.

Subd. 3. [ATTEMPTED AVOIDANCE OF LIABILITY.] For purposes of sections 3 to 8, a responsible person may not avoid liability

by conveying any right, title, or interest in real property or by any indemnification, hold harmless agreement, or similar agreement.

Sec. 8. [299K.095] [HAZARDOUS MATERIALS INCIDENT RESPONSE FEES.]

(a) Persons, except individuals engaged in a farming operation, required under section 11002 of the federal act to notify the commission of the storage of an extremely hazardous substance shall pay an annual fee of \$75 for each facility.

(b) Persons required under section 11023 of the federal act to submit a toxic chemical release form to the commission shall pay an annual fee of \$200 for zero releases and transfers annually, \$400 for more than zero releases and transfers but not exceeding 25,000 pounds annually, and \$800 for releases and transfers exceeding 25,000 pounds annually. This fee is in addition to fees collected under section 115D.12.

(c) All fees collected under this section must be deposited in the general fund.

Sec. 9. [APPROPRIATION.]

\$115,000 is appropriated from the general fund to the commissioner of transportation for the purposes of section 2. The approved complement of the department of transportation is increased by two positions.

\$1,128,000 is appropriated from the general fund to the commissioner of public safety for the purposes of sections 3 to 8. The approved complement of the department of public safety is increased by three positions."

Amend the title accordingly

The question was taken on the Peterson amendment and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bishop	Davids	Goodno	Henry
Anderson, I.	Blatz	Dawkins	Greenfield	Hufnagle
Anderson, R.	Bodahl	Dempsey	Gruenes	Hugoson
Anderson, R. H.	Boo	Dille	Gutknecht	Jacobs
Battaglia	Brown	Dorn	Hanson	Janezich
Bauerly	Carlson	Farrell	Hartle	Jaros
Beard	Carruthers	Frederick	Hasskamp	Jefferson
Begich	Clark	Frerichs	Haukoos	Jennings
Bertram	Cooper	Garcia	Hausman	Johnson, A.
Bettermann	Dauner	Girard	Heir	Johnson, R.

Johnson, V.	Marsh	Onnen	Schafer	Uphus
Kahn	McEachern	Orenstein	Schreiber	Valento
Kelso	McGuire	Orfield	Seaberg	Vanasek
Kinkel	McPherson	Osthoff	Segal	Vellenga
Knickerbocker	Milbert	Ostrom	Simoneau	Wagenius
Koppendrayner	Morrison	Ozment	Skoglund	Waltman
Krambeer	Munger	Pauly	Smith	Weaver
Krinkie	Murphy	Pellow	Solberg	Wejcman
Krueger	Nelson, K.	Pelowski	Sparby	Welker
Lasley	Nelson, S.	Peterson	Stanis	Welle
Leppik	Newinski	Reding	Steensma	Wenzel
Lieder	O'Connor	Rest	Sviggum	Winter
Limmer	Ogren	Rice	Swenson	Spk. Long
Lourey	Olsen, S.	Rodosovich	Thompson	
Lynch	Olson, E.	Rukavina	Tompkins	
Macklin	Olson, K.	Runbeck	Trimble	
Mariani	Omann	Sarna	Tunheim	

The motion prevailed and the amendment was adopted.

Rukavina moved to amend S. F. No. 2199, as amended, as follows:

Page 15, after line 2, insert:

"Sec. 26. Minnesota Statutes 1991 Supplement, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. [FINANCIAL RESPONSIBILITY RULES.] (a) The agency shall adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator's or owner's financial capability to provide reasonable and necessary response during the operating life of the facility and for 20 years after closure, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules or by July 1, 1987, whichever is later, proof of financial responsibility is required of an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules and the requirements of paragraph (b) is a condition of obtaining or retaining a permit to operate the facility.

(b) ~~The agency shall amend the rules adopted under paragraph (a) to allow~~ A municipality, as defined in section 475.51, subdivision 2, including a sanitary district, that owns or operates a solid waste disposal facility that was in operation on May 15, 1989, ~~to may~~ meet its financial responsibility for all or a portion of the contingency action portion of the reasonable and necessary response costs at the facility through its authority to issue bonds, provided that the method developed in the rules will ensure that when funds are needed for a contingency action, sufficient bonds can and will be

issued by the municipality by pledging its full faith and credit to meet its responsibility.

The rules must include at least The pledge must be made in accordance with the requirements in chapter 475 for issuing bonds of the municipality, and the following additional requirements:

(1) ~~a requirement that~~ The governing body of the municipality shall enact an ordinance that clearly accepts responsibility for the costs of contingency action at the facility and that reserves, during the operating life of the facility and for 20 years after closure, a portion of the debt limit of the municipality, as established under section 475.53 or other law, that is equal to the total contingency action costs ~~calculated under the rules.~~

(2) ~~a requirement that~~ The municipality ~~assure~~ shall require that all collectors that haul to the facility implement a plan for reducing solid waste by using volume-based pricing, recycling incentives, or other means;

(3) ~~a requirement that~~ When a municipality opts under the rules to meet a portion of its financial responsibility by relying on its authority to issue bonds, it shall also begin setting aside funds in a dedicated long-term care trust fund money that will cover a portion of the potential contingency action costs at the facility, the amount to be determined by the agency for each facility based on at least the amount of waste deposited in the disposal facility each year, and the likelihood and potential timing of conditions arising at the facility that will necessitate response action; ~~and. The agency may not require a municipality to set aside more than five percent of the total cost in a single year.~~

(4) ~~a requirement that~~ A municipality shall have and consistently maintain an investment grade bond rating as a condition of using bonding authority to meet financial responsibility under this section.

(5) The municipality shall file with the commissioner of revenue its consent to have the amount of its contingency action costs deducted from state aid payments otherwise due the municipality and paid instead to the environmental response, compensation, and compliance account created in section 115B.20, if the municipality fails to conduct the contingency action at the facility when ordered by the agency. If the agency notifies the commissioner that the municipality has failed to conduct contingency action when ordered by the agency, the commissioner shall deduct the amounts indicated by the agency from the state aids in accordance with the consent filed with the commissioner.

(6) The municipality shall file with the agency written proof that it has complied with the requirements of paragraph (b).

(c) ~~Counties shall comply with existing financial responsibility rules until those rules are amended under paragraph (b), and, after that time, counties shall comply with the amended rules.~~ The method for proving financial responsibility developed under paragraph (b) may not be applied to a new solid waste disposal facility or to expansion of an existing facility, unless the expansion is a vertical expansion. Vertical expansions of qualifying existing facilities cannot be permitted for a duration of longer than three years."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Ozment moved to amend S. F. No. 2199, as amended, as follows:

Page 15, after line 2, insert:

"Sec. 26. Minnesota Statutes 1990, section 116.12, subdivision 2, is amended to read:

Subd. 2. [HAZARDOUS WASTE GENERATOR FEE.] (a) Each generator of hazardous waste shall pay a fee on the hazardous waste generated by that generator. The agency shall compute the amount of the fee due based on the hazardous waste disclosures submitted by the generators and other information available to the agency. The agency shall annually prepare a statement of the amount of the fee due from each generator. The fee shall be paid annually commencing with the first day of the calendar quarter after the date of the statement.

(b) The agency may exempt generators of small quantities of hazardous wastes otherwise subject to the fee if it finds that the cost of administering a fee on those generators is excessive relative to the proceeds of the fee. The fee shall consist of a minimum fee for each generator not exempted by the agency and an additional fee based on the quantity of wastes generated by the generator.

(c) If any metropolitan counties recover the costs of administering county hazardous waste regulations by charging fees, the fees charged by the agency outside of those counties shall not exceed the fees charged by those counties. The agency shall not charge a fee in any metropolitan county which charges such a fee. The agency shall impose a fee calculated as a surcharge on the fees charged by the metropolitan counties and by the agency to reflect the agency's

expenses in carrying out its statewide hazardous waste regulatory responsibilities. The surcharge imposed on the fees charged by the metropolitan counties shall be collected by the metropolitan counties in the manner in which the counties collect their generator fees. Metropolitan counties shall remit the proceeds of the surcharge to the agency by the last day of the month following the month in which they were collected.

(d) The agency may not impose a fee on hazardous material that otherwise may be hazardous waste but that is reused at the facility where the material is generated in a manner that the facility owner or operator can demonstrate does not increase the toxicity of, or the level of hazardous substances or pollutants or contaminants in, products that leave the facility."

Page 15, after line 23, insert:

"Sec. 29. Minnesota Statutes 1990, section 400.161, is amended to read:

400.161 [HAZARDOUS WASTE REGULATIONS.]

(a) The county may by ordinance establish and revise rules, regulations, and standards relating to ~~(a)~~ (1) identification of hazardous waste, ~~(b)~~ (2) the labeling and classification of hazardous waste, ~~(c)~~ (3) the collection, transportation, processing, disposal, and storage of hazardous waste, ~~(d)~~ and (4) other matters as may be determined necessary for the public health, welfare and safety. The county may issue permits or licenses for hazardous waste generation and may require the generators be registered with a county office. The ordinance may require appropriate procedures for the payment by the generator of any costs incurred by the county in completing such procedures. If the generator fails to complete such procedures, the county may recover the costs of completion in a civil action in any court of competent jurisdiction or, in the discretion of the board, the costs may be certified to the county auditor as a special tax against the land as other taxes are collected. The ordinance may be enforced by injunction, action to compel performance, or other action in district court. County hazardous waste ordinances shall embody and be consistent with agency hazardous waste rules. Counties shall submit adopted ordinances to the agency for review. In the event that agency rules are modified, each county shall modify its ordinances accordingly and shall submit the modification to the agency for review within 120 days. Issuing, denying, modifying, imposing conditions upon, or revoking permits or licenses and county hazardous waste regulations and ordinances shall be subject to review, denial, suspension, modification, and reversal by the pollution control agency. The pollution control agency shall after written notification have 15 days in the case of hazardous waste permits and licenses and 30 days in the case of hazardous waste ordinances to review, deny, suspend, modify, or reverse the action of the county.

After this period, the action of the county board shall be final subject to appeal to the district court as provided in section 115.05.

(b) A county may not impose a fee on hazardous material that otherwise may be hazardous waste but that is reused at the facility where the material is generated in a manner that the facility owner or operator can demonstrate does not increase the toxicity of, or the level of hazardous substances or pollutants or contaminants in, products that leave the facility.

Sec. 30. Minnesota Statutes 1990, section 473.811, subdivision 5b, is amended to read:

Subd. 5b. [ORDINANCES; HAZARDOUS WASTE MANAGEMENT.] (a) Each metropolitan county shall by ordinance establish and revise rules, regulations, and standards relating to (a) (1) the identification of hazardous waste, (b) (2) the labeling and classification of hazardous waste, (c) (3) the collection, storage, transportation, processing, and disposal of hazardous waste, and (d) (4) other matters necessary for the public health, welfare and safety. The county shall require permits or licenses for the generation, collection, processing, and disposal of hazardous waste and shall require registration with a county office. County hazardous waste ordinances shall embody and be consistent with agency hazardous waste rules. Counties shall submit adopted ordinances to the agency for review. In the event that agency rules are modified, each county shall modify its ordinances accordingly and shall submit the modification to the agency for review within 120 days. Issuing, denying, suspending, modifying, imposing conditions upon, or revoking hazardous waste permits or licenses, and county hazardous waste regulations and ordinances, shall be subject to review, denial, suspension, modification, and reversal by the agency. The agency shall after written notification have 15 days in the case of hazardous waste permits and licenses and 30 days in the case of hazardous waste ordinances to review, suspend, modify, or reverse the action of the county. After this period, the action of the county board shall be final subject to appeal to the district court in the manner provided in chapter 14.

(b) A metropolitan county may not impose a fee on hazardous material that otherwise may be hazardous waste but that is reused at the facility where the material is generated in a manner that the facility owner or operator can demonstrate does not increase the toxicity of, or the level of hazardous substances or pollutants or contaminants in, products that leave the facility."

Renumber the sections in sequence

Correct internal references

The motion prevailed and the amendment was adopted.

Welker moved to amend S. F. No. 2199, as amended, as follows:

Page 17, delete section 33

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

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

Solberg moved to amend S. F. No. 2199, as amended, as follows:

Page 7, delete section 14, and insert:

“Sec. 14. [115A.56] [RECYCLED CONTENT; LABELS.]

A person may not label or otherwise indicate on a product or package for sale or distribution that the product or package contains recycled material unless the label or other indication states the minimum percentage of postconsumer material in the product or package:

(1) by weight for a finished nonpaper product or package; and

(2) by fiber content for a finished paper product or package.

For the purposes of this section “product” includes advertising materials and campaign material as defined in section 211B.01, subdivision 2.”

The motion prevailed and the amendment was adopted.

Frerichs moved to amend S. F. No. 2199, as amended, as follows:

Page 3, line 18, delete “shall” and insert “may”

The motion prevailed and the amendment was adopted.

Frerichs moved to amend S. F. No. 2199, as amended, as follows:

Page 15, line 5, delete "(a)"

Page 15, delete lines 10 to 16

A roll call was requested and properly seconded.

The question was taken on the Frerichs amendment and the roll was called. There were 13 yeas and 114 nays as follows:

Those who voted in the affirmative were:

Davids	Girard	Heir	Sviggum	Welker
Frederick	Hartle	Hugoson	Tompkins	
Frerichs	Haukoos	Krinkie	Uphus	

Those who voted in the negative were:

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

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

Speaker pro tempore Krueger called Rodosovich to the Chair.

Frerichs moved to amend S. F. No. 2199, as amended, as follows:

Page 17, delete section 31

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Frerichs amendment and the roll was called. There were 34 yeas and 94 nays as follows:

Those who voted in the affirmative were:

Anderson, R. H.	Frerichs	Hugoson	Onnen	Sviggum
Bettermann	Girard	Johnson, V.	Pauly	Tompkins
Bishop	Goodno	Koppendrayner	Pellow	Uphus
Davids	Gruenes	Krinkie	Schafer	Valento
Dempsey	Gutknecht	Limmer	Schreiber	Waltman
Erhardt	Haukoos	Marsh	Smith	Welker
Frederick	Heir	McPherson	Stanius	

Those who voted in the negative were:

Abrams	Garcia	Krambeer	Ogren	Seaberg
Anderson, I.	Greenfield	Krueger	Olsen, S.	Segal
Battaglia	Hanson	Lasley	Olson, E.	Skoglund
Bauerly	Hartle	Leppik	Olson, K.	Solberg
Beard	Hasskamp	Lieder	Omann	Sparby
Begich	Hausman	Lourey	Orenstein	Steensma
Bertram	Henry	Lynch	Orfield	Swenson
Blatz	Hufnagle	Macklin	Osthoff	Thompson
Bodahl	Jacobs	Mariani	Ostrom	Trimble
Boo	Janezich	McEachern	Ozment	Tunheim
Brown	Jaros	McGuire	Pelowski	Vellenga
Carlson	Jefferson	Milbert	Peterson	Wagenius
Carruthers	Jennings	Morrison	Reding	Weaver
Clark	Johnson, A.	Munger	Rest	Wejckman
Cooper	Johnson, R.	Murphy	Rice	Welle
Dauner	Kahn	Nelson, K.	Rodosovich	Wenzel
Dawkins	Kelso	Nelson, S.	Rukavina	Winter
Dorn	Kinkel	Newinski	Runbeck	Spk. Long
Farrell	Knickerbocker	O'Connor	Sarna	

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

Trimble, Munger and Winter moved to amend S. F. No. 2199, as amended, as follows:

Page 6, after line 23, insert:

"Sec. 13. [115A.5505] [REFILLABLE CONTAINERS.] The definitions in this subdivision apply to this section.

(a) "Beverage" means a soft drink, soda water, carbonated natural or mineral water, or other nonalcoholic carbonated drink; beer, ale, or other malt drink or a mixed wine or mixed spirit drink.

(b) "Beverage container" means an individual hermetically sealed

bottle, can, jar, milk bottle, or carton composed of at least 50 percent glass, metal, or plastic by weight and used to contain beverages in liquid form intended for human consumption and which, when sold, contains one gallon or less of a beverage.

(c) "Beverage distributor" means a person who sells filled beverage containers to retailers in this state.

(d) "Mixed wine drink" means a drink containing eight percent or less alcohol by volume, consisting of (1) wine mixed with nonalcoholic beverages or flavoring or coloring materials, and which may also contain water, fruit juices, fruit adjuncts, sugar, carbon dioxide, or preservatives; or (2) other similar product marketed as a wine cooler.

(e) "Mixed spirit drink" means (1) a drink containing ten percent or less alcohol by volume consisting of distilled spirits mixed with nonalcoholic beverages or flavoring or coloring materials and which may also contain water, fruit juices, fruit adjuncts, sugar, carbon dioxide, or preservatives; or (2) any spirits-based beverage, regardless of the percent of alcohol by volume, that is manufactured for sale in a nonrefillable container.

Subd. 2. [REQUIREMENTS.] (a) A beverage distributor shall distribute beverages to retailers for sale to consumers in refillable beverage containers as follows:

(1) 5 percent of the beverage containers distributed by the distributor by January 1, 1994;

(2) 7-1/2 percent of the beverages containers distributed by the distributor by January, 1996;

(3) 10 percent of the beverage containers distributed by the distributor by January 1, 1998; and

(4) 15 percent of the beverage containers distributed by the distributor by January 1, 2000, and thereafter.

(b) A retailer that sells beverages shall make shelf space available for refillable beverage containers at the same percentage of total shelf space for beverages as listed in paragraph (a) for distributors to distribute."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Trimble et al amendment and the roll was called. There were 31 yeas and 93 nays as follows:

Those who voted in the affirmative were:

Beard	Janezich	Munger	Osthoff	Wagenius
Clark	Jaros	Nelson, K.	Ostrom	Welle
Dawkins	Jefferson	O'Connor	Rukavina	Winter
Farrell	Kahn	Ogren	Skoglund	
Greenfield	Lourey	Olson, K.	Tompkins	
Hasskamp	Mariani	Orenstein	Trimble	
Hausman	McGuire	Orfield	Vellenga	

Those who voted in the negative were:

Abrams	Dille	Johnson, R.	Nelson, S.	Smith
Anderson, I.	Dorn	Johnson, V.	Newinski	Solberg
Anderson, R. H.	Erhardt	Kelso	Olsen, S.	Sparby
Battaglia	Frederick	Kinkel	Olson, E.	Stanis
Bauerly	Frerichs	Knickerbocker	Omann	Steensma
Begich	Garcia	Koppendrayer	Onnen	Sviggum
Bertram	Girard	Krambeer	Ozment	Swenson
Bettermann	Goodno	Krinkie	Pellow	Thompson
Bishop	Gruenes	Krueger	Pelowski	Tunheim
Blatz	Gutknecht	Leppik	Peterson	Uphus
Bodahl	Hanson	Lieder	Reding	Valento
Boo	Hartle	Limmer	Rest	Waltman
Brown	Haukoos	Lynch	Rice	Weaver
Carlson	Heir	Macklin	Rodosovich	Wejcman
Carruthers	Henry	Marsh	Runbeck	Welker
Cooper	Hufnagle	McEachern	Schafer	Wenzel
Dauner	Hugoson	McPherson	Schreiber	Spk. Long
Davids	Jennings	Morrison	Seaberg	
Dempsey	Johnson, A.	Murphy	Segal	

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

Sparby moved to amend S. F. No. 2199, as amended, as follows:

Page 15, after line 2, insert:

"Sec. 26. Minnesota Statutes 1991 Supplement, section 116.90, is amended to read:

116.90 [REFUSE DERIVED FUEL.]

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

(b) "Agency" means the pollution control agency.

(c) "Minor modification" means a physical or operational change

that does not increase the rated energy production capacity of a solid fuel fired boiler and which does not involve capital costs in excess of 20 percent of a new solid fuel fired boiler having the same rated capacity.

(e) (d) "Refuse derived fuel" means a product resulting from the processing of mixed municipal solid waste in a manner that reduces the quantity of noncombustible material present in the waste, reduces the size of waste components through shredding or other mechanical means, and produces a fuel suitable for combustion in existing or new solid fuel fired boilers.

(d) (e) "Solid fuel fired boiler" means a device that is designed to combust solid fuel, including but not limited to: wood, coal, biomass, or lignite to produce steam or heat water.

Subd. 2. [USE OF REFUSE DERIVED FUEL.] (a) Existing or new solid fuel fired boilers may utilize refuse derived fuel in an amount up to 30 percent by weight of the fuel feed stream under the following conditions:

(1) utilization of refuse derived fuel involves no modification or only minor modification to the solid fuel fired boiler;

(2) utilization of refuse derived fuel does not cause a violation of emissions limitations or ambient air quality standards applicable to the solid fuel fired boiler;

(3) the solid fuel fired boiler has a valid permit to operate; and

(4) the refuse derived fuel is manufactured and sold in compliance with permits issued by the agency and:

(i) is produced by a facility for which a permit was issued by the agency before June 1, 1991; or

(ii) is produced by an agency-permitted facility designed as part of a regional waste management system at which facility the waste is mechanically and hand sorted to avoid inclusion of items containing mercury and other heavy metals in the waste that is processed into refuse derived fuel, and the refuse derived fuel producer has contracted with an end user to combust the fuel; and

(5) the owner or operator of the solid fuel fired boiler gives prior written notice to the commissioner of the agency of the amount of refuse derived fuel expected to be used and the date on which the use is expected to begin.

(b) A facility that produces refuse derived fuel that is sold for use in a solid fuel fired boiler may accept waste for processing only from

counties that provide for the removal of household hazardous waste from the waste.

(c) The agency may not require, as a condition of using refuse derived fuel under this section, any additional monitoring or testing of a solid fired boiler's air emissions beyond the monitoring or testing required by state or federal law or by the terms of the solid fuel fired boiler's permit issued by the agency."

The motion prevailed and the amendment was adopted.

Frerichs; Valento; Jennings; Olson, E.; Haukoos; Anderson, R. H.; Welker; Pellow; Winter; Sviggum and Krinkie moved to amend S. F. No. 2199, as amended, as follows:

Page 4, after line 36, insert:

"Sec. 8. Minnesota Statutes 1990, section 115A.03, subdivision 25b, is amended to read:

Subd. 25b. [RECYCLING.] "Recycling" means the process of collecting and preparing recyclable materials and reusing the materials in their original form or using them in manufacturing processes that do not cause the destruction of recyclable materials in a manner that precludes further use. Recycling includes composting; for the purposes of this subdivision "composting" means the process of reducing organic matter to reusable material."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Frerichs et al amendment and the roll was called. There were 37 yeas and 90 nays as follows:

Those who voted in the affirmative were:

Anderson, R. H.	Frerichs	Heir	Marsh	Pellow
Bettermann	Girard	Hufnagle	McPherson	Peterson
Bishop	Gruenes	Hugoson	Nelson, S.	Schafer
Dauids	Gutknecht	Jennings	Newinski	Seaberg
Dille	Hartle	Johnson, V.	Olson, E.	Sparby
Frederick	Haukoos	Krinkie	Olson, K.	Stanis

Sviggum
Swenson

Tompkins
Uphus

Valento
Waltman

Welker

Those who voted in the negative were:

Abrams	Dorn	Knickerbocker	Nelson, K.	Runbeck
Anderson, I.	Erhardt	Koppendrayner	O'Connor	Sarna
Battaglia	Farrell	Krambeer	Ogren	Schreiber
Bauerly	Garcia	Krueger	Olsen, S.	Segal
Beard	Goodno	Lasley	Omman	Skoglund
Begich	Greenfield	Leppik	Onnen	Smith
Bertram	Hanson	Lieder	Orenstein	Solberg
Blatz	Hausman	Limmer	Orfield	Steensma
Bodahl	Henry	Lourey	Osthoff	Thompson
Boo	Jacobs	Lynch	Ostrom	Trimble
Brown	Janezich	Macklin	Ozment	Tunheim
Carlson	Jaros	Mariani	Pauly	Vellenga
Carruthers	Jefferson	McEachern	Pelowski	Wagenius
Clark	Johnson, A.	McGuire	Reding	Weaver
Cooper	Johnson, R.	Milbert	Rest	Wejzman
Dauner	Kahn	Morrison	Rice	Welle
Dawkins	Kelso	Munger	Rodosovich	Wenzel
Dempsey	Kinkel	Murphy	Rukavina	Spk. Long

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

Farrell, Jennings, Frerichs and Winter moved to amend S. F. No. 2199, as amended, as follows:

Page 3, line 18, delete everything before “purchase” and insert “whenever technically feasible, a public entity shall”

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

S. F. No. 2199, A bill for an act relating to waste management; defining postconsumer material; emphasizing and clarifying waste reduction; moving from the office of waste management to the environmental quality board the responsibility for supplementary review of waste facility siting; setting requirements for use of labels on products and packages indicating recycled content; amending provisions related to designation of waste; expanding fee exemptions for waste residue from certain construction debris processing facilities; 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; changing provisions relating to financial responsibility requirements and low-level radioactive waste; requiring labeling of rechargeable batteries; prohibiting the imposition of fees on the generation of certain hazardous wastes that are reused or recycled; requiring studies on automobile waste, construction debris, and used motor oil; requiring an assessment of regional

waste management needs; and making various other amendments and additions related to solid waste management; authorizing rulemaking; providing penalties; amending Minnesota Statutes 1990, sections 16B.121; 115A.03, subdivision 36a, and by adding subdivisions; 115A.07, by adding a subdivision; 115A.32; 115A.557, subdivision 3; 115A.63, subdivision 3; 115A.81, subdivision 2; 115A.87; 115A.93, by adding a subdivision; 115A.981; 116.12, subdivision 2; 325E.12; 325E.125, subdivision 1; 400.08, subdivisions 4 and 5; 400.161; 473.811, subdivision 5b; 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, subdivisions 4 and 5; 115A.919, subdivision 3; 115A.93, subdivision 3; 115A.931; 116.07, subdivision 4h; 116.90; 116C.852; and 473.849; Laws 1990, chapter 600, section 7; Laws 1991, chapter 337, section 90; proposing coding for new law in Minnesota Statutes, chapters 16B; 115A; and 325E.

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 115 yeas and 15 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Davids	Girard	Hugoson	McPherson	Schafer
Dempsey	Haukoos	Johnson, V.	Nelson, S.	Sviggum
Frerichs	Heir	Krinkie	Olson, E.	Welker

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.

REPORTS FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Welle, for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

Be It Resolved, that the House of Representatives retain parts of parking lots B, C, D, Q, and W, and the State Office Building parking ramp during the period of time between adjournment sine die in 1992 and convening of the House of Representatives in 1993 which are necessary for use of members and employees of the House of Representatives.

The motion prevailed and the report was adopted.

Welle, for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

Be It Resolved, that during the period of time between adjournment sine die in 1992 and the convening of the House of Representatives in 1993, the House Chamber, House Retiring Room, House Hearing and Conference Rooms, House Offices, and the Chief Clerk's Offices shall be reserved for use by the House of Representatives as the Speaker of the House may authorize. The House Chamber and House Retiring Room may be available for the annual meeting of the YMCA Youth in Government program and Girls' State, provided these organizations confirm dates with the Speaker of the House at least 30 days in advance.

The motion prevailed and the report was adopted.

Welle, for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

Be It Resolved, that the Committee on Rules and Legislative Administration be and is hereby assigned all functions within its

usual jurisdiction during the interim following adjournment sine die in 1992.

Be It Further Resolved, that the Committee on Rules and Legislative Administration or a duly appointed subcommittee thereof shall contract for necessary printing of the House of Representatives for the 78th Regular Session and any special session held prior to the 79th Regular Session.

The motion prevailed and the report was adopted.

Welle, for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

Be It Resolved, that the Chief Clerk of the House of Representatives be authorized and is hereby directed to correct and approve the Journal of the House for the last day of the 77th Regular Session.

Be It Further Resolved, that the Chief Clerk of the House of Representatives be and is hereby authorized to include in the Journal of the House for the last day of the 77th Regular Session any subsequent proceedings and any appointments to legislative interim committees or commissions.

The motion prevailed and the report was adopted.

Welle, for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

Be It Resolved, that the Chief Clerk of the House of Representatives is directed to give a service recognition award to House members and House employees who have served at least one complete legislative session who do not return to the 1993 Session. This award shall recognize and thank them for their service to the State of Minnesota and may not be in the form of compensation or a monetary gift. The award shall be given to the appropriate family member if the legislator or staff member is deceased. It will be presented in January, 1993.

The motion prevailed and the report was adopted.

MOTIONS AND RESOLUTIONS

Haukoos moved that the following statement be printed in the Permanent Journal of the House:

"It was my intention to vote in the affirmative on Monday, April

13, 1992, on final passage of S. F. No. 2194, as amended." The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1681:

Skoglund, Winter and Knickerbocker.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2030:

Rice, Lieder and Brown.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2280:

Rukavina; Johnson, R., and Boo.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2848:

Reding, Knickerbocker and Kahn.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1691:

Pugh, Hasskamp and Bishop.

ADJOURNMENT

Welle moved that when the House adjourns today it adjourn until 12:00 noon, Thursday, April 16, 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, Thursday, April 16, 1992.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

