

STATE OF MINNESOTA

SEVENTY-EIGHTH SESSION — 1994

SEVENTY-SIXTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MARCH 23, 1994

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

Prayer was offered by the Reverend Peg Chamberlin, Director of Minnesota Food Share, Minneapolis, Minnesota.

The roll was called and the following members were present:

Abrams	Dawkins	Holsten	Krueger	Neary	Rest	Tunheim
Anderson, R.	Dehler	Hugoson	Lasley	Nelson	Rhodes	Van Dellen
Asch	Delmont	Huntley	Lieder	Ness	Rice	Van Engen
Battaglia	Dempsey	Jacobs	Limmer	Olson, K.	Rodosovich	Vellenga
Bauerly	Dorn	Jaros	Lindner	Olson, M.	Rukavina	Vickerman
Beard	Erhardt	Jefferson	Long	Ornen	Sarna	Wagenius
Bergson	Evans	Jennings	Luther	Opatz	Seagren	Waltman
Bertram	Farrell	Johnson, A.	Lynch	Orenstein	Sekhon	Weaver
Bettermann	Finseth	Johnson, R.	Macklin	Orfield	Simoneau	Wejzman
Bishop	Frerichs	Johnson, V.	Mahon	Osthoff	Skoglund	Wenzel
Brown, C.	Garcia	Kahn	Mariani	Ostrom	Smith	Winter
Brown, K.	Girard	Kalis	McCollum	Ozment	Solberg	Wolf
Carlson	Goodno	Kelley	McGuire	Pauly	Stanius	Worke
Carruthers	Greiling	Kelso	Milbert	Pawlenty	Steensma	Workman
Clark	Gruenes	Kinkel	Molnau	Pelowski	Sviggum	Spk. Anderson, I.
Commers	Gutknecht	Klinzing	Morrison	Perlt	Swenson	
Cooper	Hasskamp	Knight	Mosel	Peterson	Tomassoni	
Dauner	Haukoos	Koppendraye	Munger	Pugh	Tompkins	
Dauids	Hausman	Krinkie	Murphy	Reding	Trimble	

A quorum was present.

Greenfield, Knickerbocker, Leppik, Lourey and Olson, E., were excused

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

REPORTS OF CHIEF CLERK

S. F. No. 2040 and H. F. No. 2536, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Greiling moved that S. F. No. 2040 be substituted for H. F. No. 2536 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Lieder from the Committee on General Legislation, Veterans Affairs and Elections to which was referred:

H. F. No. 377, A bill for an act relating to elections; changing certain requirements and procedures for absentee and mail voting; imposing a penalty; amending Minnesota Statutes 1992, sections 203B.02, subdivision 1; 203B.03, subdivision 1; 203B.04, subdivision 1; 203B.06, subdivision 3; 203B.07, subdivision 2; 203B.08, subdivision 1; 203B.11, by adding a subdivision; 203B.12, subdivision 2, and by adding a subdivision; 203B.13, subdivisions 1 and 2; 203B.16, by adding a subdivision; 203B.19; 204B.45; proposing coding for new law in Minnesota Statutes, chapter 203B; repealing Minnesota Statutes 1992, section 203B.02, subdivision 1a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 201.061, subdivision 1, is amended to read:

Subdivision 1. [PRIOR TO ELECTION DAY.] At any time except during the 20 days immediately preceding any election, an eligible voter or any individual who will be an eligible voter at the time of the next election may register to vote in the precinct in which the voter maintains residence by completing a registration card and submitting it in person or by mail to the county auditor of that county or to the secretary of state's office. A registration that is received no later than 5:00 p.m. on the 21st day preceding any election shall be accepted. An improperly addressed or delivered registration card shall be forwarded within two working days after receipt to the county auditor of the county where the voter maintains residence.

A state or local agency or any individual that accepts completed voter registration cards from a voter must submit the completed cards to the secretary of state or the appropriate county auditor within ten days after the cards are dated by the voter.

Sec. 2. Minnesota Statutes 1993 Supplement, section 201.071, subdivision 1, is amended to read:

Subdivision 1. [FORM.] A registration card must be of suitable size and weight for mailing and contain spaces for the following required information: voter's first name, middle name, and last name; voter's previous name, if any; voter's current address; voter's previous address, if any; voter's date of birth; voter's municipality and county of residence; voter's telephone number, if provided by the voter; date of registration; and voter's signature. The card must also contain the following a certification: I certify that I will be at least 18 years old on election day and am a citizen of the United States, that I reside at the address shown and will have resided in Minnesota for 20 days immediately preceding election day, and that I am not under guardianship of the person, have not been found by a court to be legally incompetent to vote, and have not been convicted of a felony without having my civil rights restored. I understand that giving false information to procure a registration is a felony punishable by not more than five years imprisonment and a fine of not more than \$10,000, or both of voter eligibility.

The form of the voter registration card and the certification of voter eligibility must be as provided in the rules of the secretary of state.

Sec. 3. Minnesota Statutes 1993 Supplement, section 201.081, is amended to read:

201.081 [REGISTRATION FILES.]

The statewide registration system is the official record of registered voters. The voter registration cards and the terminal providing access to the statewide registration system must be under the control of the county auditor or the public official to whom the county auditor has delegated the responsibility for maintaining voter registration records. The voter registration cards and terminals providing access to the statewide registration system must not be removed from the control of the county auditor except as provided in this subdivision. The county auditor may make photographic copies of voter registration cards in the manner provided by section 138.17.

A properly completed voter registration card that has been submitted to a county auditor must be maintained by the county auditor for at least 22 months after the date that the information on the card is entered into the database of the statewide registration system. The county auditor may dispose of the cards after retention for 22 months in the manner provided by section 138.17.

Sec. 4. Minnesota Statutes 1992, section 201.12, subdivision 2, is amended to read:

Subd. 2. [CHALLENGES.] Upon return of the notice by the postal service, the county auditor or the auditor's staff shall personally ascertain the name and address of that individual. If the individual is no longer at the address recorded in the statewide registration system, the county auditor shall change the registrant's status to "challenged" in the statewide registration system. An individual challenged in accordance with this subdivision shall comply with the provisions of section 204C.12, before being allowed to vote. If a second notice mailed at least 60 days after the return of the first notice is also returned by the postal service, the county auditor ~~may remove the registration card from the file and~~ shall change the registrant's status to "inactive" in the statewide registration system.

Sec. 5. Minnesota Statutes 1992, section 201.121, subdivision 1, is amended to read:

Subdivision 1. [ENTRY OF REGISTRATION INFORMATION.] Upon receiving a voter registration card properly completed and submitted in accordance with sections 201.061 and 201.071, the county auditor shall enter in the ~~appropriate registration files and in the~~ statewide registration system the ~~registration card or the~~ information contained on it within ten days after receipt of the card.

Upon receiving a completed voter registration card or form, the secretary of state may electronically transmit the information on the card or form to the appropriate county auditor as soon as possible for review by the county auditor before final entry into the statewide registration system. The secretary of state shall mail the registration card or form to the county auditor ~~for placement in the appropriate files.~~

Sec. 6. Minnesota Statutes 1993 Supplement, section 201.13, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER OF HEALTH, REPORTS OF DECEASED RESIDENTS.] The commissioner of health shall report monthly to the secretary of state the name, address, date of birth, and county of residence of each individual 18 years of age or older who has died while maintaining residence in Minnesota since the last previous report. The secretary of state shall determine if any of the persons listed in the report are registered to vote and shall prepare a list of those registrants for each county auditor. Within 60 days after receiving the list from the secretary of state, the county auditor shall change the status of those registrants to "deceased" in the statewide registration system ~~and remove from the files the registration cards of the voters reported to be deceased.~~

Sec. 7. Minnesota Statutes 1993 Supplement, section 201.13, subdivision 2, is amended to read:

Subd. 2. ~~[VOTER REGISTRATION CARD REMOVAL FOR DECEASED NONRESIDENTS.] The county auditor may remove from the files the voter registration cards of voters who have died outside of the county, after receiving notice of death. Within 60 days after receiving notice of death of a voter who has died outside the county, the county auditor shall change the voter's status to "deceased."~~ Notice must be in the form of a printed obituary or a written statement signed by a registered voter of the county. ~~The county auditor shall also make the appropriate changes in the data base of the statewide registration system when voter registration cards are removed from the files.~~

Sec. 8. Minnesota Statutes 1992, section 201.171, is amended to read:

201.171 [POSTING VOTING HISTORY; FAILURE TO VOTE; REGISTRATION REMOVED.]

Within six weeks after every election, the county auditor shall post the voting history for every person who voted in the election. After the close of the calendar year, the secretary of state shall determine if any registrants have not voted during the preceding four years and shall change the status of those registrants to "inactive" in the statewide registration system. The secretary of state shall also prepare a report to the county auditor containing the names of all registrants whose status was changed to "inactive."

~~The county auditor shall remove the voter registration card of any voter whose name appears on the report.~~ Although not counted in an election, a late absentee ballot must be considered a vote for the purpose of continuing registration.

Sec. 9. Minnesota Statutes 1992, section 203B.02, subdivision 1a, is amended to read:

Subd. 1a. ~~[EXPERIMENTAL PROCEDURES VOTING BEFORE ELECTION DAY.] A county board may authorize Any eligible voter in the county to may vote by absentee ballot without qualification by submitting a written request to at any location designated by the county auditor between August 1, 1991 and November 30, 1992 as provided in section 15, notwithstanding the provisions of subdivision 1. The county auditor shall notify the secretary of state immediately after the adoption of such a resolution of authorization by the county board.~~

The application for absentee ballots must include the voter's name, date of birth, residence address in the county, ~~address to which the ballots are to be mailed~~, the date of the request, and the voter's signature.

~~The county auditor shall maintain a record of the number of applications for absentee ballots submitted under this subdivision. No later than January 15, 1993, the secretary of state shall prepare a report to the legislature on the implementation of this subdivision.~~

Assistance to voters in marking absentee ballots is subject to section 204C.15, subdivision 1.

Sec. 10. Minnesota Statutes 1992, section 203B.03, subdivision 1, is amended to read:

Subdivision 1. [VIOLATION.] No individual shall intentionally:

- (a) make or sign any false certificate required by this chapter;
- (b) make any false or untrue statement in any application for absentee ballots;
- (c) apply for absentee ballots more than once in any election with the intent to cast an illegal ballot;
- (d) exhibit a ballot marked by that individual to any other individual;
- (e) do any act in violation of the provisions of this chapter for the purpose of casting an illegal vote in any precinct or for the purpose of aiding another to cast an illegal vote; ~~or~~
- (f) use information from absentee ballot materials or records for purposes unrelated to elections, political activities, or law enforcement; or
- (g) provide assistance to an absentee voter except in the manner provided by section 204C.15, subdivision 1.

Before inspecting information from absentee ballot materials or records, an individual shall provide identification to the public official having custody of the material or information.

Sec. 11. Minnesota Statutes 1992, section 203B.04, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION PROCEDURES.] Except as otherwise allowed by subdivision 2, an application for absentee ballots for any election may be submitted at any time not less than one day before the day of that election. The county auditor shall prepare absentee ballot application forms in the format provided in the rules of the secretary of state and shall furnish them to any person on request. An application submitted pursuant to this subdivision shall be in writing and shall be submitted to:

- (a) the county auditor of the county where the applicant maintains residence; or
- (b) the municipal clerk of the municipality, or school district if applicable, where the applicant maintains residence.

An application shall be accepted if it is signed and dated by the applicant, contains the applicant's name, residence and mailing addresses, and date of birth, and states that the applicant is eligible to vote by absentee ballot for one of the reasons specified in section 203B.02. An application may be submitted to the county auditor or municipal clerk by an electronic facsimile device, at the discretion of the auditor or clerk. An application submitted on behalf of a voter by a person other than the voter must be mailed or returned to the county auditor or municipal clerk within ten days after it has been dated by the voter and no later than six days before the election. A copy of an absentee ballot application or list of voters applying for an absentee ballot made available for public inspection may not include the voter's day or month of birth.

Sec. 12. Minnesota Statutes 1992, section 203B.06, subdivision 3, is amended to read:

Subd. 3. [DELIVERY OF BALLOTS.] If an application for absentee ballots is accepted at a time when absentee ballots are not yet available for distribution, the county auditor, or municipal clerk accepting the application shall file it and as soon as absentee ballots are available for distribution shall mail them to the address specified in the application. If an application for absentee ballots is accepted when absentee ballots are available for distribution, the county auditor or municipal clerk accepting the application shall promptly:

(a) Mail the ballots to the voter whose signature appears on the application if the application is submitted by mail;
or

(b) Deliver the absentee ballots directly to the voter if the application is submitted in person;

(c) Transmit a facsimile of the ballots to the voter in the manner provided in section 16; or

(d) Deliver the absentee ballots in a sealed transmittal envelope to an agent who has been designated to bring the ballots to a voter who is a patient in a hospital or health care facility, as provided in section 203B.11, subdivision 4.

If an application does not indicate the election for which absentee ballots are sought, the county auditor or municipal clerk shall mail or deliver only the ballots for the next election occurring after receipt of the application. Only one set of ballots may be mailed, transmitted, or delivered to an applicant for any election, except as provided in section 203B.13, subdivision 2, or when a replacement ballot has been requested by the voter for a ballot that has been spoiled or lost in transit.

~~This subdivision does not apply to applications for absentee ballots received pursuant to sections 203B.04, subdivision 2, and 203B.11.~~

Sec. 13. Minnesota Statutes 1992, section 203B.07, subdivision 2, is amended to read:

Subd. 2. [DESIGN OF ENVELOPES.] The return envelope shall be of sufficient size to conveniently enclose and contain the ballot envelope and a voter registration card folded along its perforations. The return envelope shall be designed to open on the left hand end. The return envelope must include spaces for the voter's name, address, and date of birth. A certificate of eligibility to vote by absentee ballot shall be printed on the right hand three-fourths of the back of the envelope. The certificate shall contain a statement to be signed and sworn by the voter indicating that the voter meets all of the requirements established by law for voting by absentee ballot. If the voter was not previously registered, the certificate shall also contain a statement signed by an eligible a registered voter of the county precinct in which the absent voter maintains residence or by a notary public, United States postmaster, assistant postmaster, postal supervisor, clerk of a postal service contract station or other individual authorized to administer oaths stating that:

~~(a) the ballots were displayed to that individual unmarked;~~

~~(b) the voter marked the ballots in that individual's presence without showing how they were marked, or, if the voter was physically unable to mark them, that the voter directed another individual to mark them; and~~

~~(c) if the voter was not previously registered, that the voter has provided proof of residence as required by section 201.061, subdivision 3.~~

The county auditor or municipal clerk shall affix first class postage to the return envelopes.

Sec. 14. Minnesota Statutes 1992, section 203B.08, subdivision 1, is amended to read:

Subdivision 1. [MARKING AND RETURN BY VOTER.] An eligible voter who receives absentee ballots as provided in this chapter shall mark them in the manner specified in the directions for casting the absentee ballots. The return envelope containing marked ballots may be mailed as provided in the directions for casting the absentee ballots or may be left with the county auditor or municipal clerk who transmitted the absentee ballots to the voter.

The voter may designate an agent to deliver in person the sealed absentee ballot return envelope to the county auditor or municipal clerk or to deposit the return envelope in the mail. An agent may deliver or mail the return envelopes of not more than three voters in any election. Any person designated as an agent who tampers with either

the return envelope or the voted ballots or does not immediately mail or deliver the return envelope to the county auditor or municipal clerk is guilty of a misdemeanor.

Sec. 15. [203B.081] [VOTING BEFORE ELECTION DAY.]

An eligible voter may vote by absentee ballot in the office of the county auditor and at any other polling place designated by the county auditor during the 30 days before the election. At least one voting booth in each polling place must be made available by the county auditor for this purpose.

Sec. 16. [203B.082] [USE OF FACSIMILE BALLOTS.]

Subdivision 1. [ELIGIBILITY.] During the seven days prior to the state primary and state general election, an eligible voter may vote by an electronically transmitted facsimile ballot if the voter is either a patient or a temporary resident of a hospital or health care facility, temporarily absent from the precinct, or permanently residing outside the territorial limits of the United States.

Subd. 2. [APPLICATION.] Upon receipt of a properly completed application, the county auditor may send the voter the appropriate ballots and a ballot transmission form using an electronic facsimile device. The ballot transmission form must provide space for the voter's name, address, signature, date of birth, date on which the ballots were transmitted by the voter, and a statement acknowledging that the voter's ballots will not be secret. The secretary of state shall prepare samples of the data transmission form for use by the county auditor.

Subd. 3. [RETURN.] The voter may return the voted ballots to the county auditor using an electronic facsimile device. If an electronic facsimile device is used, the voter must also complete and return the ballot transmission form. Upon receipt of an electronically transmitted ballot, the county auditor shall immediately compare the information provided on the absentee ballot application with the information provided on the ballot transmission form. No record of the votes cast by the voter may be made. After the information on the ballot transmission form has been verified, the ballots must be sealed in a ballot secrecy envelope. The ballot transmission form must be attached to the ballot secrecy envelope and placed with the other absentee ballots for the precinct in which the voter resides. The county auditor shall certify that the ballots were properly enclosed in the ballot secrecy envelope, that no record of the votes cast on the ballots was made, and that the auditor will not disclose for whom the voter has voted.

Subd. 4. [REJECTION.] If the county auditor cannot verify that the ballots were transmitted by the same person who submitted the absentee ballot application, the ballots must be rejected and no votes on the ballots may be counted.

Sec. 17. Minnesota Statutes 1992, section 203B.11, is amended by adding a subdivision to read:

Subd. 4. [AGENT DELIVERY OF BALLOTS.] During the four days preceding an election and until 4:00 p.m. on election day, an eligible voter who is a patient of a hospital or health care facility may designate an agent to deliver the ballots to the voter from the county auditor or municipal clerk. The voted ballots must be returned to the county auditor or municipal clerk no later than 5:00 p.m. on election day. The voter must complete an affidavit requesting the auditor or clerk to provide the agent with the ballots in a sealed transmittal envelope. The affidavit must include a statement from the voter stating that the ballots were delivered to the voter by the agent in the sealed transmittal envelope. An agent may deliver ballots to no more than three persons in any election. The secretary of state shall provide samples of the affidavit and transmission envelope for use by the county auditors.

Sec. 18. Minnesota Statutes 1992, section 203B.12, subdivision 2, is amended to read:

Subd. 2. [EXAMINATION OF RETURN ENVELOPES.] Two or more election judges shall examine each return envelope and shall mark it accepted or rejected in the manner provided in this subdivision. If a ballot has been prepared under section 204B.12, subdivision 2a, or 204B.41, the election judges shall not begin removing ballot envelopes from the return envelopes until 8:00 p.m. on election day, either in the polling place or at an absentee ballot board established under section 203B.13.

The election judges shall mark the return envelope "Accepted" and initial or sign the return envelope below the word "Accepted" if the election judges or a majority of them are satisfied that:

(1) the voter's name, address, and date of birth on the return envelope are the same as the information provided on the absentee ballot application;

(a) (2) the voter's signature on the return envelope is the genuine signature of the individual who made the application for ballots and the certificate has been completed as prescribed in the directions for casting an absentee ballot;

(b) (3) the voter is registered and eligible to vote in the precinct or has included a properly completed registration card in the return envelope; and

(c) (4) the voter has not already voted at that election, either in person or by absentee ballot.

The return envelope from accepted ballots must be preserved and returned to the county auditor.

If all or a majority of the election judges examining return envelopes find that an absent voter has failed to meet one of the requirements prescribed in clauses (a) (1) to (c) (4), they shall mark the return envelope "Rejected," initial or sign it below the word "Rejected," and return it to the county auditor.

Sec. 19. Minnesota Statutes 1992, section 203B.12, is amended by adding a subdivision to read:

Subd. 7. [NAMES OF PERSONS SUBMITTING ABSENTEE BALLOTS.] The names of voters who have submitted an absentee ballot return envelope to the county auditor or municipal clerk may not be made available for public inspection until the close of voting on election day.

Sec. 20. Minnesota Statutes 1992, section 203B.13, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The governing body of any county that has established a counting center as provided in section 206.85, subdivision 2, any municipality may by ordinance, or the school board of any school district may by ordinance or resolution, authorize an absentee ballot board. The board shall consist of a sufficient number of election judges appointed as provided in sections 204B.19 to 204B.22.

Sec. 21. Minnesota Statutes 1992, section 203B.13, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The absentee ballot board may do any of the following:

(a) Receive from each precinct in the municipality or school district all ballot envelopes marked "Accepted" by the election judges; provided that the governing body of a municipality or the school board of a school district may authorize the board to examine all return absentee ballot envelopes and receive or reject absentee ballots in the manner provided in section 203B.12;

(b) Open and count the absentee ballots, tabulating the vote in a manner that indicates each vote of the absentee voter and the total absentee vote cast for each candidate or question in each precinct; or

(c) Report the vote totals tabulated for each precinct.

The absentee ballot board may begin the process of examining the return envelopes and marking them "Accepted" or "Rejected" at any time during the 30 days before the election. If an envelope has been rejected, the ballots in the envelope must be considered spoiled ballots and the official in charge of the absentee ballot board shall inform the voter who submitted the absentee ballot. The voter shall be provided with an application to receive another absentee ballot in place of the spoiled ballot. The secretary of state shall provide samples of this application for use by the county auditor.

Sec. 22. Minnesota Statutes 1992, section 203B.16, is amended by adding a subdivision to read:

Subd. 3. [DUTIES OF MUNICIPAL CLERK.] The municipal clerk shall administer the duties of the county auditor in sections 203B.16 to 203B.27 for municipal elections not held on the same day as a state or county election.

Sec. 23. Minnesota Statutes 1992, section 203B.19, is amended to read:

203B.19 [RECORDING APPLICATIONS.]

Upon accepting an application, the county auditor shall record in a permanent register on the statewide registration system the voter's name, address of present or former residence in Minnesota, mailing address, date of birth, school district number, and the category under section 203B.16, to which the voter belongs. After recording this information, The county auditor shall retain the application record for two years after the date of the next state general election. A voter whose name is recorded as provided in this section shall not be required to register under any other provision of law in order to vote under sections 203B.16 to 203B.27.

The polling place rosters prepared by the secretary of state must include separate pages to list the persons whose applications have been recorded as provided in this section. The election judges shall indicate on the roster each person for whom an absentee ballot has been accepted.

Sec. 24. [EFFECTIVE DATE.]

This act is effective January 1, 1995, except that sections 9, 11, and 12, paragraph (d), are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to elections; changing certain requirements and procedures for voter registration and absentee and mail voting; imposing a penalty; amending Minnesota Statutes 1992, sections 201.061, subdivision 1; 201.12, subdivision 2; 201.121, subdivision 1; 201.171; 203B.02, subdivision 1a; 203B.03, subdivision 1; 203B.04, subdivision 1; 203B.06, subdivision 3; 203B.07, subdivision 2; 203B.08, subdivision 1; 203B.11, by adding a subdivision; 203B.12, subdivision 2, and by adding a subdivision; 203B.13, subdivisions 1 and 2; 203B.16, by adding a subdivision; and 203B.19; Minnesota Statutes 1993 Supplement, sections 201.071, subdivision 1; 201.081; and 201.13, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 203B."

With the recommendation that when so amended the bill pass.

The report was adopted.

Skoglund from the Committee on Judiciary to which was referred:

H. F. No. 1155, A bill for an act relating to free speech; protecting citizens and organizations from civil lawsuits for exercising their constitutional rights of petition, speech, association, and participation in government; proposing coding for new law as Minnesota Statutes, chapter 554.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [554.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to this chapter.

Subd. 2. [GOVERNMENT.] "Government" includes a branch, department, agency, official, employee, agent, or other person with authority to act on behalf of the federal government, this state, or any political subdivision of this state, including municipalities and their boards, commissions, and departments, or other public authority.

Subd. 3. [JUDICIAL CLAIM; CLAIM.] "Judicial claim" or "claim" includes any civil lawsuit, cause of action, claim, cross-claim, counterclaim, or other judicial pleading or filing seeking damages for an alleged injury. "Judicial claim" does not include a claim solely for injunctive relief.

Subd. 4. [MOTION.] "Motion" includes any motion to dismiss, motion for summary judgment, or any other judicial pleading filed to dispose of a judicial claim.

Subd. 5. [MOVING PARTY.] "Moving party" means any person on whose behalf the motion described in section 554.02, subdivision 1, is filed seeking dismissal of an action under this chapter.

Subd. 6. [PUBLIC PARTICIPATION.] "Public participation" means speech or lawful conduct that is genuinely aimed in whole or in part at procuring favorable government action.

Subd. 7. [RESPONDING PARTY.] "Responding party" means any person against whom a motion described in section 554.02, subdivision 1, is filed.

Sec. 2. [554.02] [PROTECTION OF CITIZENS TO PARTICIPATE IN GOVERNMENT.]

Subdivision 1. [APPLICABILITY.] This section applies to any motion in a judicial proceeding to dispose of a judicial claim on the grounds that the claim materially relates to an act of the moving party that involves public participation.

Subd. 2. [PROCEDURE.] (a) On the filing of any motion described in subdivision 1:

(1) discovery must be suspended pending the final disposition of the motion, including any appeal; provided that the court may, on motion and after a hearing and for good cause shown, order that specified and limited discovery be conducted;

(2) the responding party has the burden of proof, of going forward with the evidence, and of persuasion on the motion;

(3) the court shall grant the motion and dismiss the judicial claim unless the court finds that the responding party has produced clear and convincing evidence that the acts of the moving party are not immunized from liability under section 554.03; and

(4) any governmental body to which the moving party's acts were directed or the attorney general's office may intervene in, defend, or otherwise support the moving party.

(b) The hearing and decision on the motion must be expedited, including any appeal or other writ, whether interlocutory or not, from a trial court order denying the motion or a trial court failure to rule on the motion.

Sec. 3. [554.03] [IMMUNITY.]

Lawful conduct or speech that is genuinely aimed in whole or in part at procuring favorable government action is immune from liability, unless the conduct or speech constitutes a tort or a violation of a person's constitutional rights.

Sec. 4. [554.04] [FEES AND DAMAGES.]

Subdivision 1. [ATTORNEY FEES AND COSTS.] The court shall award a moving party who prevails in a motion under this chapter reasonable attorney fees and costs associated with the bringing of the motion.

Subd. 2. [DAMAGES.] (a) A moving party may petition the court for damages under this section in conjunction with a motion under this chapter.

(b) If a motion under this chapter is granted and the moving party demonstrates that the respondent brought the cause of action in the underlying lawsuit for the purpose of harassment, to inhibit the moving party's public participation, to interfere with the moving party's exercise of protected constitutional rights, or otherwise wrongfully injure the moving party, the court shall award the moving party actual damages. The court may award the moving party punitive damages under section 549.20. A motion to amend the pleadings under section 549.191 is not required under this section, but the claim for punitive damages must meet all other requirements of section 549.191.

Sec. 5. [554.05] [GENERAL PROVISIONS.]

Subdivision 1. [RELATIONSHIP TO OTHER LAW.] Nothing in this chapter limits or precludes any rights the moving party or responding party may have under any other constitutional, statutory, case or common law, or rule.

Subd. 2. [RULE OF CONSTRUCTION.] This chapter must be construed liberally to effectuate its purposes and intent fully.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to free speech; protecting citizens and organizations from civil lawsuits for exercising their rights of public participation in government; proposing coding for new law as Minnesota Statutes, chapter 554."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Education to which was referred:

H. F. No. 1457, A bill for an act relating to education; increasing the number of higher education representatives on the state board of teaching; amending Minnesota Statutes 1992, sections 125.183, subdivisions 1 and 3; and 125.184, subdivision 1.

Reported the same back with the following amendments:

Page 2, line 1, strike "six" and insert "seven"

Page 2, line 2, delete "three" and insert "two"

Page 2, line 3, delete "each"

Page 2, line 4, delete the first comma and insert "and one from" and delete "and" and insert "or"

Page 2, line 5, delete "all" and insert "both"

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

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 1778, A bill for an act relating to the board of investment; requiring the board to provide certain information about its investments; proposing coding for new law in Minnesota Statutes, chapter 356.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 69.051, subdivision 1, is amended to read:

Subdivision 1. [FINANCIAL REPORT AND AUDIT.] The board of each salaried firefighters' and police relief association and of each volunteer firefighters' relief association with assets of at least \$200,000 or liabilities of at least \$200,000, according to the most recent actuarial valuation or financial report if no valuation is required, shall:

(a) Prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year on a form prescribed by the state auditor. The financial report shall contain financial statements and disclosures which present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory, financing and funding provisions of this chapter and any other applicable laws. The financial report shall be countersigned by the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is a firefighters' relief association which is directly associated with a municipal fire department or is a police relief

association, or countersigned by the secretary of the independent nonprofit firefighting corporation and by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation;

(b) File the financial report in its office for public inspection and present it to the city council after the close of the fiscal year. One copy of the financial report shall be furnished to the state auditor after the close of the fiscal year; and

(c) Submit to the state auditor audited financial statements which have been attested to by a certified public accountant, ~~public accountant~~, or the state auditor within 180 days after the close of the fiscal year, except that the state auditor may upon request of a city and a showing of inability to conform, extend the deadline. The state auditor may accept this report in lieu of the report required in clause (b).

Sec. 2. Minnesota Statutes 1992, section 69.773, subdivision 4, is amended to read:

Subd. 4. [FINANCIAL REQUIREMENTS OF THE SPECIAL FUND.] Prior to August 1 of each year, the officers of the relief association shall determine the financial requirements of the special fund of the relief association in accordance with the requirements of this subdivision. The financial requirements of the relief association shall be based on the most recent actuarial valuation of the special fund prepared in accordance with subdivision 2. If the relief association has an unfunded actuarial accrued liability as reported in the most recent actuarial valuation, the financial requirements shall be determined by adding the figures calculated pursuant to clauses (a), (b), and (c). If the relief association does not have an unfunded actuarial accrued liability as reported in the most recent actuarial valuation, the financial requirements shall be an amount equal to the figure calculated pursuant to clauses (a) and (b), reduced by an amount equal to one-tenth of the amount of any assets in excess of the actuarial accrued liability of the relief association. The determination of whether or not the relief association has an unfunded actuarial accrued liability shall be based on the current market value of assets for which a market value is readily ascertainable and the cost or book value, whichever is applicable, for assets for which no market value is readily ascertainable.

(a) The normal level cost requirement for the following year, expressed as a dollar amount, shall be the figure for the normal level cost of the relief association as reported in the actuarial valuation.

(b) The amount of anticipated future administrative expenses of the special fund shall be calculated by multiplying the dollar amount of the administrative expenses of the special fund for the most recent year by the factor of 1.035.

(c) The amortization contribution requirement to retire the current unfunded actuarial accrued liability by the established date for full funding shall be the figure for the amortization contribution as reported in the actuarial valuation. If there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the special fund, a change in the bylaws of the relief association governing the service pensions, retirement benefits, or both payable from the special fund or a change in the actuarial cost method used to value all or a portion of the special fund which change or changes, which by themselves without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability of the special fund since December 31, 1970, the established date for full funding shall be December 31, 1990. If there has been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the special fund, a change in the bylaws of the relief association governing the service pensions, retirement benefits, or both payable from the special fund or a change in the actuarial cost method used to value all or a portion of the special fund and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability of the special fund since December 31, 1970, but prior to January 1, 1979, the established date for full funding shall be December 31, 1998, and if there has been a change since December 31, 1978, the established date for full funding shall be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the special fund shall be determined in accordance with the provisions governing service pensions, retirement benefits, and actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution needed to amortize this unfunded actuarial accrued liability amount by the date for full funding in effect prior to the change shall be calculated using the interest assumption specified in section 356.215, subdivision 4d, in effect before any applicable change;

(iii) the unfunded actuarial accrued liability of the special fund shall be determined in accordance with any new provisions governing service pensions, retirement benefits, and actuarial assumptions and the remaining provisions governing service pensions, retirement benefits, and actuarial assumptions in effect before an applicable change;

(iv) the level annual dollar contribution needed to amortize the difference between the unfunded actuarial accrued liability amount calculated pursuant to subclause (i) and the unfunded actuarial accrued liability amount calculated pursuant to subclause (iii) over a period of 20 years starting December 31 of the year in which the change is effective shall be calculated using the interest assumption specified in section 356.215, subdivision 4d, in effect after any applicable change;

(v) the annual amortization contribution calculated pursuant to subclause (iv) shall be added to the annual amortization contribution calculated pursuant to subclause (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in subclause (iii) will be amortized by the total annual amortization contribution computed pursuant to subclause (v) shall be calculated using the interest assumption specified in section 356.215, subdivision 4d, in effect after any applicable change, rounded to the nearest integral number of years, but which shall not exceed a period of 20 years from the end of the year in which the determination of the date for full funding using this procedure is made and which shall not be less than the period of years beginning in the year in which the determination of the date for full funding using this procedure is made and ending by the date for full funding in effect before the change.

(vii) the period determined pursuant to subclause (vi) shall be added to the date as of which the actuarial valuation was prepared and the resulting date shall be the new date for full funding.

Sec. 3. [356.219] [DISCLOSURE OF ADDITIONAL PUBLIC PENSION PLAN INVESTMENT INFORMATION.]

Subdivision 1. [REPORT REQUIRED.] The state board of investment on behalf of the public pension funds and programs for which it is the investment authority and any Minnesota public pension plan not wholly invested through the state board of investments, including a local police or firefighters' relief association governed by sections 69.77 or 69.771 to 69.775, shall report the information specified in subdivision 2 to the state auditor. The state auditor may prescribe a form or forms for the purposes of the reporting requirements contained in this section.

Subd. 2. [CONTENT AND TIMING OF REPORTS.] (a) The following information shall be included in the report required by subdivision 1:

- (1) the market value of all investments at the close of the reporting period;
- (2) regular payroll-based contributions to the fund;
- (3) other contributions and revenue paid into the fund, including, but not limited to, state or local non-payroll-based contributions, repaid refunds, and buybacks;
- (4) total benefits paid to members;
- (5) fees paid for investment management services;
- (6) salaries and other administrative expenses paid; and
- (7) total return on investment.

The report must also include a written statement of the investment policy in effect on June 30, 1988, and any investment policy changes made subsequently and shall include the effective date of each policy change. The information required under this subdivision must be reported separately for each investment account or investment portfolio included in the pension fund.

(b) The information specified in paragraph (a) must be provided separately for each quarter for the fiscal years of the pension fund ending during calendar years 1989 through 1991 and on a monthly basis thereafter. The required information through fiscal year 1993 must be submitted to the state auditor on or before October 1, 1994, and subsequently within six months of the end of each fiscal year.

Subd. 3. [PENALTY FOR NONCOMPLIANCE.] Failure to comply with the reporting requirements of this section shall result in a withholding of all state aid to which the pension plan may otherwise be entitled. The state auditor shall instruct the commissioners of revenue and finance to withhold state aid from any pension plan that fails to comply with the reporting requirements contained in this section.

Subd. 4. [INVESTMENT DISCLOSURE REPORT.] Using the information provided under subdivision 2, the state auditor shall prepare an annual report to the legislature on the components of investment performance resulting from stages in the investment decision making process of various public pension plans subject to this section. The state auditor may contract with a qualified consultant or consulting firm to perform the analysis and prepare the report required under this subdivision.

Sec. 4. Minnesota Statutes 1992, section 424A.04, is amended by adding a subdivision to read:

Subd. 3. [MEETINGS OPEN TO THE PUBLIC.] All official actions of the board of trustees of a relief association directly associated with a municipal fire department must be approved at a meeting of the board of trustees which is open to the public. The relief association must provide at least three days' written notice of all board meetings to all members of the board of trustees of the relief association. Copies of all meeting notices, or a schedule of the times and dates of regularly scheduled meetings of the board of trustees of the relief association, must also be sent to all individuals who request a copy of such meeting notices. The relief association shall keep a written record of all official actions taken at all meetings of the board of trustees. A copy of the written record of a meeting of the board of trustees of the relief association shall be filed with the city clerk or clerk-treasurer of the municipality served by the fire department to which the relief association is directly associated. The city clerk or clerk-treasurer of the municipality shall make the copy of the written record available for public inspection.

The board of trustees of a relief association may, by a majority vote in a public meeting, decide to hold a closed meeting to discuss issues or data that would constitute grounds for closing a public meeting held under section 471.705. Before closing a meeting, the board of trustees shall state on the record the specific grounds permitting the meeting to be closed and describe the subject to be discussed.

Sec. 5. [BLOOMINGTON FIRE RELIEF ASSOCIATION.]

Notwithstanding requirements of Minnesota Statutes, section 69.77, subdivision 2b, to the contrary, for a volunteer fire relief association described by Minnesota Statutes, section 69.77, subdivision 1a, clause (4), if the actuarial value of the assets of the relief association exceed the actuarial accrued liability as reported in the most recent actuarial valuation or survey, the financial requirements of the relief association for the following calendar year shall be the total of the amounts calculated under Minnesota Statutes, section 69.77, subdivision 2b, clauses (a) and (b), reduced by an amount equal to the amount by which the actuarial value of assets exceeds the actuarial accrued liability, divided by the number of full years to December 31, 2010.

Sec. 6. [EFFECTIVE DATE.]

Section 5 is effective upon approval of the Bloomington city council and upon compliance with Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to retirement; establishing minimum qualifications for audits of police and fire relief associations; establishing reporting requirements for certain public pension funds; requiring notice of meetings of relief associations and requiring meetings to be open to the public; changing employer contributions rates for the Bloomington fire relief association; amending Minnesota Statutes 1992, sections 69.051, subdivision 1; 69.773, subdivision 4; and 424A.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 356."

With the recommendation that when so amended the bill pass.

The report was adopted.

Sarna from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1829, A bill for an act relating to housing; requiring copies of evacuation plans for residents of manufactured home parks; amending Minnesota Statutes 1992, sections 290A.19; and 327C.02, subdivision 5, and by adding a subdivision; Minnesota Statutes 1993 Supplement, section 327.20, subdivision 1.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Sarna from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1857, A bill for an act relating to manufactured housing; modifying the compact on industrialized/modular buildings; requiring a study of state administration, regulation, and enforcement; appropriating money; amending Minnesota Statutes 1992, section 16B.75.

Reported the same back with the following amendments:

Page 14, line 6, after the second "the" insert "department of health for transfer to the"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services/Health and Housing Finance Division.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 1881, A bill for an act relating to the city of Red Wing; authorizing certain police officers to elect retirement coverage by the public employees police and fire fund.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 1913, A bill for an act relating to retirement; St. Paul police consolidation account; authorizing the payment of refunds to the estates of certain deceased police officers.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 1915, A bill for an act relating to employment; establishing a disaster volunteer leave program in the state civil service; proposing coding for new law in Minnesota Statutes, chapter 43A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [43A.185] [DISASTER VOLUNTEER LEAVE.]

A state employee who is a certified disaster service volunteer of the American Red Cross may be granted leave from work with pay, not to exceed 15 working days in each year, to participate in specialized disaster relief services for the American Red Cross. The employee must be released from work for this function upon the request of the American Red Cross for the services of that employee, and upon the approval of that employee's appointing authority. The appointing authority shall compensate the employee granted leave under this section at the employee's regular rate of pay for those regular hours during which the employee is absent from work. This leave, if granted by the appointing authority, may not affect the employee's vacation leave, compensatory time, personal vacation days, sick leave, earned overtime accumulation, or cause a loss of seniority."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 2045, A bill for an act relating to state government; proposing an amendment to the Minnesota Constitution, article V, sections 1, 3, and 4; article VIII, section 2; and article XI, sections 7 and 8; eliminating the office of state treasurer; authorizing the legislature to reassign the statutory duties of the state treasurer.

Reported the same back with the following amendments:

Page 4, lines 12 and 22, delete "1998" and insert "1999"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2064, A bill for an act relating to housing; modifying programs of the housing finance agency for low-income and tribal housing and for accessibility loans; amending Minnesota Statutes 1992, sections 462A.05, subdivision 14d, and by adding subdivisions; 462A.10, by adding a subdivision; 462A.201, by adding a subdivision; 462A.21, by adding a subdivision; 462A.30, subdivision 9; and 462A.31, subdivision 4; Minnesota Statutes 1993 Supplement, sections 462A.07, subdivision 14; 462A.202, subdivision 7; and 462A.222, subdivision 3.

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

The report was adopted.

Sarna from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 2084, A bill for an act relating to economic development; establishing a regional technology pilot project in southwest Minnesota through Minnesota Technology, Inc.; providing for the sale of bonds for improvements to state parks; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116O.

Reported the same back with the following amendments:

Page 3, delete section 2

Page 3, delete line 20, and insert "\$..... is"

Page 3, delete lines 25 to 36

Page 4, delete line 1

Renumber sections in sequence and correct internal references

Amend the title as follows:

Page 1, delete line 5

Page 1, line 6, delete "state parks;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

The report was adopted.

Clark from the Committee on Housing to which was referred:

H. F. No. 2174, A bill for an act relating to housing; creating a metropolitan reinvestment account; establishing uses; subjecting certain portions of homestead properties to the areawide tax rate; amending Minnesota Statutes 1992, sections 473F.02, by adding a subdivision; and 473F.08, subdivisions 2, 8a, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 462A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 473F.02, is amended by adding a subdivision to read:

Subd. 25. [EXCESS HOMESTEAD NET TAX CAPACITY.] "Excess homestead net tax capacity" is the net tax capacity on that portion of class 1 or class 2a property over \$150,000 market value. In the case of class 2a property, only the net tax capacity of the house, garage, and one acre of land over \$150,000 market value is considered excess homestead net tax capacity.

Sec. 2. Minnesota Statutes 1992, section 473F.02, is amended by adding a subdivision to read:

Subd. 26. [CONTRIBUTION NET TAX CAPACITY.] Each municipality's "contribution net tax capacity" is equal to 40 percent of the increase in net capacity as certified under section 473F.06, plus the amount of excess homestead net tax capacity certified under section 473.05.

Sec. 3. Minnesota Statutes 1992, section 473F.02, is amended by adding a subdivision to read:

Subd. 27. [CONTRIBUTION PERCENTAGE.] Each municipality's "contribution percentage" is that portion of its contribution net tax capacity attributable to commercial-industrial property divided by the municipality's total preceding year's net tax capacity of commercial-industrial property, determined without regard to section 469.177, subdivision 3.

Sec. 4. Minnesota Statutes 1992, section 473F.05, is amended to read:

473F.05 [NET TAX CAPACITY.]

On or before August 5 of each year, the assessors within each county in the area shall determine and certify to the county auditor the excess homestead net tax capacity and the net tax capacity in that year of commercial-industrial property subject to taxation within each municipality in the county, determined without regard to section 469.177, subdivision 3.

Sec. 5. Minnesota Statutes 1992, section 473F.07, subdivision 1, is amended to read:

Subdivision 1. [AREAWIDE NET TAX CAPACITY.] Each county auditor shall certify the determinations under sections 473F.05 and 473F.06 to the administrative auditor on or before August 1 of each year.

The administrative auditor shall determine an amount equal to 40 percent of the sum of the amounts certified under section 473F.06 contribution net tax capacities for all municipalities in the area. The resulting amount shall be known as the "areawide net tax capacity for(year)."

Sec. 6. Minnesota Statutes 1992, section 473F.08, subdivision 2, is amended to read:

Subd. 2. [COMPUTATION OF NET TAX CAPACITY.] The net tax capacity of a governmental unit is its net tax capacity, as determined in accordance with other provisions of law including section 469.177, subdivision 3, subject to the following adjustments:

(a) There shall be subtracted from its net tax capacity its excess homestead net tax capacity, plus, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to 40 percent of the amount certified in that year under sections 473F.06 and 473F.07 for the municipality as the total preceding year's net tax capacity of commercial-industrial property which is subject to the taxing

~~jurisdiction of the governmental unit within the municipality, determined without regard to section 469.177, subdivision 3, bears to equal to the municipality's contribution percentage times the total preceding year's net tax capacity of commercial-industrial property within the jurisdiction and within the municipality, determined without regard to section 469.177, subdivision 3;~~

(b) There shall be added to its net tax capacity, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the areawide net tax capacity for the year attributable to that municipality as the total preceding year's net tax capacity of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's net tax capacity of residential property of the municipality.

Sec. 7. Minnesota Statutes 1992, section 473F.08, subdivision 6, is amended to read:

Subd. 6. [APPLICATION TO COMMERCIAL-INDUSTRIAL PROPERTY.] The areawide tax rate determined in accordance with subdivision 5 shall apply to that portion of the net tax capacity of each commercial-industrial property subject to taxation within a municipality, including property located within any tax increment financing district, as defined in section 469.174, subdivision 9, to that portion of the net tax capacity of the item which bears the same proportion to its total net tax capacity as 40 percent of the amount determined under sections 473F.06 and 473F.07 is to the amount determined under section 473F.05 equal to the municipality's contribution percentage. The tax rate determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the net tax capacity of the item property.

Sec. 8. Minnesota Statutes 1992, section 473F.08, is amended by adding a subdivision to read:

Subd. 6a. [APPLICATION TO HOMESTEAD PROPERTY.] Each county assessor shall determine the countywide ratio of the excess homestead net tax capacity for the previous year reported under section 473F.05 to the excess homestead net tax capacity for the current year. The areawide tax rate determined under subdivision 5, multiplied by the excess homestead net tax capacity ratio, shall apply to the excess homestead net tax capacity of each homestead property in the county. The tax rate determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the net tax capacity of the property.

Sec. 9. Minnesota Statutes 1992, section 473F.08, subdivision 8a, is amended to read:

Subd. 8a. [FISCAL DISPARITIES ADJUSTMENT.] In any year in which the highest class rate for class 3a property changes from the rate in the previous year, the following adjustments shall be made to the procedures described in sections 473F.06 to 473F.08.

(1) An initial contribution tax capacity shall be determined for each municipality based on the previous year's class rates.

(2) Each jurisdiction's distribution tax capacity shall be determined based upon the areawide tax base determined by summing the tax capacities computed under clause (1) for all municipalities and apportioning the resulting sum pursuant to section 473F.07, subdivision 5.

(3) Each jurisdiction's distribution levy shall be determined by applying the procedures described in subdivision 3, clause (a), to the distribution tax capacity determined pursuant to clause (2).

(4) Each municipality's final contribution tax capacity shall be determined equal to as its excess homestead net tax capacity plus that portion of its initial contribution tax capacity attributable to commercial-industrial property multiplied by the ratio of the new highest class rate for class 3a property to the previous year's highest class rate for class 3a property areawide total final contribution tax capacity to the areawide total initial contribution net tax capacity.

(5) For the purposes of computing education aids and any other state aids requiring the addition of the fiscal disparities distribution tax capacity to the local tax capacity, each municipality's final distribution tax capacity shall be determined equal to its initial distribution tax capacity multiplied by the ratio of the new highest class rate for class 3a property to the previous year's highest class rate for class 3a property areawide total final contribution tax capacity to the areawide total initial contribution net tax capacity.

(6) The areawide tax rate shall be determined by dividing the sum of the amounts determined in clause (3) by the sum of the values determined in clause (4).

(7) The final contribution tax capacity determined in clause (4) shall also be used to determine the portion of each commercial/industrial property's tax capacity subject to the areawide tax rate pursuant to subdivision 6.

Sec. 10. [APPLICATION.]

Sections 1 to 9 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective for taxes payable in 1995 and subsequent years."

Delete the title and insert:

"A bill for an act relating to property taxation; including certain homestead property value in the areawide tax base; subjecting certain homestead property value to the areawide tax rate; amending Minnesota Statutes 1992, sections 473F.02, by adding subdivisions; 473F.05; 473F.07, subdivision 1; and 473F.08, subdivisions 2, 6, 8a, and by adding a subdivision."

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

The report was adopted.

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

H. F. No. 2178, A bill for an act relating to state lands; authorizing private sale of certain tax-forfeited land that borders public water in Meeker county.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

H. F. No. 2187, A bill for an act relating to state lands; authorizing the sale of certain lands in Mille Lacs county to resolve a trespass situation.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Sarna from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 2218, A bill for an act relating to economic development; establishing a micro business loan pilot program; appropriating money.

Reported the same back with the following amendments:

Page 2, after line 23, insert:

"Sec. 3. [SUPPORT FOR EXISTING MICRO BUSINESS LOAN PROGRAMS.]

The commissioner may make grants to nonprofit organizations that are not certified community development corporations to support the activities of existing micro business loan programs. Grants made under this section must not exceed ten percent of the total appropriations under this act.

Page 2, line 24, delete "3" and insert "4"

Page 2, line 27, after "corporations" insert "and other nonprofit organizations" and delete "a"

Page 2, line 28, delete "program" and insert "programs and activities" and delete "section 2" and insert "sections 2 and 3"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 2278, A bill for an act relating to state government; establishing positions of secretaries to lead executive offices; assigning duties; requiring appointments; proposing coding for new law as Minnesota Statutes, chapter 4B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [REORGANIZATION IMPLEMENTATION PLAN.]

The governor must develop an implementation plan to create a secretarial system of executive branch organization. The plan takes effect only if enacted into law after the plan is proposed.

Sec. 2. [SECRETARIES.]

Subdivision 1. [APPOINTMENT.] Under the plan, the governor would appoint eight secretaries. Secretaries would head executive offices designated by the governor.

Subd. 2. [EXECUTIVE AGENCY ASSIGNMENT.] Under the plan, the governor shall assign each executive branch state agency to the jurisdiction of one of the executive offices. Each agency would report to the governor through the secretary for that office.

Subd. 3. [DUTIES.] (a) Under the plan, each secretary would:

- (1) represent and act on behalf of the governor on issues related to the secretary's functional area;
- (2) advise the governor on the appointment of agency directors, heads of small agencies, and board members;
- (3) supervise agency directors and hold them accountable for their actions;
- (4) direct strategic planning and policy development for the functional area assigned to the secretary;
- (5) direct formulation and presentation of a comprehensive program budget for the functional area assigned to the secretary;
- (6) exercise authority to the extent and in the manner specified in section Minnesota Statutes, 16B.37, to transfer personnel, powers, or duties among agencies assigned to the secretary;
- (7) resolve administrative, jurisdictional, operational, program, or policy conflicts among agencies or officials assigned to the secretary; and

(8) coordinate development of legislation and represent agencies in the legislative process.

(b) If a reorganization or reassignment undertaken in accordance with paragraph (a), clause (6), results in a change in the duties of a classified or unclassified bargaining unit position or a transfer of duties to a new position, the incumbent employee in the position must be provided with opportunities for retraining to enable the employee to perform the duties of the new or changed position.

Subd. 4. [OTHER EMPLOYEES.] Each secretary would appoint other employees to serve in the office of the secretary. All employees in the office of a secretary would be confidential employees and serve in the unclassified service.

Subd. 5. [EXEMPTIONS.] (a) Under the plan, agencies whose membership consists of both: (1) persons appointed by executive officials; and (2) legislators or judicial branch officials, or persons appointed by legislators or judicial branch officials, would not be assigned to one of the eight executive offices and are not subject to the jurisdiction of the secretaries.

(b) Under the plan, the following groups shall not be assigned to one of the eight executive offices and are not subject to the jurisdiction of the secretaries: board on aging, council for the blind, council on Asian-Pacific Minnesotans, council on Black Minnesotans, council on affairs of Spanish-speaking people, council on disability, council for the hearing impaired, crime victims reparations board, general crime victims advisory council, governor's advisory council on technologies for people with disabilities, governor's planning council on developmental disabilities, human rights advisory task force, department of human rights, Indian affairs council, crime victims and witness advisory council, ombudspersons appointed under Minnesota Statutes, section 257.0755, ombudsperson for older Minnesotans, ombudsperson for mental health and mental retardation, ombudsperson for corrections, and ombudsperson for crime victims.

(c) Under the plan any function assigned to the state treasurer, state auditor, secretary of state, or attorney general shall not be assigned to one of the eight executive offices and is not subject to the jurisdiction of the secretaries.

Sec. 3. [ELIMINATION OF OTHER POSITIONS.]

As a result of efficiencies achieved through the realignment of agency authority and accountability in section 1, the governor shall ensure a net reduction of 45 executive or managerial positions and 15 professional and clerical support positions in executive branch agencies. In accomplishing these reductions, the governor shall eliminate certain commissioner and deputy commissioner positions and shall consolidate support services management, such as management information systems, public information, research, and training and development. Classified or unclassified employees who are covered by a collective bargaining agreement may not be laid off except as provided in a plan negotiated under Minnesota Statutes, chapter 179A, that provides options to lay off for employees who would be affected.

Sec. 4. [IMPLEMENTATION.]

On the day following final enactment of this section, the governor must begin planning required by section 1. By September 1, 1994, the governor must submit to the legislature a plan showing which agencies would be assigned to the jurisdiction of each executive office, and which positions would be eliminated."

Delete the title and insert:

"A bill for an act relating to state government; requiring the governor to develop a plan to create a secretarial system of executive branch organization."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 2292, A bill for an act relating to employment; providing for protection of whistle-blowers; establishing a whistle-blowers' hotline; establishing procedures for investigating reports; amending Minnesota Statutes 1992, sections 181.932, subdivisions 1 and 2; and 181.935; proposing coding for new law in Minnesota Statutes, chapter 6.

Reported the same back with the following amendments:

Page 1, delete lines 9 to 19, and insert:

"Section 1. [6.77] [HOTLINE.]

The state auditor shall maintain a statewide toll free hotline for receiving reports of improper use of government office, gross waste of public funds, or other abuse or neglect of duty by a public agency or public officer. The auditor shall investigate the reports as the state auditor may deem the public interest to demand and shall inform the appropriate agency of any finding of misconduct. The auditor shall annually report to the legislature and governor a summary of activity under this section and shall recommend legislation, where appropriate, to improve government practices and accountability.

Sec. 2. [181.9315] [CITATION; WHISTLE BLOWER PROTECTION ACT.]

Section 181.932 may be cited as the whistle blower protection act."

Renumber the sections in sequence and correct internal references

Amend the title as follows:

Page 1, line 7, delete "chapter" and insert "chapters" and before the period, insert "; and 181"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 2297, A bill for an act relating to education; changing consolidation timelines; providing for early retirement incentives in districts reorganizing; creating consolidation transition revenue; appropriating money; amending Minnesota Statutes 1992, sections 122.23, subdivisions 6, 8, 10, 13, and by adding a subdivision, 122.531, subdivision 9; and 122.533; proposing coding for new law in Minnesota Statutes, chapter 124; repealing Minnesota Statutes 1992, section 122.23, subdivision 13a.

Reported the same back with the following amendments:

Page 4, delete lines 7 to 32, and insert:

"Subd. 20. [RETIREMENT INCENTIVES.] (a) A school board of a newly reorganized district may offer early retirement incentives to licensed and nonlicensed staff. The early retirement incentives that the board may offer are:

(1) the payment of employer pension plan contributions for a specified period of allowable service credit for district employees who have at least ten years of allowable service credit in the applicable pension plan under paragraph (b);

(2) an extended leave of absence for an eligible employee under section 125.60;

(3) severance payment incentives under paragraph (c);

(4) the employer payment of the premiums for continued health insurance coverage under paragraph (d).

These incentives may only be offered to employees who terminate active employment with the school district or who enter into an extended leave of absence as a result of the consolidation, whichever applies. The board may determine the staff to whom the incentives are offered. Unilateral implementation of this section by a school board is not an unfair labor practice under chapter 179A.

(b) An employee with at least ten years of allowable service credit in the applicable pension plan who is offered an early retirement incentive under paragraph (a), clause (1), may purchase up to five additional years of allowable service credit from the applicable pension plan. To do so, the former employee must pay the member contributions to the pension plan annually in a manner and in accord with a schedule specified by the executive director of the applicable fund. If the former employee makes the member contribution, the board shall make the applicable employer contribution. The salary used to determine these contributions is the salary of the person in the last year that the former employee was employed by the district. During the period of continuing member and employer contributions, the person is not considered to be an active member of the applicable pension plan, is not eligible for any active member disability or survivorship benefit coverage, and is not included in any post-employment termination benefit plan changes unless the applicable benefit legislation provides otherwise. Continued eligibility to purchase service credit under this paragraph expires if the person is subsequently employed during the service purchase period by a public employer with retirement coverage under a pension plan specified in section 356.30, subdivision 3.

(c) Severance payment incentives must conform with sections 465.72, 465.721, and 465.722.

(d) The board may offer a former employee with continued employer-paid health insurance coverage. Coverage may not extend beyond age 65 or the end of the first month in which the employee is eligible for employer-paid health insurance coverage from a new employer. For purposes of this subdivision, "employer-paid health insurance coverage" means medical, hospitalization, or health insurance coverage provided through an insurance company that is licensed to do business in the state and for which the employing unit pays more than one-half of the cost of the insurance premiums."

Page 6, line 2, after "for" insert "the payment of district costs for the"

Page 6, line 3, after "incentives" insert "granted by the district"

Page 6, line 4, delete "remaining" and before "must" insert "remaining after the payment of district costs for the early retirement incentives"

Page 6, line 5, after "debt" insert "as"

Page 6, line 6, after "remaining" insert "after the reduction of operating debt"

Page 6, line 15, after "costs" insert "of the district"

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

The report was adopted.

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

H. F. No. 2321, A bill for an act relating to state lands; authorizing public sale of certain tax-forfeited land that borders public water in Clay and Wilkin counties.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Brown, C., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 2401, A bill for an act relating to the state building code; providing for the disposition of certain receipts from permit surcharges; appropriating money; amending Minnesota Statutes 1992, section 16B.70, subdivision 1.

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

The report was adopted.

Clark from the Committee on Housing to which was referred:

H. F. No. 2473, A bill for an act relating to housing; regulating the use of federal tax exempt revenue bonds; amending Minnesota Statutes 1992, section 474A.03, subdivisions 1 and 2a.

Reported the same back with the following amendments:

Page 1, line 10, strike "1991" and insert "1994"

Page 2, after line 19, insert:

"Sec. 3. Minnesota Statutes 1992, section 474A.04, subdivision 6, is amended to read:

Subd. 6. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to bonding authority allocated to the original entitlement issuer under this section. An entitlement issuer may enter into an agreement with an issuer which is not an entitlement issuer whereby the recipient issuer issues qualified mortgage bonds, up to \$100,000 of which are issued pursuant to bonding authority allocated to the original entitlement issuer under this section. The agreement may be approved and executed by the mayor of the entitlement issuer with or without approval or review by the city council. A housing and redevelopment authority which is an entitlement issuer, may elect to use its entitlement allocation to jointly issue qualified bonds with any adjacent county, a municipality, or a housing and redevelopment authority within an adjacent county, with which the entitlement issuer has entered into a joint powers agreement under section 471.59."

Amend the title as follows:

Page 1, line 4, delete "section" and insert "sections" and before the period insert, "; and 474A.04, subdivision 6"

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

The report was adopted.

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

H. F. No. 2485, A bill for an act relating to water; providing for duties of the legislative water commission; providing for a sustainable agriculture advisory committee; requiring plans relating to sustainable agriculture and integrated pest management; establishing groundwater policy and education; changing water well permit requirements; requiring reports to the legislature; creating an advisory committee; appropriating money; amending Minnesota Statutes 1992, sections 3.887, subdivisions 5, 6, and 8; 17.114, subdivisions 1, 3, 4, and by adding subdivisions; 18B.045, subdivision 1; 103A.43; 103B.151, subdivision 1; 103G.271, subdivision 5; 103H.175, by adding a subdivision; 103H.201, subdivisions 1 and 4; 103I.101, subdivision 5; and 103I.331, subdivision 6; Minnesota Statutes 1993 Supplement, sections 18E.06; and 115B.20, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 103A; and 103F; repealing Minnesota Statutes 1992, section 103F.460.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 3.887, subdivision 5, is amended to read:

Subd. 5. [POWERS AND DUTIES.] (a) The legislative water commission shall review water policy reports and recommendations of the environmental quality board, the biennial report of the board of water and soil resources, and other water-related reports as may be required by law or the legislature.

(b) The commission shall oversee the activities of the pollution control agency under sections 116.16 to 116.181 relating to water pollution control.

(c) The commission may conduct public hearings and otherwise secure data and comments.

(d) The commission shall hold annual hearings on issues relating to groundwater including, in every even-numbered year, a hearing on the groundwater policy report required by section 103A.204.

(e) The commission shall make recommendations as it deems proper to assist the legislature in formulating legislation.

(e) (f) Data or information compiled by the legislative water commission or its subcommittees shall be made available to the legislative commission on Minnesota resources and standing and interim committees of the legislature on request of the chair of the respective commission or committee.

Sec. 2. Minnesota Statutes 1992, section 3.887, subdivision 6, is amended to read:

Subd. 6. [~~STUDY REVIEW OF POLICY REPORT.~~] The legislative water commission shall study the recommendations of the environmental quality board for the management and protection of water resources in the state, and ~~shall report its findings to the legislative commission on Minnesota resources and the legislature by November 15, 1991, on the state's water management needs for the year 2000~~ hold a hearing on the groundwater policy report submitted every even-numbered year by the environmental quality board under section 103A.204.

Sec. 3. Minnesota Statutes 1992, section 3.887, subdivision 8, is amended to read:

Subd. 8. [REPEALER.] This section is repealed effective June 30, 1995 2000.

Sec. 4. Minnesota Statutes 1992, section 17.114, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] To assure the viability of agriculture in this state, the commissioner shall investigate, demonstrate, report on, and make recommendations on the current and future sustainability of agriculture in this state: The department of agriculture is the lead state agency on sustainable agriculture ~~has the meaning given to it in Laws 1987, chapter 396, article 12, section 6 and integrated pest management.~~

Sec. 5. Minnesota Statutes 1992, section 17.114, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] (a) The commissioner shall:

(1) establish a clearinghouse and provide information, appropriate educational opportunities and other assistance to individuals, producers, and groups about sustainable agricultural techniques, practices, and opportunities;

(2) survey producers and support services and organizations to determine information and research needs in the area of sustainable agricultural practices;

(3) demonstrate the on-farm applicability of sustainable agriculture practices to conditions in this state;

(4) coordinate the efforts of state agencies regarding activities relating to sustainable agriculture;

(5) direct the programs of the department so as to work toward the sustainability of agriculture in this state;

(6) inform agencies of how state or federal programs could utilize and support sustainable agriculture practices;

(7) work closely with farmers, the University of Minnesota, and other appropriate organizations to identify opportunities and needs as well as assure coordination and avoid duplication of state agency efforts regarding research, teaching, and extension work relating to sustainable agriculture; and

(8) report to the legislature environmental quality board for review and then to the legislative water commission every odd-numbered even-numbered year.

(b) The report under paragraph (a), clause (8), must include:

(1) the presentation and analysis of findings regarding the current status and trends regarding the economic condition of producers; the status of soil and water resources utilized by production agriculture; the magnitude of off-farm inputs used; and the amount of nonrenewable resources used by Minnesota farmers;

(2) a description of current state or federal programs directed toward sustainable agriculture including significant results and experiences of those programs;

(3) a description of specific actions the department of agriculture is taking in the area of sustainable agriculture;

(4) a description of current and future research needs at all levels in the area of sustainable agriculture; and

(5) suggestions for changes in existing programs or policies or enactment of new programs or policies that will affect farm profitability, maintain soil and water quality, reduce input costs, or lessen dependence upon nonrenewable resources.

Sec. 6. Minnesota Statutes 1992, section 17.114, is amended by adding a subdivision to read:

Subd. 3a. [SUSTAINABLE AGRICULTURE ADVISORY COMMITTEE.] (a) The commissioner shall establish a sustainable agriculture advisory committee to assist in carrying out the duties in subdivision 3. The committee must include farmers, higher education representatives with expertise in sustainable agriculture, officials from other state agencies, representatives from the agricultural utilization research institute, private sector agricultural professionals, and representatives from environmental and agricultural interest groups. Terms, compensation, and removal of members are governed by section 15.059.

(b) This subdivision is repealed effective December 31, 2000.

Sec. 7. Minnesota Statutes 1992, section 17.114, subdivision 4, is amended to read:

Subd. 4. [INTEGRATED PEST MANAGEMENT.] (a) The state shall promote and facilitate the use of integrated pest management through education, technical or financial assistance, information and research.

(b) The commissioner shall coordinate the development of a state approach to the promotion and use of integrated pest management, which shall include delineation of the responsibilities of the state, public post-secondary institutions, Minnesota extension service, local units of government, and the private sector; establishment of informational exchange and integration; procedures for identifying research needs and reviewing and preparing informational materials; procedures for factoring integrated pest management into state laws, rules, and uses of pesticides; and identification of barriers to adoption.

(c) ~~The commissioner shall report to the governor and legislature by November 15, 1990, and on a biennial basis thereafter~~ environmental quality board for review and then to the legislative water commission every even-numbered year. The report shall be combined with the report required in subdivision 3.

Sec. 8. Minnesota Statutes 1992, section 18B.045, subdivision 1, is amended to read:

Subdivision 1. [DEVELOPMENT.] The commissioner shall develop a pesticide management plan for the prevention, evaluation, and mitigation of occurrences of pesticides or pesticide breakdown products in groundwaters and surface waters of the state. The pesticide management plan must include components promoting prevention, developing appropriate responses to the detection of pesticides or pesticide breakdown products in groundwater and surface waters, and providing responses to reduce or eliminate continued pesticide movement to groundwater and surface water. Beginning September 1, 1994, and biennially thereafter, the commissioner must submit a status report on the plan to the environmental quality board for review and then to the legislative water commission.

Sec. 9. Minnesota Statutes 1993 Supplement, section 18E.06, is amended to read:

18E.06 [REPORT TO WATER COMMISSION.]

By ~~November~~ September 1, 1990 1994, and each year thereafter, the agricultural chemical response compensation board and the commissioner shall submit to the house of representatives committee on ways and means, the senate committee on finance, the environmental quality board, and the legislative water commission a report detailing the activities and reimbursements for which money from the account has been spent during the previous year.

Sec. 10. [103A.204] [GROUNDWATER POLICY.]

(a) The responsibility for the protection of groundwater in Minnesota is vested in a multi-agency approach to management. The following is a list of agencies and the groundwater protection areas for which the agencies are primarily responsible; the list is not intended to restrict the areas of responsibility to only those specified:

(1) environmental quality board: creation of a water resources committee to coordinate state groundwater protection programs and a biennial groundwater policy report beginning in 1994 that includes, for the 1994 report, the findings in the groundwater protection report coordinated by the pollution control agency for the Environmental Protection Agency;

(2) pollution control agency: water quality monitoring and reporting and the development of best management practices and regulatory mechanisms for protection of groundwater from nonagricultural chemical contaminants;

(3) department of agriculture: sustainable agriculture, integrated pest management, water quality monitoring, and the development of best management practices and regulatory mechanisms for protection of groundwater from agricultural chemical contaminants;

(4) board of water and soil resources: reporting on groundwater education and outreach with local government officials, local water planning and management, and local cost share programs;

(5) department of natural resources: water quantity monitoring and regulation, sensitivity mapping, and development of a plan for the use of integrated pest management and sustainable agriculture on state-owned lands; and

(6) department of health: regulation of wells and borings, and the development of health risk limits under section 103H.201.

(b) The environmental quality board shall through its water resources committee coordinate with representatives of all agencies listed in paragraph (a), citizens, and other interested groups to prepare a biennial report every even-numbered year as part of its duties described in sections 103A.43 and 103B.151.

Sec. 11. Minnesota Statutes 1992, section 103A.43, is amended to read:

103A.43 [WATER RESEARCH NEEDS EVALUATION ASSESSMENTS AND REPORTS.]

(a) The environmental quality board shall evaluate and report to the legislative water commission and the legislative commission on Minnesota resources on statewide water research needs and recommended priorities for addressing these needs. Local water research needs may also be included.

(b) The environmental quality board shall ~~conduct~~ coordinate a biennial assessment of water quality, groundwater degradation trends, and efforts to reduce, prevent, minimize, and eliminate degradation of water.

(c) The environmental quality board shall ~~assess~~ coordinate an assessment of the quantity of surface and ground water in the state and the availability of water to meet the state's needs.

(d) The environmental quality board shall ~~prepare~~ coordinate and submit a report on water policy to the legislative water commission and the legislative commission on Minnesota resources by September 15 of each ~~odd-numbered~~ even-numbered year. The report may include the groundwater policy report in section 103A.204.

Sec. 12. Minnesota Statutes 1992, section 103B.151, subdivision 1, is amended to read:

Subdivision 1. [WATER PLANNING.] The environmental quality board shall:

(1) coordinate public water resource management and regulation activities among the state agencies having jurisdiction in the area;

(2) initiate, coordinate, and continue to develop comprehensive long-range water resources planning in furtherance of the plan adopted prepared by the water planning environmental quality board board's water resources committee entitled "A Framework for a Water and Related Land Resources Strategy for Minnesota, 1979" including a new plan and strategy "Minnesota Water Plan," published in January 1991, by November September 15, 1990 2000, and each five-year ten-year interval afterwards;

(3) coordinate water planning activities of local, regional, and federal bodies with state water planning and integrate these plans with state strategies;

(4) coordinate development of state water policy recommendations and priorities, and a recommended program for funding identified needs, including priorities for implementing the state water resources monitoring plan;

(5) ~~in cooperation with state agencies participating in the monitoring of water resources, develop a plan for monitoring the state's water resources;~~

(6) administer federal water resources planning with multiagency interests;

(7) (6) ensure that groundwater quality monitoring and related data is provided and integrated into the Minnesota land management information system according to published data compatibility guidelines. Costs of integrating the data in accordance with data compatibility standards must be borne by the agency generating the data;

(8) ~~identify water resources information and education needs, priorities, and goals and prepare an implementation plan to guide state activities relating to water resources information and education;~~

(9) (7) coordinate the development and evaluation of water information and education materials and resources; and

(10) (8) coordinate the dissemination of water information and education through existing delivery systems.

Sec. 13. [103F.461] [GROUNDWATER EDUCATION.]

(a) In each even-numbered year, the board of water and soil resources must review groundwater education activities with local units of government and develop recommendations for improvement in a report to the environmental quality board for review and then to the legislative water commission as part of the groundwater policy report in section 103A.204. The board must work with agencies and interested groups with responsibility for groundwater education in preparing the report.

(b) The board must ensure that the biennial review of groundwater education with local units of government is coordinated with the Minnesota environmental education advisory board and the nonpoint source education and information strategy of the pollution control agency.

(c) Grants for innovative groundwater education strategies to local units of government identified in this section may be awarded by the board of water and soil resources.

Sec. 14. Minnesota Statutes 1992, section 103G.271, subdivision 5, is amended to read:

Subd. 5. [PROHIBITION ON ONCE-THROUGH WATER USE PERMITS.] (a) The commissioner may not, after December 31, 1990, issue a water use permit to increase the volume of appropriation from a groundwater source for a once-through cooling system using in excess of 5,000,000 gallons annually.

(b) Except as provided in paragraph (c), once-through system water use permits using in excess of 5,000,000 gallons annually, must be terminated by the commissioner by the end of their design life but not later than December 31, 2010. Existing once-through systems are required to convert to water efficient alternatives within the design life of existing equipment. ~~The commissioner shall, by August 1, 1990, submit to the legislative water commission for review the approach by which the commissioner will achieve appropriate conversion of the systems after considering the age of the system, the condition of the system, recent investments in the system, and feasibility and costs of alternatives available to replace usage of a once-through system.~~

(c) Paragraph (b) does not apply where groundwater appropriated for use in a once-through system is subsequently discharged into a wetland or public waters wetland owned or leased by a nonprofit corporation if:

(1) the membership of the corporation includes a local government unit;

(2) the deed or lease requires that the area containing the wetland or public waters wetland be maintained as a nature preserve;

(3) public access is allowed consistent with the area's status as a nature preserve; and

(4) by January 1, 2003, the permittee incurs costs of developing the nature preserve and associated facilities that, when discounted to 1992 dollars, exceed twice the projected cost, as determined by the commissioner, of the conversion required in paragraph (b), discounted to 1992 dollars.

The costs incurred under clause (4) may include preparation of plans and designs; site preparation; construction of wildlife habitat structures; planting of trees and other vegetation; installation of signs and markers; design and construction of trails, docks, and access structures; and design and construction of interpretative facilities. The permittee shall submit an estimate of the cost of the conversion required in paragraph (b) to the commissioner by January 1, 1993, and shall annually report to the commissioner on the progress of the project and the level of expenditures.

Sec. 15. Minnesota Statutes 1992, section 103H.175, is amended by adding a subdivision to read:

Subd. 3. [REPORT.] In each even-numbered year, the pollution control agency, in cooperation with other agencies participating in the monitoring of water resources, shall provide a draft report on the status of groundwater monitoring to the environmental quality board for review and then to the legislative water commission as part of the report in section 103A.204.

Sec. 16. Minnesota Statutes 1992, section 103H.201, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE.] (a) If groundwater quality monitoring results show that there is a degradation of groundwater, the commissioner of health may promulgate health risk limits under subdivision 2 for substances degrading the groundwater.

(b) Health risk limits shall be determined by two methods depending on their toxicological end point.

(c) For systemic toxicants that are not carcinogens, the adopted health risk limits shall be derived using United States Environmental Protection Agency risk assessment methods using a reference dose, a drinking water equivalent, ~~an uncertainty factor, and a factor for relative source contamination, which in general will measure an estimate of daily exposure to the human population, including sensitive subgroups, that is unlikely to result in deleterious effects during long-term exposure~~ contribution factor.

(d) For toxicants that are known or probable carcinogens, the adopted health risk limits shall be derived from a quantitative estimate of the chemical's carcinogenic potency published by the United States Environmental Protection Agency's ~~carcinogen assessment group~~ Agency and determined by the commissioner to have undergone thorough scientific review.

Sec. 17. Minnesota Statutes 1992, section 103H.201, subdivision 4, is amended to read:

Subd. 4. [ADOPTION OF EXISTING RECOMMENDED ALLOWABLE LIMITS.] (a) Notwithstanding and in lieu of subdivision 2, until November 1, 1994, the commissioner may adopt recommended allowable limits, and related toxicological end points, established by the commissioner on or before May 1, 1989 February 15, 1994, as health risk limits under this subdivision. Before a recommended allowable limit is adopted as an adopted health risk limit under this subdivision, the commissioner shall:

(1) publish in the State Register and disseminate through the Minnesota extension service and through soil and water conservation districts notice of intent to adopt a recommended allowable limit as an adopted health risk limit for specific substances and shall solicit information on the health impacts of the substance;

(2) publish the recommended allowable limit in the State Register and disseminate through the Minnesota extension service and through soil and water conservation districts allowing 60 days for public comment; and

(3) publish the adopted recommended allowable limit in the State Register and, at the same time, make available a summary of the public comments received and the commissioner's responses to the comments.

(b) A recommended allowable limit adopted by the commissioner as an adopted health risk limit under this subdivision may be challenged in the manner provided in sections 14.44 and 14.45.

(c) ~~After July 1, 1991, and before September 1, 1991~~ During the comment period under paragraph (a), clause (2); 25 or more persons may submit a written request for a public hearing as provided under section 14.25 for any health risk limits as adopted under this subdivision.

Sec. 18. Minnesota Statutes 1992, section 103I.101, subdivision 5, is amended to read:

Subd. 5. [COMMISSIONER TO ADOPT RULES.] The commissioner shall adopt rules including:

- (1) issuance of licenses for:
 - (i) qualified well contractors, persons modifying or repairing well casings, well screens, or well diameters;
 - (ii) persons constructing, repairing, and sealing unconventional wells such as drive points or dug wells;
 - (iii) persons constructing, repairing, and sealing dewatering wells;
 - (iv) persons sealing wells; and
 - (v) persons installing well pumps or pumping equipment and excavating holes for installing elevator shafts or hydraulic cylinders;
- (2) issuance of registration for monitoring well contractors;
- (3) establishment of conditions for examination and review of applications for license and registration;
- (4) establishment of conditions for revocation and suspension of license and registration;
- (5) establishment of minimum standards for design, location, construction, repair, and sealing of wells to implement the purpose and intent of this chapter;
- (6) establishment of a system for reporting on wells and borings drilled and sealed;
- (7) ~~modification of fees prescribed in this chapter, according to the procedures for setting fees in section 16A.128;~~
- (8) establishment of standards for the construction, maintenance, sealing, and water quality monitoring of wells in areas of known or suspected contamination, for which the commissioner may adopt emergency rules;
- (9) ~~(8)~~ establishment of wellhead protection measures for wells serving public water supplies;
- (10) ~~(9)~~ establishment of procedures to coordinate collection of well data with other state and local governmental agencies;
- (11) ~~(10)~~ establishment of criteria and procedures for submission of well logs, formation samples or well cuttings, water samples, or other special information required for and water resource mapping; and
- (12) ~~(11)~~ establishment of minimum standards for design, location, construction, maintenance, repair, sealing, safety, and resource conservation related to borings, including exploratory borings as defined in section 103I.005, subdivision 9.

Until the commissioner adopts rules under this chapter to replace rules relating to wells and borings that were adopted under chapter 156A, the rules adopted under chapter 156A shall remain in effect.

Sec. 19. Minnesota Statutes 1992, section 103I.205, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION REQUIRED.] (a) Except as provided in paragraphs (d) and (e), a person may not construct a well until a notification of the proposed well on a form prescribed by the commissioner is filed with the commissioner with the filing fee in section 103I.208. If after filing the well notification an attempt to construct a well is unsuccessful, a new notification is not required unless the information relating to the successful well has substantially changed.

(b) The property owner, the property owner's agent, or the well contractor where a well is to be located must file the well notification with the commissioner.

(c) The well notification under this subdivision preempts local permits and notifications, and counties or home rule charter or statutory cities may not require a permit or notification for wells unless the commissioner has delegated the permitting or notification authority under section 103I.111.

(d) A person who is an individual that constructs a drive point well on property owned or leased by the individual for farming or agricultural purposes or as the individual's place of abode must notify the commissioner of the installation and location of the well. The person must complete the notification form prescribed by the commissioner and mail it to the commissioner by ten days after the well is completed. A fee may not be charged for the notification. A person who sells drive point wells at retail must provide buyers with notification forms and informational materials including requirements regarding wells, their location, construction, and disclosure. The commissioner must provide the notification forms and informational materials to the sellers.

(e) A person may not construct a monitoring well ~~or dewatering well~~ until a permit is issued by the commissioner for the construction. If after obtaining a permit an attempt to construct a well is unsuccessful, a new permit is not required as long as the initial permit is modified to indicate the location of the successful well.

Sec. 20. Minnesota Statutes 1992, section 103I.208, is amended to read:

103I.208 [WELL NOTIFICATION FILING FEES AND PERMIT FEES.]

Subdivision 1. [WELL NOTIFICATION FEE.] The well notification fee to be paid by a property owner is:

(1) for a new well drilled that produces less than 50 gallons a minute based on the actual capacity of the pump installed, \$50; and

(2) for a new well that produces 50 gallons a minute or more based on the actual capacity of the pump installed, \$100; and

(3) for construction of a dewatering well, \$100 for each well except a dewatering project comprising five or more wells shall be assessed a single fee of \$500 for the wells recorded on the notification.

Subd. 2. [PERMIT FEE.] The permit fee to be paid by a property owner is:

(1) for a well that is not in use under a maintenance permit, \$50 annually;

(2) for construction of a monitoring well, \$50;

(3) for a monitoring well that is unsealed under a maintenance permit, \$50 annually;

(4) for monitoring wells used as a leak detection device at a single motor fuel retail outlet or petroleum bulk storage site excluding tank farms, the construction permit fee is \$50 per site regardless of the number of wells constructed on the site, and the annual fee for a maintenance permit for unsealed monitoring wells is \$50 per site regardless of the number of monitoring wells located on site;

(5) for a groundwater thermal exchange device, in addition to the notification fee for wells, \$50;

(6) for a vertical heat exchanger, \$50;

~~(7) for construction of the dewatering well, \$50 for each well except a dewatering project comprising more than ten wells shall be issued a single permit for the wells recorded on the permit for \$500; and~~

~~(8)~~ (7) for a dewatering well that is unsealed under a maintenance permit, \$25 annually for each well, except a dewatering project comprising more than ten wells shall be issued a single permit for \$250 annually for wells recorded on the permit.

Sec. 21. Minnesota Statutes 1992, section 103I.331, subdivision 6, is amended to read:

Subd. 6. [REPEALER.] This section is repealed effective June 30, ~~1995~~ 1996.

Sec. 22. Minnesota Statutes 1993 Supplement, section 115B.20, subdivision 6, is amended to read:

Subd. 6. [REPORT TO LEGISLATURE.] Each year, the commissioner of agriculture and the agency shall submit to the senate finance committee, the house ways and means committee, the environmental quality board, the legislative water commission, and the legislative commission on waste management a report detailing the activities for which money from the account has been spent during the previous fiscal year.

Sec. 23. [APPLICATION OF TECHNIQUES ON STATE LAND.]

(a) The commissioner of natural resources must, by September 1, 1995, prepare a plan on the optimum use of sustainable agriculture and integrated pest management techniques to be applied on lands owned by the state.

(b) The commissioner of natural resources shall appoint a task force of interagency staff and interested citizens to develop the plan including a review of the requirements of Minnesota Statutes, sections 17.114, subdivision 4, paragraph (b) and 18B.063. The task force is subject to Minnesota Statutes, section 15.059.

(c) At a minimum, the plan must address specific practices for sustainable agriculture and integrated pest management to be applied on state-owned lands, including any funding recommendations.

(d) The commissioner of natural resources must present the plan to the environmental quality board for review and then to the legislative water commission in 1995.

Sec. 24. [APPLICATION.]

Notwithstanding section 18, rules of the department of health with respect to fees under Minnesota Statutes, chapter 103I, that are in effect on the effective date of section 18 remain in force until repealed or amended by the legislature.

Sec. 25. [APPROPRIATIONS.]

(a) \$50,000 is appropriated for fiscal year 1995 from the general fund to the commissioner of agriculture for coordination and outreach activities relating to sustainable agriculture and integrated pest management programs in section 4.

(b) \$100,000 is appropriated for fiscal year 1995 from the general fund to the commissioner of agriculture for demonstration grants on sustainable agriculture and integrated pest management projects. This appropriation is available until expended.

(c) \$100,000 is appropriated for fiscal year 1995 from the general fund to the University of Minnesota Institute for Sustainable Agriculture for demonstration and research grants on sustainable agriculture projects. This appropriation is contingent on the institute receiving \$300,000 in matching funds. The appropriation is available until expended.

(d) \$50,000 is appropriated for fiscal year 1995 from the general fund to the environmental quality board through the director of the office of strategic and long-range planning for the purposes of sections 10 and 11.

(e) \$200,000 is appropriated for fiscal year 1995 from the general fund to the board of water and soil resources for education grants under section 13.

(f) \$160,000 is appropriated for fiscal year 1995 from the general fund to the board of soil and water resources to fund two complement positions with the Minnesota extension service to work on groundwater education efforts with local units of government and landowners.

(g) \$100,000 is appropriated for fiscal year 1995 from the general fund to the office of strategic and long-range planning for the purpose of maintaining a computerized database of the results of groundwater quality monitoring required in Minnesota Statutes, section 103H.175.

(h) \$200,000 is appropriated for fiscal year 1995 from the general fund to the board of soil and water resources for the purpose of well sealing under Minnesota Statutes, section 103I.331, subdivision 4. This appropriation is available until expended.

Sec. 26. [REPEALER.]

Minnesota Statutes 1992, section 103F.460, is repealed.

Sec. 27. [EFFECTIVE DATE.]

Sections 16 and 17 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to water; providing for duties of the legislative water commission; providing for a sustainable agriculture advisory committee; requiring plans relating to sustainable agriculture and integrated pest management; changing disclosures and fees related to dewatering wells; establishing groundwater policy and education; changing water well permit requirements; requiring reports to the legislature; appropriating money; amending Minnesota Statutes 1992, sections 3.887, subdivisions 5, 6, and 8; 17.114, subdivisions 1, 3, 4, and by adding a subdivision; 18B.045, subdivision 1; 103A.43; 103B.151, subdivision 1; 103G.271, subdivision 5; 103H.175, by adding a subdivision; 103H.201, subdivisions 1 and 4; 103I.101, subdivision 5; 103I.205, subdivision 1; 103I.208; and 103I.331, subdivision 6; Minnesota Statutes 1993 Supplement, sections 18E.06; and 115B.20, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 103A; and 103F; repealing Minnesota Statutes 1992, section 103F.460."

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

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 2567, A bill for an act relating to state government; permitting state employees to donate vacation leave for the benefit of a certain state employee.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Brown, C., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 2605, A bill for an act relating to transportation; bonding; abolishing requirement that electorate approve bonds in excess of tax limitations for airports and authorizing issuance by 60 percent vote of governing body; allowing taxes to be levied by local governing body to pay bond principal or interest; allowing one municipality to issue bonds on behalf of other municipalities in a joint agreement; amending Minnesota Statutes 1992, sections 360.036, subdivisions 2 and 3; 360.037, subdivision 2; and 360.042, subdivision 10.

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

The report was adopted.

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

H. F. No. 2622, A bill for an act relating to state lands; authorizing the department of natural resources to sell certain state land in the counties of Itasca and St. Louis.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 2624, A bill for an act relating to employee relations; ratifying labor agreements.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. [RATIFICATIONS.]

Subdivision 1. [COUNCIL 6.] The labor agreement between the state of Minnesota and state bargaining units 2, 3, 4, 6, and 7, represented by the American Federation of State, County and Municipal Employees, council 6, approved by the legislative commission on employee relations on August 16, 1993, is ratified.

Subd. 2. [SUPERVISORS.] The labor agreement between the state of Minnesota and the Middle Management Association, approved by the legislative commission on employee relations on November 10, 1993, is ratified.

Subd. 3. [ENGINEERS.] The labor agreement between the state of Minnesota and the Minnesota Government Engineers Council, approved by the legislative commission on employee relations on November 10, 1993, is ratified.

Subd. 4. [COMMUNITY COLLEGE FACULTY.] The labor agreement between the state of Minnesota and the Minnesota Community College Faculty Association, approved by the legislative commission on employee relations on November 10, 1993, is ratified.

Subd. 5. [NURSES.] The labor agreement between the state of Minnesota and the Minnesota Nurses Association, approved by the legislative commission on employee relations on January 21, 1994, is ratified.

Subd. 6. [SPECIAL TEACHERS.] The labor agreement between the state of Minnesota and the State Residential Schools Education Association, approved by the legislative commission on employee relations on January 21, 1994, is ratified.

Subd. 7. [LAW ENFORCEMENT.] The labor agreement between the state of Minnesota and the Minnesota Law Enforcement Association, approved by the legislative commission on employee relations on January 21, 1994, is ratified.

Subd. 8. [UNREPRESENTED EMPLOYEES, HIGHER EDUCATION BOARD.] The plan for unclassified, unrepresented employees of the higher education board, approved by the legislative commission on employee relations on January 21, 1994, is ratified, except that the provisions establishing notice of termination are approved as submitted by the higher education board to the legislative commission on employee relations.

Subd. 9. [PROFESSIONAL EMPLOYEES.] The labor agreement between the state of Minnesota and the Minnesota Association of Professional Employees, approved by the legislative commission on employee relations on February 17, 1994, is ratified.

Subd. 10. [MANAGERIAL PLAN.] The plan for managerial employees, as approved by the legislative commission on employee relations on February 17, 1994, is ratified.

Subd. 11. [UNREPRESENTED EMPLOYEES, HIGHER EDUCATION COORDINATING BOARD.] The plan for unrepresented, unclassified employees of the higher education coordinating board, as recommended for modification by the department of employee relations and approved by the legislative commission on employee relations on February 17, 1994, is ratified.

Subd. 12. [COMMISSIONER'S PLAN.] The plan for unrepresented nonmanagerial employees, as approved by the legislative commission on employee relations on March 11, 1994, is approved.

Sec. 2. [INTERIM APPROVAL.]

After adjournment of the 1994 session, but before the 1995 session of the legislature, the legislative commission on employee relations may give interim approval to any negotiated agreement, arbitration award, salary, or compensation plan submitted to it under other law. The commission shall submit the agreement, award, salary, or plan to the entire legislature for ratification in the same manner and with the same effect as provided for agreements, awards, salaries, and plans submitted after adjournment of the legislature in an odd-numbered year.

Sec. 3. [EFFECTIVE DATE.]

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

ARTICLE 2

Section 1. Minnesota Statutes 1992, section 3.855, subdivision 2, is amended to read:

Subd. 2. [STATE EMPLOYEE NEGOTIATIONS.] (a) The commissioner of employee relations shall regularly advise the commission on the progress of collective bargaining activities with state employees under the state public employment labor relations act. During negotiations, the commission may make recommendations to the commissioner as it deems appropriate but no recommendation shall impose any obligation or grant any right or privilege to the parties.

(b) The commissioner shall submit to the chair of the commission any negotiated agreements or arbitration awards for legislative approval or disapproval. ~~Approved~~ Negotiated agreements shall be submitted within five days of the date of approval by the commissioner or the date of approval by the affected state employees, whichever occurs later. Arbitration awards shall be submitted within five days of their receipt by the commissioner. If the commission disapproves an agreement or award, the commission shall specify in writing to the parties those portions with which it disagrees and its reasons. If the commission approves an agreement or award, it shall submit the matter to the legislature to be accepted or rejected under this section 179A.22, subdivision 4. Failure of the commission to disapprove an agreement or award within 30 days of its receipt constitutes approval. ~~Approval or disapproval by the commission is not binding on the legislature.~~

(c) ~~After adjournment of~~ When the legislature in an odd-numbered year is not in session, the commission may give interim approval to a negotiated agreement, salary, compensation plan, or arbitration award. ~~It~~ The commission shall submit the negotiated agreement agreements, salaries, compensation plans, or arbitration award awards for which it has provided approval to the entire legislature for ratification at a special legislative session called to consider them or at its next regular legislative session as provided in this section 179A.22, subdivision 4. Approval or disapproval by the commission is not binding on the legislature.

(d) When the legislature is not in session the proposed agreement, arbitration decision, salary, or compensation plan must be implemented upon its approval by the commission, and state employees covered by the proposed agreement or arbitration decision do not have the right to strike while the interim approval is in effect. Wages and economic fringe benefit increases provided for in the agreement or arbitration decision paid in accordance with the interim approval by the commission are not affected, but the wages or benefit increases must cease to be paid or provided effective upon the rejection of the agreement, arbitration decision, salary, or compensation plan, or upon adjournment of the legislature without acting on it.

Sec. 2. Minnesota Statutes 1992, section 3.855, subdivision 3, is amended to read:

Subd. 3. [OTHER DUTIES SALARIES AND COMPENSATION PLANS.] The commission shall also:

(a) review and approve, reject, or modify a plan for compensation, terms and conditions of employment prepared and submitted by the commissioner of employee relations under section 43A.18, subdivision 2, covering all state employees who are not represented by an exclusive bargaining representative and whose compensation is not provided for by chapter 43A or other law;

(b) review and approve, reject or modify a plan for total compensation and terms and conditions of employment for employees in positions identified as being managerial under section 43A.18, subdivision 3, whose salaries and benefits are not otherwise provided for in law or other plans established under chapter 43A;

(c) review and approve, reject or modify recommendations for salaries submitted by the governor under section 43A.18, subdivision 5, covering agency head positions listed in section 15A.081;

~~(d) continually monitor the state's civil service system provided for in chapter 43A, rules of the commissioner of employee relations and the collective bargaining process provided for in chapter 179A, as applied to state employees;~~

~~(e) research and analyze the need for improvements in those statutory sections;~~

~~(f) adopt rules consistent with this section relating to the scheduling and conduct of commission business and other organizational and procedural matters; and~~

~~(g) perform other related functions delegated to it by the legislature. review and approve, reject, or modify recommendations for salaries of officials of higher education systems under section 15A.081, subdivision 7b; and~~

(e) review and approve, reject, or modify plans for compensation, terms, and conditions of employment proposed under section 43A.18, subdivision 4.

Sec. 3. Minnesota Statutes 1992, section 3.855, is amended by adding a subdivision to read:

Subd. 4. [OTHER DUTIES.] The commission shall:

(1) continually monitor the state's civil service system provided for in chapter 43A, rules of the commissioner of employee relations, and the collective bargaining process provided for in chapter 179A, as applied to state employees;

(2) research and analyze the need for improvements in those statutory sections;

(3) adopt rules consistent with this section relating to the scheduling and conduct of commission business and other organizational and procedural matters; and

(4) perform other related functions delegated to it by the legislature.

Sec. 4. Minnesota Statutes 1993 Supplement, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. [SALARY RANGES.] The governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section ~~43A.18, subdivisions 2 and 5~~ 3.855:

Salary Range

Effective

July 1, 1987

\$57,500-\$78,500

Commissioner of finance;

Commissioner of education;

Commissioner of transportation;

Commissioner of human services;

Commissioner of revenue;

Commissioner of public safety;

Executive director, state board of investment;

\$50,000-\$67,500

Commissioner of administration;
Commissioner of agriculture;
Commissioner of commerce;
Commissioner of corrections;
Commissioner of jobs and training;
Commissioner of employee relations;
Commissioner of health;
Commissioner of labor and industry;
Commissioner of natural resources;
Commissioner of trade and economic development;
Chief administrative law judge; office of administrative
hearings;
Commissioner, pollution control agency;
Director, office of waste management;
Commissioner, housing finance agency;
Executive director, public employees retirement
association;
Executive director, teacher's retirement association;
Executive director, state retirement system;
Chair, metropolitan council;
Chair, regional transit board;

\$42,500-\$60,000

Commissioner of human rights;
Commissioner, department of public service;
Commissioner of veterans affairs;
Commissioner, bureau of mediation services;
Commissioner, public utilities commission;
Member, transportation regulation board;
Ombudsman for corrections;
Ombudsman for mental health and retardation.

Sec. 5. Minnesota Statutes 1992, section 15A.081, subdivision 7, is amended to read:

Subd. 7. [METROPOLITAN OFFICERS.] The governor shall set the salary rate within the range set forth below for the following positions, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5 3.855:

	Effective July 1, 1987
Chair, metropolitan airports commission	\$15,000-\$25,000
Chair, metropolitan waste control commission	\$25,000-\$67,500

Fringe benefits for unclassified employees of the metropolitan waste control commission shall not exceed those fringe benefits received by unclassified employees of the metropolitan council.

Sec. 6. Minnesota Statutes 1992, section 15A.081, subdivision 7b, is amended to read:

Subd. 7b. [HIGHER EDUCATION OFFICERS.] The higher education board, state university board, the state board for community colleges, the state board of technical colleges, and the higher education coordinating board shall set the salary rates for, respectively, the chancellor of the higher education system, the chancellor of the state universities, the chancellor of the community colleges, the chancellor of vocational technical education, and the executive director of the higher education coordinating board. The respective board shall submit the proposed salary increase to the legislative commission on employee relations for approval, modification, or rejection in the manner provided in section ~~43A.18, subdivision 2~~ 3.855. Salary rates for the positions specified in this subdivision may not exceed 95 percent of the salary of the governor under section 15A.082, subdivision 3. In deciding whether to recommend a salary increase, the governing board shall consider the performance of the chancellor or director, including the chancellor's or director's progress toward attaining affirmative action goals.

Sec. 7. Minnesota Statutes 1993 Supplement, section 15A.083, subdivision 4, is amended to read:

Subd. 4. [RANGES FOR OTHER JUDICIAL POSITIONS.] Salaries or salary ranges are provided for the following positions in the judicial branch of government. The appointing authority of any position for which a salary range has been provided shall fix the individual salary within the prescribed range, considering the qualifications and overall performance of the employee. The supreme court shall set the salary of the state court administrator and the salaries of district court administrators. The salary of the state court administrator or a district court administrator may not exceed the salary of a district court judge. If district court administrators die, the amounts of their unpaid salaries for the months in which their deaths occur must be paid to their estates. The salary of the state public defender must be 95 percent of the salary of the attorney general.

	Salary or Range Effective July 1, 1994
Board on judicial standards executive director	\$44,000-70,000 <u>60,000</u>

Sec. 8. Minnesota Statutes 1992, section 43A.05, subdivision 5, is amended to read:

Subd. 5. [COMPARABILITY ADJUSTMENTS.] The commissioner shall compile, subject to availability of funds and personnel, and submit to the legislative commission on employee relations by January 1 of each odd-numbered year a list showing, by bargaining unit, and by plan for executive branch employees covered by a plan established pursuant to under section 43A.18, those female-dominated classes and those male-dominated classes in state civil service for which a compensation inequity exists based on comparability of the value of the work. The commissioner shall also submit to the legislative commission on employee relations, along with the list, an estimate of the appropriation necessary for providing comparability adjustments for classes on the list. The commission shall review and approve, disapprove, or modify, the list and proposed appropriation. The commission's action ~~shall~~ must be submitted to the full legislature in the same manner as provided in sections ~~3.855 and 43A.18 or 179A.22, subdivision 4, provided that~~. The full legislature may approve, reject, or modify the commission's action. The commission shall show the

distribution of the proposed appropriation among the bargaining units and among the plans established under 43A.18. Each bargaining unit and each plan shall must be allocated that proportion of the total proposed appropriation which that equals the cost of providing adjustments for the positions in the unit or plan approved by the commission for comparability adjustments divided by the total cost of providing adjustments for all positions on the list approved by the commission for comparability adjustments. Distribution of any appropriated funds within each bargaining unit or plan shall must be determined by collective bargaining agreements or by plans.

Sec. 9. Minnesota Statutes 1992, section 43A.08, subdivision 1, is amended to read:

Subdivision 1. [UNCLASSIFIED POSITIONS.] Unclassified positions are held by employees who are:

(1) chosen by election or appointed to fill an elective office;

(2) heads of agencies required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, bureaus, divisions, and institutions specifically established by law in the unclassified service;

(3) deputy and assistant agency heads and one confidential secretary in the agencies listed in subdivision 1a and in the office of strategic and long-range planning;

(4) the confidential secretary to each of the elective officers of this state and, for the secretary of state, state auditor, and state treasurer, an additional deputy, clerk, or employee;

(5) intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;

(6) employees in the offices of the governor and of the lieutenant governor and one confidential employee for the governor in the office of the adjutant general;

(7) employees of the Washington, D.C., office of the state of Minnesota;

(8) employees of the legislature and of legislative committees or commissions; provided that employees of the legislative audit commission, except for the legislative auditor, the deputy legislative auditors, and their confidential secretaries, shall be employees in the classified service;

(9) presidents, vice-presidents, deans, other managers and professionals in academic and academic support programs, administrative or service faculty, teachers, research assistants, and student employees eligible under terms of the federal economic opportunity act work study program in the higher education board, the school and resource center for the arts, state universities and community colleges, but not the custodial, clerical, or maintenance employees, or any professional or managerial employee performing duties in connection with the business administration of these institutions;

(10) officers and enlisted persons in the national guard;

(11) attorneys, legal assistants, and three confidential employees appointed by the attorney general or employed with the attorney general's authorization;

(12) judges and all employees of the judicial branch, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the department of labor and industry;

(13) members of the state patrol; provided that selection and appointment of state patrol troopers must be made in accordance with applicable laws governing the classified service;

(14) chaplains employed by the state;

(15) examination monitors and intermittent training instructors employed by the departments of employee relations and commerce and by professional examining boards;

(16) student workers;

(17) executive directors or executive secretaries appointed by and reporting to any policy-making board or commission established by statute;

(18) employees unclassified pursuant to other statutory authority;

(19) intermittent help employed by the commissioner of agriculture to perform duties relating to pesticides, fertilizer, and seed regulation; and

(20) the administrators and the deputy administrators at the state academies for the deaf and the blind.

Sec. 10. Minnesota Statutes 1992, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the departments of administration; agriculture; commerce; corrections; jobs and training; education; employee relations; trade and economic development; finance; health; human rights; labor and industry; natural resources; ~~office of administrative hearings~~; public safety; public service; human services; revenue; transportation; and veterans affairs; the housing finance and pollution control agencies; the state lottery board; the state board of investment; the office of administrative hearings; the office of waste management; the offices of the attorney general, secretary of state, state auditor, and state treasurer; the state board of technical colleges; the higher education board; the higher education coordinating board; the Minnesota center for arts education; and the Minnesota zoological board.

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

- (1) the designation of the position would not be contrary to other law relating specifically to that agency;
- (2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;
- (3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;
- (4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;
- (5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with, the governor and the agency head, the employing statutory board or commission, or the employing constitutional officer;
- (6) the position would be at the level of division or bureau director or assistant to the agency head; and
- (7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

Sec. 11. Minnesota Statutes 1992, section 43A.18, subdivision 2, is amended to read:

Subd. 2. [~~COMMISSIONER'S UNREPRESENTED NONMANAGERIAL EMPLOYEE PLAN.~~] Except as provided in section 43A.01, the compensation, terms and conditions of employment for all classified and unclassified employees, except unclassified employees in the legislative and judicial branches, who are not covered by a collective bargaining agreement and not otherwise provided for in ~~Laws 1981, chapter 210~~ chapter 43A or other law ~~shall be~~ are governed solely by ~~the commissioner's a plan developed by the commissioner.~~ The legislative commission on employee relations shall review and approve, reject, or modify the plan and submit it to the legislature along with any ~~recommendations it deems appropriate under section 3.855, subdivision 2.~~ The plan need not be adopted in accordance with the rulemaking provisions of chapter 14.

~~The plan shall not take effect until approved by the legislature, provided that the legislative commission may give interim approval to effect the plan and subsequently submit it to the entire legislature for ratification in the same manner as provided for negotiated agreements and arbitration awards under section 179A.22, subdivision 4. If the legislature modifies or rejects the plan or adjourns without action during the following legislative session, any total compensation increases which were provided pursuant to interim approval by the commission and not ratified by the legislature shall not be affected but shall cease to be provided.~~

Sec. 12. Minnesota Statutes 1992, section 43A.18, subdivision 3, is amended to read:

Subd. 3. [MANAGERIAL PLAN.] (a) The commissioner shall identify individual positions or groups of positions in the classified and unclassified service, in the executive branch as being managerial. The list ~~shall~~ must not include positions listed in subdivision 4. ~~The commissioner shall annually submit the listing of positions to the chair of the legislative commission on employee relations for the commission's review and comment, and shall note on each listing the changes from the prior year.~~

(a) ~~(b)~~ The commissioner shall periodically prepare a plan for total compensation and terms and conditions of employment for employees of those positions identified as being managerial and whose salaries and benefits are not otherwise provided for in law or other plans established under this chapter. Before becoming effective those portions of the plan establishing compensation and terms and conditions of employment ~~shall~~ must be reviewed and approved or modified by the legislative commission on employee relations and the legislature ~~in the same manner as provided for the commissioner's plan in under section 3.855, subdivision subdivisions 2 and 3.~~

(b) ~~(c)~~ Incumbents of managerial positions as identified under this subdivision ~~shall~~ must be excluded from any bargaining units under the ~~provisions of chapter 179 179A.~~

(e) ~~(d)~~ The management compensation plan ~~shall~~ must provide methods and levels of compensation for managers that will be generally comparable to those applicable to managers in other public and private employment. ~~Provisions of The plan shall~~ must ensure that compensation within assigned salary ranges is related to level of performance. The plan ~~shall~~ must also provide a procedure for establishment of a salary rate for a newly created position and a new appointee to an existing position and for progression through assigned salary ranges. The employee benefits established under the provisions of the managerial plan may be extended to agency heads whose salaries are established in section 15A.081, subdivision 1, and to constitutional officers, judges of the workers' compensation court of appeals, and tax court judges.

Sec. 13. Minnesota Statutes 1993 Supplement, section 43A.18, subdivision 4, is amended to read:

Subd. 4. [PLANS NOT ESTABLISHED BUT APPROVED BY COMMISSIONER.] (a) Notwithstanding any other law to the contrary, ~~total compensation terms and conditions of employment~~ for employees listed in this subdivision must be set by appointing authorities within the limits of compensation plans that have been approved by the commissioner before becoming effective. Compensation plans established under paragraphs ~~(b); (c), (d), and (e), and~~ (f) must be reviewed and approved, modified, or rejected by the legislature and the legislative commission on employee relations under section 3.855, subdivision 2, before becoming effective.

(a) ~~(b)~~ Total compensation for employees who are not covered by a collective bargaining agreement in the offices of the governor, lieutenant governor, attorney general, secretary of state, state auditor, and state treasurer must be determined by the governor, lieutenant governor, attorney general, secretary of state, state auditor, and state treasurer, respectively.

(b) ~~(c)~~ Total compensation for unclassified positions under section 43A.08, subdivision 1, clause (9), in the state universities and the community colleges not covered by a collective bargaining agreement must be determined by the state university board and the state board for community colleges, respectively.

(e) ~~(d)~~ Total compensation for classified administrative law judges in the office of administrative hearings must be determined by the chief administrative law judge.

~~(d)~~ (e) Total compensation for unclassified positions not covered by a collective bargaining agreement in the higher education coordinating board and in the state board of technical colleges must be determined by the higher education coordinating board and the state board of technical colleges, respectively.

(e) (f) Total compensation for unclassified managerial positions not covered by a collective bargaining agreement in the higher education board must be determined by the higher education board.

Sec. 14. Minnesota Statutes 1992, section 43A.18, subdivision 5, is amended to read:

Subd. 5. [GOVERNOR TO RECOMMEND CERTAIN SALARIES.] (a) The governor shall, by July 1 of each odd-numbered year, submit to the legislative commission on employee relations recommendations for salaries within the salary range for the positions listed in section 15A.081, subdivisions 1 and 7. The governor may also propose additions or deletions of positions from those listed.

(b) Before submitting the recommendations, the governor shall consult with the commissioner of administration, the commissioner of finance, and the commissioner of employee relations concerning the recommendations.

(c) In making recommendations, the governor shall consider the criteria established in subdivision 8 and the performance of individual incumbents. The performance evaluation must include a review of an incumbent's progress toward attainment of affirmative action goals. The governor shall establish an objective system for quantifying knowledge, abilities, duties, responsibilities, and accountabilities and in determining recommendations rate each position by this system.

(d) Before the governor's recommended salaries take effect, the recommendations must be reviewed and approved, rejected, or modified by the legislative commission on employee relations and the legislature ~~in the same manner as provided for the commissioner's plan in under section 3.855, subdivision 2.~~ The governor may also at any time propose changes in the salary rate of any positions covered by this subdivision, which must be submitted and approved in the same manner as provided in this subdivision.

(e) The governor shall set the initial salary of a head of a new agency or a chair of a new metropolitan board or commission whose salary is not specifically prescribed by law after consultation with the commissioner, whose recommendation is advisory only. The amount of the new salary must be comparable to the salary of an agency head or commission chair having similar duties and responsibilities.

(f) The salary of a newly appointed head of an agency or chair of a metropolitan agency listed in section 15A.081, subdivision 1 or 7, may be increased or decreased by the governor from the salary previously set for that position within 30 days of the new appointment after consultation with the commissioner. If the governor increases a salary under this paragraph, the governor shall submit the new salary to the legislative commission on employee relations and the full legislature for approval, modification, or rejection ~~in the manner provided in under section 3.855, subdivision 2.~~ If the legislature rejects an increased salary or adjourns without action during the following legislative session, the salary for the position reverts to the level in effect before the governor proposed the change.

Sec. 15. Minnesota Statutes 1992, section 179A.18, subdivision 1, is amended to read:

Subdivision 1. [WHEN AUTHORIZED.] Essential employees may not strike. Except as otherwise provided by subdivision 2 and section 179A.17, subdivision 2, other public employees may strike only under the following circumstances:

(1)(a) the collective bargaining agreement between their exclusive representative and their employer has expired or, if there is no agreement, impasse under section 179A.17, subdivision 2, has occurred; and

(b) the exclusive representative and the employer have participated in mediation over a period of at least 45 days, provided that the mediation period established by section 179A.17, subdivision 2, ~~shall govern~~ governs negotiations ~~pursuant to under that section, and provided that~~ for the purposes of this subclause the mediation period commences on the day following receipt by the commissioner of a request for mediation; or

(2) the employer violates section 179A.13, subdivision 2, clause (9); or

(3) in the case of state employees,

(a) the legislative commission on employee relations has ~~not given approval during a legislative interim to rejected~~ a negotiated agreement or arbitration decision ~~under section 179A.22, subdivision 4, within 30 days after its receipt during a legislative interim;~~ or

(b) the entire legislature rejects or fails to ratify a negotiated agreement or arbitration decision, which has been approved during a legislative interim by the legislative commission on employee relations, at a special legislative session called to consider it, or at its next regular legislative session, whichever occurs first.

Sec. 16. Minnesota Statutes 1992, section 179A.22, subdivision 4, is amended to read:

Subd. 4. [AGREEMENTS.] The commissioner of employee relations is authorized to enter into agreements with exclusive representatives. The negotiated agreements and arbitration decision ~~shall~~ must be submitted to the legislature to be accepted or rejected in accordance with this section and section 3.855.

~~If a proposed agreement or arbitration decision is rejected or is not approved by the legislature prior to its adjournment in an odd-numbered year, the legislative commission on employee relations is authorized to give interim approval to a proposed agreement or arbitration decision. The proposed agreement or arbitration decision shall be implemented upon its approval by the commission and state employees covered by the proposed agreement or arbitration decision shall not have the right to strike while the interim approval is in effect. The commission shall submit the agreement or arbitration decision to the legislature for ratification at a special legislative session called to consider it or at its next regular legislative session. Wages and economic fringe benefit increases provided for in the agreement or arbitration decision which were paid pursuant to the interim approval by the commission shall not be affected but these wages and benefit increases shall cease to be paid or provided effective upon the rejection of the agreement or arbitration decision or upon adjournment by the legislature without acting upon the agreement or arbitration decision.~~

Sec. 17. [SETTLEMENT FORM.]

Until the commissioner of mediation services adopts a rule under authority of Minnesota Statutes, section 179A.04, subdivision 3, paragraph (n), that provides otherwise, public employers shall use the "uniform baseline and settlement form" and accompanying instructions presented by the commissioner of mediation services to the legislative commission on employee relations on February 17, 1994. However, the commissioner shall reduce the "uniform baseline and settlement form" to a one page document without omitting any of the current elements. A public employer shall use the form in the manner required by section 179A.04, subdivision 3, paragraph (n).

For agreements or awards that were entered into or issued before the effective date of this section, the employer shall complete the form and make it available to the public within 60 days of the effective date of this section. The state and school districts shall complete forms for agreements or awards entered into or issued after June 30, 1993. Other public employers shall complete forms for agreements or awards entered into or issued after December 31, 1993.

The commissioner shall publish the form submitted to the commission in the State Register within 30 days of the effective date of this section. The commissioner shall mail a copy of the form and instructions, free of charge, to associations of public employers, to exclusive representatives, and to any other person requesting the form and instructions.

Sec. 18. [EFFECTIVE DATE.]

Sections 7 and 17 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to employee relations; ratifying labor agreements; making certain positions unclassified; changing duties of the legislative commission on employee relations; revising a salary range for a certain position in the judicial branch; amending Minnesota Statutes 1992, sections 3.855, subdivisions 2, 3, and by adding a subdivision; 15A.081, subdivisions 7 and 7b; 43A.05, subdivision 5; 43A.08, subdivisions 1 and 1a; 43A.18, subdivisions 2, 3, and 5; 179A.18, subdivision 1; and 179A.22, subdivision 4; Minnesota Statutes 1993 Supplement, sections 15A.081, subdivision 1; 15A.083, subdivision 4; and 43A.18, subdivision 4."

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

The report was adopted.

Brown, C., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 2634, A bill for an act relating to transportation; requiring understandable notice of requirements for appealing town road damage awards; amending Minnesota Statutes 1992, section 164.07, subdivision 6.

Reported the same back with the following amendments:

Page 1, after line 18, insert:

"Sec. 2. [EFFECTIVE DATE.]

This act is effective on the day following final enactment."

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

The report was adopted.

Brown, C., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 2673, A bill for an act relating to government; providing that a public body may close one or more meetings for preliminary consideration of charges against an individual subject to its authority; amending Minnesota Statutes 1992, section 471.705, subdivision 1d.

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

The report was adopted.

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

H. F. No. 2675, A bill for an act relating to state lands; authorizing public sale of certain tax-forfeited land that borders public waters in Aitkin county.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Lieder from the Committee on General Legislation, Veterans Affairs and Elections to which was referred:

H. F. No. 2680, A bill for an act relating to charitable organizations; changing definitions; modifying registration and waiver requirements; amending Minnesota Statutes 1993 Supplement, section 309.501, subdivisions 1, 3, and 4.

Reported the same back with the following amendments:

Page 1, lines 18 and 19, reinstate the stricken language

Page 1, line 20, reinstate the stricken "(3)"

Page 1, line 22, reinstate the stricken "(4)" and delete "(3)"

Page 2, lines 6, 21, 25, 31, and 35, reinstate the stricken language and delete the new language

Page 2, line 11, reinstate the stricken "(6)" and delete "(5)".

Page 2, line 17, delete "all" and insert "at least 70 percent"

Page 2, after line 36, insert:

"Registered combined charitable organization includes a charitable organization organized by Minnesota state employees and their major bargaining units for the purpose of providing grants to nonprofit agencies providing Minnesota residents with food or shelter, if the charitable organization meets the requirements of paragraph (b), clauses (1), (4), and (5)."

Pages 5 and 6, delete section 3

Amend the title as follows:

Page 1, line 3, delete "and waiver"

Page 1, line 5, delete ", 3, and 4" and insert "and 3"

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

The report was adopted.

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

H. F. No. 2692, A bill for an act relating to state lands; authorizing private sale of certain state land in Crow Wing county to resolve an encroachment situation.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 2710, A bill for an act relating to state government; requiring use of state lottery terminals to provide citizens with electronic access to state agencies for the purpose of obtaining certain licenses and permits; proposing coding for new law in Minnesota Statutes, chapter 16B.

Reported the same back with the following amendments:

Page 1, delete lines 15 to 19, and insert "study and report to the legislature by January 1, 1995, on the best way to increase conveniently accessible and affordable electronic services to citizens, including electronic licensing and permitting of a wide variety of state services. As part of this study, the commissioner shall consider the advisability of using the state lottery computer network as a vehicle for delivering these services."

Amend the title as follows:

Page 1, line 2, delete "use of state"

Page 1, delete lines 3 and 4

Page 1, line 5, delete everything before the semicolon and insert "the commissioner of administration to study and report on the best way to increase electronic services to citizens"

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 2717, A bill for an act relating to water; creating programs to provide financial assistance to address nonpoint source water pollution in the departments of agriculture and trade and economic development and the pollution control agency; establishing the drinking water revolving fund administered by the public facilities authority and the department of health; changing the membership of the public facilities authority; increasing the authority's bonding authority; requiring rulemaking; providing for certain exemptions from rulemaking; appropriating money; amending Minnesota Statutes 1992, sections 13.99, by adding a subdivision; 116.182, subdivisions 2, 3, 4, and 5;

446A.02, subdivision 1, and by adding a subdivision; 446A.03, subdivision 3; 446A.07, subdivisions 4, 6, 8, 9, 10, and 11; 446A.071, subdivision 1; 446A.11, subdivision 1; 446A.12, subdivision 1; and 446A.15, subdivision 6; Minnesota Statutes 1993 Supplement, section 446A.03, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 17; 116; and 446A; repealing Minnesota Statutes 1992, section 446A.08.

Reported the same back with the following amendments:

Pages 1 to 3, delete sections 1 and 2

Page 3, line 33, delete "6" and insert "4"

Page 9, lines 7 and 23, delete "2, 7" and insert "5"

Page 16, line 18, delete "23" and insert "21"

Renumber the sections in sequence

Amend the title as follows

Page 1, line 2, delete "programs" and insert "a program"

Page 1, line 4, delete "departments of agriculture and" and insert "department of"

Page 1, line 13, delete "13.99, by adding a subdivision;"

Page 1, line 21, delete "17;"

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

The report was adopted.

Sarna from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 2811, A bill for an act relating to economic development; providing for creation of enterprise zones within the cities of Minneapolis and St. Paul; providing incentives for business to locate within an enterprise zone; proposing coding for new law in Minnesota Statutes, chapter 469.

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

The report was adopted.

Skoglund from the Committee on Judiciary to which was referred:

H. F. No. 2821, A bill for an act relating to child custody; providing for presumptive custody in grandparents in certain circumstances; proposing coding for new law in Minnesota Statutes, chapter 518.

Reported the same back with the following amendments:

Page 1, line 7, delete "PRESUMPTIVE" and after "CUSTODY" insert "PRESUMPTION"

Page 1, line 25, delete the second "and" and insert "or"

Page 2, line 4, delete "to" and insert ", (2) or"

Page 2, line 8, delete "within 24 hours"

Page 2, lines 13, 15, and 17, delete "to" and insert ", (2) or"

Page 2, line 22, delete the first "it" and insert ", pursuant to a petition filed under chapter 518, the court"

Page 2, after line 25, insert:

"Subd. 4. [RETURN TO PARENT.] If the court orders permanent custody to the grandparent, the court shall set conditions the parent must meet in order to obtain custody. The court may notify the parent that the parent may request assistance from the local social service agency in order to meet the conditions set by the court."

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 2892, A bill for an act relating to agriculture; amending provisions regarding the pricing of certain dairy products; amending Minnesota Statutes 1993 Supplement, sections 32.72; and 32.73, subdivision 4.

Reported the same back with the following amendments:

Page 1, lines 19 to 21, reinstate the stricken language

Page 2, delete section 2

Amend the title as follows:

Page 1, line 4, delete the semicolon

Page 1, line 5, delete everything before the period

With the recommendation that when so amended the bill pass.

The report was adopted.

Brown, C., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 2896, A bill for an act relating to Itasca county; permitting the county board to submit a question to nonbinding referendum.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on General Legislation, Veterans Affairs and Elections.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

S. F. No. 103, A bill for an act relating to lawful gambling; regulating the conduct of lawful gambling; prescribing the powers and duties of licensees and the board; giving the gambling control board director cease and desist authority for violations of board rules; adding restrictions for bingo halls, distributors, and manufacturers; providing more flexibility in denying a license application to ensure the integrity of the lawful gambling industry; strengthening

the gambling control board's enforcement ability by increasing licensing requirements; establishing the combined receipts tax as a lawful purpose expenditure; expanding definition of lawful purpose to include certain senior citizen activities, certain real estate taxes and assessments, and wildlife management projects; prohibiting the use of lawful purpose contributions by local governmental units in pension or retirement funds; exempting organizations with gross receipts of \$50,000 or less from the annual audit; expanding the definition of a class C license; making class C licensee reporting requirements quarterly; modifying the definition of allowable expense to include some advertising costs; eliminating additional compensation for the state lottery director; clarifying and strengthening the regulation of the conduct of bingo; prohibiting certain forms of gambling by persons under 18; modifying the definition of net profits for local assessments; prescribing penalties; amending Minnesota Statutes 1992, sections 240.13, subdivision 8; 240.25, by adding a subdivision; 240.26, subdivision 3; 299L.03, subdivisions 1 and 2; 299L.07, by adding a subdivision; 349.12, subdivisions 1, 3a, 4, 8, 11, 18, 19, 21, 23, 25, 30, 32, 34, and by adding a subdivision; 349.151, subdivision 4; 349.152, subdivisions 2 and 3; 349.153; 349.154, subdivision 2; 349.16, subdivisions 6 and 8; 349.161, subdivisions 1, 3, and 5; 349.162, subdivisions 1, 2, 4, and 5; 349.163, subdivisions 1, 1a, 3, 5, and 6; 349.164, subdivisions 1, 3, and 6; 349.1641; 349.166, subdivisions 1, 2, and 3; 349.167, subdivisions 1 and 4; 349.168, subdivisions 3 and 6; 349.169, subdivision 1; 349.17, subdivisions 2, 4, 5, and by adding a subdivision; 349.174; 349.18, subdivisions 1, 1a, and 2; 349.19, subdivisions 2, 5, 6, 8, and 9; 349.191, subdivisions 1, 4, and by adding a subdivision; 349.211, subdivisions 1 and 2; 349.2122; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and by adding a subdivision; 349.213, subdivision 1; 349A.03, subdivision 2; 349A.12, subdivisions 1, 2, 5, and 6; and 609.755; proposing coding for new law in Minnesota Statutes, chapters 471; and 609; repealing Minnesota Statutes 1992, sections 349A.03, subdivision 3; and 349A.08, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

PARI-MUTUEL RACING

Section 1. [INTENT.]

It is the intent of sections 2 to 17 to make possible the existence of an on-track horse racing industry in Minnesota and to provide for the regulation of pari-mutuel betting on horse racing to insure that it is conducted with integrity and in the public interest, at the least possible administrative cost to the state.

Sec. 2. Minnesota Statutes 1992, section 240.01, subdivision 4, is amended to read:

Subd. 4. ~~[COMMISSION DIVISION.] "Commission" is the Minnesota racing commission. "Division" is the division of pari-mutuel racing in the department of commerce.~~

Sec. 3. Minnesota Statutes 1993 Supplement, section 240.011, is amended to read:

240.011 [APPOINTMENT OF DIRECTOR.]

Subdivision 1. [DIVISION ESTABLISHED; TRANSFER OF AUTHORITY.] A division of pari-mutuel racing is created in the department of commerce. The division is under the supervision and control of the director of pari-mutuel racing.

Subd. 2. [DIRECTOR; APPOINTMENT.] The governor shall appoint the director of the Minnesota racing commission pari-mutuel racing, who serves in the unclassified service at the governor's pleasure. The director must be a person qualified by experience in the administration and regulation of pari-mutuel racing to discharge the duties of the director. The governor must select a director from a list of one or more names submitted by the Minnesota racing commission.

Sec. 4. [240.012] [RACING DIRECTOR.]

Subdivision 1. [POWERS.] The director of pari-mutuel racing has the following powers:

(1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;

(2) to issue licenses as provided in this chapter;

- (3) to enforce all laws and rules governing horse racing;
- (4) to collect and distribute all taxes provided for in this chapter;
- (5) to conduct necessary investigations and inquiries and compel the submission of information, documents, and records the director deems necessary to carry out its duties;
- (6) to supervise the conduct of pari-mutuel betting on horse racing;
- (7) to employ and supervise personnel under this chapter;
- (8) to determine the number of racing days to be held in the state and at each licensed racetrack; and
- (9) to take all necessary steps to ensure the integrity of racing in Minnesota.

Subd. 2. [ANNUAL REPORT.] The director of pari-mutuel racing shall on February 15 of each year submit a report to the governor and legislature on the division's activities, organizational structure, receipts and disbursements, and recommendations for changes in the laws relating to racing and pari-mutuel betting.

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

Subd. 4. [ADVISORY COMMITTEE.] The director may establish an advisory committee of not more than nine members, to advise the director on (1) the present and future state of horse racing and pari-mutuel betting in Minnesota, (2) the director's exercise of the powers and duties assigned to the director under this chapter, and (3) proposed changes in the laws and rules governing horse racing and pari-mutuel betting.

Sec. 5. Minnesota Statutes 1992, section 240.04, is amended to read:

240.04 [EMPLOYEES.]

Subdivision 1. [DIRECTOR; DUTIES.] The director shall perform the following duties:

- (a) take and preserve records of all proceedings before the commission, maintain its books, documents, and records, and make them available for public inspection as the commission directs;
- (b) if so designated by the commission, act as a hearing officer in hearings which need not be conducted under the administrative procedure act to conduct hearings, receive testimony and exhibits, and certify the record of proceedings to the commission;
- (c) act as the commission's chief personnel officer and supervise the employment, conduct, duties, and discipline of commission employees; and
- (d) perform other duties as directed by the commission.

Subd. 1a. [DEPUTY DIRECTOR.] The commission director may appoint a deputy director who serves in the unclassified service at the commission's director's pleasure.

Subd. 2. [DIRECTOR OF PARI-MUTUELS.] The commission director may employ a director of pari-mutuels who serves in the unclassified service at the commission's director's pleasure. The director of pari-mutuels shall perform the following duties:

- (a) supervise all forms of pari-mutuel betting on horse racing in the state;
- (b) inspect all machinery;
- (c) make reports on pari-mutuel betting as the commission director directs;

(d) subject to ~~commission~~ the director's approval, appoint assistants to perform duties the ~~commission~~ director designates; and

(e) perform other duties as directed by the ~~commission~~ director.

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

Subd. 3. [DIRECTOR OF RACING SECURITY.] The ~~commission~~ director may appoint a director of racing security to serve in the unclassified service at the ~~commission's~~ director's pleasure. The director of racing security shall enforce all laws and ~~commission~~ rules relating to the security and integrity of racing. The director of racing security and all other persons designated by the ~~commission~~ director as security officers have free and open access to all areas of all facilities the ~~commission~~ director licenses and may search without a search warrant any part of a licensed racetrack and the person of any licensee of the ~~commission~~ division on the premises. The director of racing security may order a licensee to take, at the licensee's expense, security measures necessary to protect the integrity of racing, but the order may be appealed to the ~~commission~~ director. Nothing in this chapter prohibits law enforcement authorities and agents from entering, in the performance of their duties, a premises licensed under Laws 1983, chapter 214.

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

Subd. 4. [VETERINARIAN.] The ~~commission~~ director may appoint a veterinarian who must be a doctor of veterinary medicine and who serves at its pleasure in the unclassified service. The veterinarian shall, while employed by the ~~commission~~ division, perform the following duties:

(a) supervise the formulation, administration, and evaluation of all medical tests the ~~commission's~~ director's rules require or authorize;

(b) advise the ~~commission~~ director on all aspects of veterinary medicine relating to ~~its~~ the director's powers and duties; and

(c) supervise all personnel involved in medical testing, subject to the supervision of the ~~executive~~ director.

If no veterinarian is appointed, the duties of that office ~~may be~~ are assigned to the ~~executive~~ director. The ~~commission~~ director may contract with outside personnel to assist ~~the executive director~~ in the performance of these duties.

The ~~commission~~ director may require that a licensee reimburse ~~it~~ the division for the costs of services provided by assistant veterinarians.

Subd. 5. [OTHER EMPLOYEES.] Subject to applicable laws, the ~~commission~~ director shall employ and assign duties to other officers, employees, and agents as ~~it~~ the director deems necessary to discharge ~~its~~ the director's functions.

Subd. 6. [COMPENSATION.] The compensation of all ~~commission~~ division employees shall be as provided in chapter 43A.

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

Sec. 6. Minnesota Statutes 1992, section 240.05, is amended to read:

240.05 [LICENSES; CLASSES.]

Subdivision 1. [CLASSES.] The ~~commission~~ director may issue ~~five~~ four classes of licenses:

(a) class A licenses, for the ownership and operation of a racetrack with horse racing on which pari-mutuel betting is conducted;

(b) class B licenses, for the sponsorship and management of horse racing on which pari-mutuel betting is conducted;

- (c) class C licenses, for the privilege of engaging in certain occupations related to horse racing; and
- (d) class D licenses, for the conduct of pari-mutuel horse racing by county agricultural societies or associations; and
- (e) class E licenses, for the management of a teleracing facility.

No person may engage in any of the above activities without first having obtained the appropriate license from the commission director.

Subd. 2. [FORMS.] All application forms for licenses must contain a statement to the effect that by accepting a license from the commission division a licensee consents to having property or person subject to inspection at any time by the director of racing security or by security officers designated by the commission director.

Subd. 3. [POLICY.] It is the intent of the legislature that authority granted by law to the commission director to issue licenses not be construed as requiring the commission to issue any license.

Sec. 7. Minnesota Statutes 1992, section 240.06, is amended to read:

240.06 [RACETRACK LICENSES.]

Subdivision 1. [APPLICATION.] The commission director may issue one or more class A licenses, but not more than one to any one person. An application for a class A license must be on a form the commission director prescribes and must be accompanied by detailed plans and specifications of the track, buildings, fences, and other improvements. The application must contain:

(a) the name and address of the applicant and, if it is a corporation, the names of all officers, directors, and shareholders of the corporation and any of its holding corporations;

(b) if required by the commission director, the names of any person or persons holding directly, indirectly, or beneficially an interest of any kind in the applicant or any of its holding corporations, whether the interest is financial, administrative, policy making, or supervisory;

(c) a statement of the assets and liabilities of the applicant;

(d) an affidavit executed by the applicant setting forth that no officer, director, or other person with a present or future direct or indirect financial or management interest in the racetrack, to the best of the applicant's knowledge:

(1) is in default in the payment of an obligation or debt to the state under this chapter;

(2) has ever been convicted of a felony in a state or federal court or has a state or federal felony charge pending;

(3) is or has been connected with or engaged in any illegal business;

(4) has ever been found guilty of fraud or misrepresentation in connection with racing or breeding;

(5) has ever been found guilty of a violation of a law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's director's rules; or

(6) has ever knowingly violated a rule or order of the commission director or the Minnesota racing commission, or a law of Minnesota relating to racing;

(e) an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission division; and

(f) an affirmative action plan establishing goals and timetables consistent with the Minnesota human rights act, chapter 363, and in conformity with the goals established by the commission director by rule.

Subd. 2. [HEARINGS.] Before granting a class A license the ~~commission~~ director shall conduct one or more public hearings in the area where the racetrack is or will be located. The ~~commission~~ director shall also request comments on the application from the city council or town board of the city or town where the track is or will be located, or from the county board if it is to be located outside a city or town and from the appropriate regional development commission or the metropolitan council, as the case may be.

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

Subd. 4. [LICENSE ISSUANCE.] If after considering the information received at the hearing or hearings and the comments requested under subdivision 2, the ~~commission~~ director determines that the license will not adversely affect the public health, welfare, and safety, that the racetrack will be operated in accordance with all applicable laws and rules, that the license will not create a competitive situation that will adversely affect racing and the public interest, and that the applicant is financially able to operate a licensed racetrack, ~~it the director~~ the director may issue a class A license to the applicant. The license is effective until revoked or suspended by the ~~commission~~ director or relinquished by the licensee.

Subd. 5. [PROHIBITED LOCATIONS.] A class A license may not be issued to any location where the operation of a racetrack is prohibited by a valid local zoning ordinance. ~~Not The director may not issue~~ more than one class A license may be issued by the commission within the seven-county metropolitan area.

Subd. 5a. [ADDITIONAL LICENSE; METROPOLITAN AREA.] Notwithstanding subdivision 5, the ~~commission~~ director may issue one additional class A license within the seven-county metropolitan area, provided that the additional license may only be issued for a facility:

- (1) located more than 20 miles from any other racetrack in existence on January 1, 1987;
- (2) containing a track no larger than five-eighths of a mile in circumference;
- (3) used exclusively for standard-bred racing;
- (4) not owned or operated by a governmental entity or a nonprofit organization; and
- (5) that has a current road or highway system adequate to facilitate present and future vehicular traffic expeditiously to and from the facility.

The consideration of clause (5) shall prevail when two competing licensees are relatively equal regarding other considerations mandated by law or rule.

An application for an additional class A license within the seven-county metropolitan area may not delay or adversely affect an application for a class A license for a facility to be located outside the seven-county metropolitan area.

Subd. 6. [CHANGES IN OWNERSHIP OR MANAGEMENT.] If a change in the officers, directors, shareholders, or other persons with a present or future direct or indirect financial or management interest in the licensee, or a change of ownership of more than five percent of the licensee's shares is made after the application is filed or the license issued, the applicant or licensee must notify the ~~commission~~ director of the changes within five days of their occurrence and provide the affidavit required by subdivision 1, clause (d).

Subd. 7. [LICENSE SUSPENSION AND REVOCATION.] The ~~commission~~ director:

(1) may revoke a class A license for (i) a violation of law, order, or rule which in the ~~commission's~~ director's opinion adversely affects the integrity of horse racing in Minnesota, or for an intentional false statement made in a license application, or for (ii) a willful failure to pay any money required to be paid by Laws 1983, chapter 214, and under this chapter;

(2) may revoke a class A license for failure to perform material covenants or representations made in a license application; and

(3) shall revoke a class A license if live racing has not been conducted on at least 60 racing days assigned by the director during any period of 12 consecutive months, unless the director authorizes a shorter period because of circumstances beyond the licensee's control.

The commission director may suspend a class A license for up to one year for a violation of law, order, or rule which in the commission's director's opinion adversely affects the integrity of horse racing in Minnesota, and may suspend a class A license indefinitely if ~~it~~ the director determines that the licensee has as an officer, director, shareholder, or other person with a direct, indirect, or beneficial interest a person who is in the commission's director's opinion inimical to the integrity of horse racing in Minnesota or who cannot be certified under subdivision 1, clause (d).

A license revocation or suspension under this subdivision is a contested case under sections 14.57 to 14.69 of the Administrative Procedure Act, and is in addition to criminal penalties imposed for a violation of law or rule.

Subd. 8. [WORK AREAS.] A class A licensee must provide at no cost to the commission division suitable work areas for ~~commission members, officers, division employees,~~ and agents, including agents of the division of gambling enforcement, who are directed or requested by the commission director to supervise and control racing at the licensed racetrack.

Sec. 8. Minnesota Statutes 1992, section 240.09, is amended to read:

240.09 [COUNTY FAIR LICENSES.]

Subdivision 1. [APPLICATION.] The commission director may issue class D licenses to county agricultural societies or associations incorporated under chapter 38 or nonprofit corporations organized under chapter 317A in existence and operating fairs on April 21, 1951, to conduct and manage, on their own fairgrounds, horse racing on which pari-mutuel betting is conducted. An application for a class D license must be on a form the commission director prescribes and must be accompanied by a certified copy of a resolution of the county board of the county where racing is to be conducted stating that it has reviewed the license application and does not object to it. An application for a class D license must be accompanied by detailed plans and specifications of the track, buildings, fences, and other improvements.

Subd. 2. [OCCUPATIONAL LICENSES.] A person who participates in the management or conduct of horse racing or pari-mutuel betting for a county fair holding a class D license who is in an occupation listed in section 240.08, subdivision 1, or the rules of the commission director must have a class C license from the commission division except for active members, as defined in section 349.12, of nonprofit organizations who act without compensation as concession workers.

Subd. 3. [HEARING.] Before granting an initial class D license, the commission director must hold at least one public hearing in the county where the license is to be issued, and if the racetrack to be licensed is within a city, ~~it~~ the director must also request comments on the application from the city council.

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

Subd. 4. [ISSUANCE.] If after considering the information received at the hearing or hearings and considering the comments requested under subdivision 3, the commission director determines that the license will not adversely affect the public health, welfare, and safety and that the racing to be licensed will be conducted in accordance with all applicable laws and rules, ~~it~~ the director may issue a class D license to the applicant. The license is for a period of one year.

Subd. 5. [RENEWAL.] On making the same determination as in subdivision 4, the commission director may renew a class D license without a hearing unless ~~it~~ the director determines a hearing is necessary.

Subd. 6. [REVOCAION AND SUSPENSION.] Revocation and suspension of class D licenses, and refusals to renew class D licenses, are as provided in section 240.06, subdivision 7. A license suspension or revocation or a refusal to renew a class D license is a contested case under sections 14.57 to 14.69 of the administrative procedure act and is in addition to criminal penalties imposed for a violation of law or rule.

Sec. 9. Minnesota Statutes 1992, section 240.10, is amended to read:

240.10 [LICENSE FEES.]

The fee for a class A license is \$10,000 per year. The fee for a class B license is \$100 for each assigned racing day on which racing is actually conducted, and \$50 for each day on which simulcasting is authorized and actually takes place. The fee for a class D license is \$50 for each assigned racing day on which racing is actually conducted. ~~The fee for a class E license is \$1,000 per year.~~ Fees imposed on class B and class D licenses must be paid to the commission division at a time and in a manner as provided by rule of the commission director.

The commission director shall by rule establish an annual license fee for each occupation ~~#~~ the director licenses under section 240.08 but no annual fee for a class C license may exceed \$100.

License fee payments received must be paid by the commission division to the state treasurer for deposit in the general fund.

Sec. 10. Minnesota Statutes 1992, section 240.12, is amended to read:

240.12 [LICENSE AGREEMENTS.]

The commission director may enter into agreements with comparable bodies in other racing jurisdictions for the mutual recognition of occupational licenses issued by each body agency. The commission director may by rule provide for and may charge a fee for the registration of each license issued in another jurisdiction.

Sec. 11. Minnesota Statutes 1992, section 240.13, is amended to read:

240.13 [PARI-MUTUEL BETTING.]

Subdivision 1. [AUTHORIZED.] (a) Class B and class D licenses give the licensees authority to conduct pari-mutuel betting on the results of races run at the licensed racetrack, and on other races as authorized by the commission director under this section.

(b) A class B ~~or class E~~ license gives the licensee the authority to transmit and receive telecasts and conduct pari-mutuel betting on the results of horse races run at its class A facility, and of other horse races run at other locations outside of the state, as authorized by the commission director. ~~A class E licensee must present, for pari-mutuel wagering purposes, all live horse races conducted at its class A facility.~~ The class B ~~or class E~~ licensee may present racing programs separately or concurrently.

(c) Subject to the approval of the commission, ~~for simulcasts and telerace simulcasts~~ director the types of betting, takeout, and distribution of winnings on pari-mutuel pools ~~of on simulcast races at a class B or class E facility~~ are those in effect at the sending racetrack. ~~Pari-mutuel pools accumulated at a class E facility must be commingled with the pools at the class A facility for comparable pools on those races that are being simultaneously presented at both facilities.~~ Pari-mutuel pools may be commingled with pools at the sending racetrack, for the purposes of determining odds and payout prices, via the totalizer computer at the class A facility.

(d) The commission director may not authorize a class B ~~or class E~~ licensee to conduct simulcasting or telerace simulcasting unless 125 days of live racing, consisting of not less than eight live races on each racing day, have been conducted at the class A facility within the preceding 12 months. The number of live racing days required may be adjusted by agreement between the licensee and 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 number of live racing days required must be reduced by one day for each assigned racing day that the licensee is unable to conduct live racing due to natural occurrences or catastrophes beyond its control.

Subd. 2. [REQUIREMENTS.] (a) A licensee conducting pari-mutuel betting must provide at the licensed track ~~or at the teleracing facility~~:

- (1) the necessary equipment for issuing pari-mutuel tickets; and

(2) mechanical or electronic equipment for displaying information the commission director requires. All mechanical or electronic devices must be approved by the commission director before being used.

(b) A licensee conducting pari-mutuel betting must post prominently at each point of sale of pari-mutuel tickets, in a manner approved by the commissioner of human services, the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98.

Subd. 3. [TYPES OF BETTING.] The commission director shall by rule designate those types of pari-mutuel pools which are permitted at licensed racetracks and ~~tele racing facilities~~, and no licensee may conduct any type of pari-mutuel pool which has not been so designated. ~~Pari-mutuel pools permitted at licensed racetracks and pari-mutuel pools designated by the commission are permitted at tele racing facilities.~~

Subd. 4. [TAKEOUT; DISTRIBUTION OF WINNINGS.] A licensee conducting pari-mutuel betting must deduct from a straight pari-mutuel pool, before payments to holders of winning tickets, an amount equal to not more than 17 percent of the total money in that pool. The licensee must deduct from a multiple pari-mutuel pool, before payments to the holders of winning tickets, an amount equal to not more than 23 percent of the total money in that pool. The remaining money in each pool must be distributed among the holders of winning tickets in a manner the commission director by rule prescribes for each type of pool. Breakage must be computed on the basis of payoffs rounded down to the next lowest increment of 10 cents, with a minimum payoff of \$1.10 on a \$1 ticket, except that the licensee may reduce the minimum payoff to \$1.05 on a \$1 ticket if there is not a sufficient amount in a pool to make a minimum payoff of \$1.10.

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 tele race simulcasting~~ that takes place within the time period of the live races, 8.4 percent;

(2) for simulcasts ~~and tele race 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 tele race 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 tele race 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 director 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 division 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 tele race 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 telerace 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 telerace 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 telerace simulcasts~~ must be used for purses for live races involving the same breed involved in the simulcast ~~or telerace 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 telerace 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 may be distributed proportionately to those breeds that have run during the preceding 12 months or paid to the commission division 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 director.

(h) This subdivision does not apply to a class D licensee.

Subd. 6. [SIMULCASTING.] (a) The commission director may permit an authorized a class B licensee to conduct simulcasting or telerace simulcasting at the licensee's facility on any day authorized by the commission director. All simulcasts and telerace simulcasts must comply with the Interstate Horse Racing Act of 1978, United States Code, title 15, sections 3001 to 3007. In addition to teleracing programs featuring live racing conducted at the licensee's class A facility, the class E licensee may conduct not more than seven teleracing programs per week during the racing season, unless additional telerace 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.

(b) The commission director 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.

(c) 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.

(e) With the approval of the commission director 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 director may allow this to be done on a commingled pool basis.

(f) Except as otherwise provided in this section, simulcasting and ~~telecast simulcasting~~ may be conducted on a separate pool basis or, with the approval of the commission director, on a commingled pool basis. All provisions of law governing pari-mutuel betting apply to simulcasting and ~~telecast simulcasting~~ except as otherwise provided in this subdivision or in the ~~commission's director'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 totalizer computer at the licensee's class A facility. Subject to the approval of the commission director, 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 director 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.

(g) If there is more than one class B licensee conducting racing within the seven-county metropolitan area, simulcasting and ~~telecast 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.

~~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.~~

Subd. 7. [TIME LIMIT FOR PAYMENTS.] The licensee must pay off on an uncashed ticket presented for payment within 90 days of the end of the racing meeting during which it was issued. A ticket not presented for payment within that period is an unredeemed ticket and shall be reported to the commission director as provided in section 240.15, subdivision 5.

Subd. 8. [PROHIBITED ACTS.] A licensee may not accept a bet from any person under the age of 18 years; and a licensee may not accept a bet of less than \$1.

Subd. 9. [TRANSMISSION TO INDIAN LANDS; POOLING OF BETS.] A licensed racetrack may, with the approval of the horsepersons' organization representing the majority of horsepersons racing the breed involved, transmit telecasts of races the licensee conducts to sites on Indian lands of tribes who are lawfully conducting pari-mutuel wagering authorized by a tribal-state compact entered into pursuant to the Indian Gaming Regulatory Act, Public Law Number 100-497, or through litigation, arbitration, or mediation relative to that act. Nothing in this subdivision shall be construed to indicate that state policy or law permits or encourages the transmission of telecasts to sites on Indian lands. With prior approval of the commission director, a licensed racetrack transmitting telecasts of races it conducts, to sites on Indian lands within or outside of Minnesota or to other locations outside the state, may commingle the amounts bet at the receiving entity with the pools at the sending licensed racetrack.

Sec. 12. Minnesota Statutes 1992, section 240.15, is amended to read:

240.15 [PAYMENTS TO STATE.]

Subdivision 1. [TAXES IMPOSED.] (a) There is imposed a tax at the rate of six percent of the total amount withheld from all pari-mutuel pools by the licensee, including breakage and amounts withheld under section 240.13, subdivision 4.

In addition to the above tax, the licensee must designate and pay to the commission division a tax of one percent of the total amount bet on each racing day, for deposit in the Minnesota breeders fund.

The taxes imposed by this clause must be paid from the amounts permitted to be withheld by a licensee under section 240.13, subdivision 4.

(b) The commission director may impose an admissions tax of not more than ten cents on each paid admission at a licensed racetrack on a racing day if:

- (1) the tax is requested by a local unit of government within whose borders the track is located;
- (2) a public hearing is held on the request; and

(3) the commission director finds that the local unit of government requesting the tax is in need of its revenue to meet extraordinary expenses caused by the racetrack.

Subd. 2. [PAYMENT.] The licensee must remit the tax to the commission division or its representative within seven days of the day on which it was collected. The payments must be accompanied by a detailed statement of the remittance on a form the commission director prescribes. The commission director may by rule provide for the direct deposit of required payments in the commission's division's account in a financial institution within the state and for determining the time of applicability of different tax rates under subdivision 1.

Subd. 3. [TAX EXCLUSIVE.] The tax imposed by subdivision 1 is in lieu of any tax or license fee, other than taxes on real property, imposed by a political subdivision and in lieu of any other sales or excise tax imposed by the state on pari-mutuel pools or pari-mutuel ticket sales.

Subd. 4. [REPORTS.] Within 100 days of the end of each calendar year a licensee subject to the tax imposed by subdivision 1 must file with the commission director a certified financial report disclosing receipts from all sources during the racing meeting and expenses and disbursements. The financial report must be prepared by an independent certified public accountant in accordance with generally accepted auditing standards.

Subd. 5. [UNREDEEMED TICKETS.] Not later than 100 days after the end of a racing meeting a licensee who sells pari-mutuel tickets must remit to the commission division or its representative an amount equal to the total value of unredeemed tickets from the racing meeting. The remittance must be accompanied by a detailed statement of the money on a form the commission prescribes director.

Notwithstanding any provision to the contrary in chapter 345, unredeemed pari-mutuel tickets shall not be considered unclaimed funds and shall be handled in accordance with the provisions of this subdivision. Any person claiming to be entitled to the proceeds of any unredeemed ticket who fails to claim said proceeds prior to their being remitted to the commission division, may within one year after the date of remittance to the commission division file with the commission director a verified claim for such proceeds on such form as the commission director prescribes along with the pari-mutuel ticket. Unless the claimant satisfactorily establishes the right to the proceeds, the claim shall be rejected. If the claim is allowed, the commission director shall pay the proceeds without interest to the claimant. There is hereby appropriated from the general fund to the commission director an amount sufficient to make payment to persons entitled to such proceeds.

Subd. 6. [DISPOSITION OF PROCEEDS.] The commission director 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 tolerance simulcasts of races not conducted in this state,~~ must be distributed as provided in section 240.18, 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 director determines. All other revenues received under this section by the commission division, and all license fees, fines, and other revenue it receives, must be paid to the state treasurer for deposit in the general fund.

Sec. 13. Minnesota Statutes 1992, section 240.155, is amended to read:

240.155 [REIMBURSEMENT ACCOUNTS AND PROCEDURES.]

Subdivision 1. [REIMBURSEMENT ACCOUNT CREDIT.] Money received by the commission division as reimbursement for the costs of services provided by assistant veterinarians and stewards must be deposited in the state treasury and credited to a racing commission reimbursement account, except as provided under subdivision 2. Receipts are appropriated to the commission director to pay the costs of providing the services.

Subd. 2. [GENERAL FUND CREDIT.] Money received by the commission division as reimbursement for the compensation of a steward who is an employee of the commission division for which a general fund appropriation has been made must be credited to the general fund.

Sec. 14. Minnesota Statutes 1992, section 240.16, is amended to read:

240.16 [STEWARDS.]

Subdivision 1. [POWERS AND DUTIES.] All horse races run at a licensed racetrack must be presided over by a board of three stewards, who must be appointees of the commission director or persons approved by ~~it~~ the director. The commission director shall designate one steward as chair. At least two stewards for all races either shall be

employees of the ~~commission~~ division who shall serve in the unclassified service, or shall be under contract with the ~~commission~~ director to serve as stewards. The ~~commission~~ director may delegate the following duties and powers to a board of stewards:

- (a) to ensure that races are run in accordance with the ~~commission's~~ director's rules;
- (b) to supervise the conduct of racing to ensure the integrity of the sport;
- (c) to settle disputes arising from the running of horse races, and to certify official results;
- (d) to impose on licensees, for violation of law or ~~commission~~ director's rules, fines not exceeding \$2,000 and license suspensions not exceeding 90 days;
- (e) to recommend to the ~~commission~~ director where warranted penalties in excess of those in clause (d);
- (f) to otherwise enforce the laws and rules of racing; and
- (g) to perform other duties and have other powers assigned by the ~~commission~~ director.

Subd. 1a. [SIMULCAST.] All simulcasts ~~and telerece simulcasts~~ are subject to the regulation of the ~~commission~~ director. The ~~commission~~ director may assign an official to preside over these activities and, if so assigned, the official has the powers and duties provided by rule.

Subd. 2. [APPEALS; HEARINGS.] A ruling of a board of stewards may be appealed to the ~~commission~~ director or be reviewed by it ~~the director~~ on its ~~the director's~~ own initiative. ~~The commission may provide for appeals to be heard by less than a quorum of the commission.~~ A hearing on a penalty imposed by a board of stewards must be granted on request.

Subd. 3. [PROCEDURAL POWERS.] A board of stewards has the authority to administer oaths, issue subpoenas, order the production of documents and other evidence, and regulate the course of hearings before it, according to the ~~commission's~~ director's rules. Hearings held by a board of stewards are not subject to the provisions of the Administrative Procedure Act except those provisions which the ~~commission~~ director by rule makes applicable.

Subd. 4. [RULES.] In addition to rules under subdivision 3, the ~~commission~~ director may ~~promulgate~~ adopt rules governing the qualifications, appointment, approval, authority, removal, and compensation of stewards.

Subd. 5. [COSTS.] The ~~commission~~ director may require that a licensee reimburse it ~~the division~~ for the costs of providing a state-paid steward or stewards to supervise racing at the licensee's racetrack.

Subd. 6. [COMPENSATION.] The total compensation of stewards who are employees of the ~~commission~~ division must be commensurate with the compensation of stewards who are not ~~commission~~ division employees.

Sec. 15. Minnesota Statutes 1992, section 240.25, subdivision 2, is amended to read:

Subd. 2. [OFF-TRACK BETS.] (a) No person shall:

(1) for a fee, directly or indirectly, accept anything of value from another to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races, or for a fee deliver anything of value which has been received outside of the enclosure of a licensed racetrack holding a race meet licensed under this chapter ~~or a telerece facility~~, to be placed as wagers in the pari-mutuel system of wagering on horse racing within the enclosure or facility; or

(2) give anything of value to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races to another who charges a fee, directly or indirectly, for the transmission or delivery.

~~(b) Nothing in this subdivision prohibits the conducting of pari-mutuel wagering at a licensed telerece facility.~~

Sec. 16. Minnesota Statutes 1992, section 240.27, subdivision 1, is amended to read:

Subdivision 1. [PERSONS EXCLUDED.] The ~~commission~~ director may exclude from any and all licensed racetracks ~~or licensed telerece facilities~~ in the state a person who:

(a) has been convicted of a felony under the laws of any state or the United States;

(b) has had a license suspended, revoked, or denied by the director, the Minnesota racing commission or by the racing authority of any other jurisdiction; or

(c) is determined by the ~~commission~~ director, on the basis of evidence presented to ~~it~~ the director, to be a threat to the integrity of racing in Minnesota.

Sec. 17. Minnesota Statutes 1992, section 240.28, is amended to read:

240.28 [CONFLICT OF INTEREST.]

Subdivision 1. [FINANCIAL INTEREST.] No person may serve ~~on~~ as the director or be employed by the ~~commission division~~ who has an interest in any corporation, association, or partnership which holds a license from the ~~commission director~~ or which holds a contract to supply goods or services to a licensee or at a licensed racetrack ~~or a licensed teleracing facility, including concessions contracts. No member or~~ Neither the director nor an employee of the ~~commission division~~ may own, wholly or in part, or have an interest in a horse which races at a licensed racetrack in Minnesota. ~~No member or~~ Neither the director nor an employee of the ~~commission division~~ may have a financial interest in or be employed in a profession or business which conflicts with the performance of duties as ~~a member director~~ or employee.

Subd. 2. [BETTING.] ~~No member or~~ Neither the director nor an employee of the ~~commission division~~ may bet or cause a bet to be made on a race at a licensed racetrack while serving ~~on as director~~ or being employed by the ~~commission division~~. No person appointed or approved by the director as a steward may bet or cause a bet to be made at a licensed racetrack during a racing meeting at which the person is serving as a steward. The ~~commission director~~ shall by rule prescribe such restrictions on betting by its licensees as ~~it~~ the director deems necessary to protect the integrity of racing.

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

Sec. 18. [CONSTITUTIONAL AMENDMENT.]

The following amendment to the Minnesota Constitution, article X, section 8, is proposed to the people. If the amendment is adopted, the section will read as follows:

Sec. 8. [PARI-MUTUEL BETTING.] The legislature may authorize ~~on-track~~ pari-mutuel betting on horse racing in a manner prescribed by law.

Sec. 19. [SUBMISSION TO VOTERS.]

The proposed amendment must be submitted to the people at the 1994 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to repeal the requirement that pari-mutuel betting on horse racing be limited to on-track betting only?"

Yes
No"

Sec. 20. [REPORT TO LEGISLATURE.]

If the constitutional amendment proposed in section 18 is approved by the people at the 1994 general election, the director of pari-mutuel racing shall submit a report to the legislature containing the director's recommendations on legislation to authorize and regulate off-track pari-mutuel betting on horse racing. The report must contain draft legislation that embodies the director's recommendations. The draft legislation must provide that:

(1) off-track pari-mutuel betting be conducted primarily to support on-track horse racing and not supplant it;

(2) a separate license be required to operate each off-track betting location;

(3) off-track betting locations be limited to teletheatres with large-screen television displays of live horse racing, theatre seating and full dining and beverage service; and

(4) a limited number of off-track betting locations be licensed, with a reasonable geographic distribution of locations around the state.

The director shall submit the report to the legislature by February 1, 1995.

Sec. 21. [RACING COMMISSION ABOLISHED.] The Minnesota racing commission is abolished. All powers, duties, rules, actions, and other proceedings of the Minnesota racing commission in effect or undertaken before the effective date of this section are transferred to the director of pari-mutuel racing. All money appropriated to the Minnesota racing commission on the effective date of this section is transferred to the division of pari-mutuel racing in the department of commerce.

Sec. 22. [TRANSITION.]

The person who is serving as director of pari-mutuel racing on June 30, 1994, shall serve as director of the division of pari-mutuel racing until June 30, 1995, and until that date may be removed only for cause. On and after July 1, 1995, the appointment of the director of the division of pari-mutuel racing is governed by section 4.

Sec. 23. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall, in the next and subsequent editions of Minnesota Statutes, change the term "commission" to "director," and make such other stylistic changes as the revisor deems necessary, in the following sections: 240.01, subdivision 16; 240.07; 240.08; 240.14; 240.17; 240.18; 240.19; 240.20; 240.21; 240.22; 240.23; 240.24; 240.25, subdivisions 4, 5, and 6; 240.26, subdivision 3; and 240.29. The revisor shall make the same changes in chapters 7869 to 7899 of Minnesota Rules.

Sec. 24. [REPEALER.]

Minnesota Statutes 1992, sections 240.01, subdivisions 4, 17, 18, 20, 21, and 23; 240.02; 240.03; and 240.091, are repealed.

Sec. 25. [EFFECTIVE DATE.]

Sections 1 to 17 and 21 to 24 are effective July 1, 1994. Sections 18 to 20 are effective the day following final enactment.

ARTICLE 2

GAMBLING TAX RECODIFICATION

Section 1. [297E.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] Unless otherwise defined in this chapter, or unless the context clearly indicates otherwise, the terms used in this chapter have the meaning given them in chapter 349. The definitions in this section are for tax administration purposes and apply to this chapter.

Subd. 2. [BINGO.] For purposes of this chapter "bingo" means the game of bingo as defined in section 349.12, subdivision 4, and as conducted under chapter 349, and any other game that is substantially the same as or similar to that game, including but not limited to a game where:

(1) players pay compensation for a game sheet, card, or paper that has spaces arranged on it in columns and rows containing printed numbers or figures, or that has spaces in which players are allowed to place their own numbers or figures, or for an electronic, mechanical, or other facsimile of such sheets, cards or paper;

(2) numbers or figures are randomly selected for comparison with the numbers or figures on each game sheet, card, paper, or facsimile;

(3) game winners are those who have a game sheet, card, paper, or facsimile with some or all of the randomly selected numbers or figures displayed thereon, in the same pattern or arrangement that has been previously designated or understood to be a winning pattern or arrangement for the game; and

(4) game winner receive or are eligible to receive a prize such as money, property, or other reward or benefit.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of revenue or a person to whom the commissioner has delegated functions.

Subd. 4. [CONTRABAND.] For purposes of this chapter, "contraband" means all of the items listed in section 349.2125, and all pull-tab or tipboard deals or portions of deals on which the tax imposed under section 297E.02 has not been paid.

Subd. 5. [DISTRIBUTOR.] "Distributor" means a distributor as defined in section 349.12, subdivision 11, or a person who markets, sells, or provides gambling product to a person or entity for resale or use at the retail level.

Subd. 6. [FISCAL YEAR.] "Fiscal year" means the period from July 1 to June 30.

Subd. 7. [GAMBLING PRODUCT.] "Gambling product" means bingo cards, paper, or sheets; pull-tabs; tipboards; paddletickets and paddleticket cards; raffle tickets; or any other ticket, card, board, placard, device, or token that represents a chance, for which consideration is paid, to win a prize.

Subd. 8. [GROSS RECEIPTS.] "Gross receipts" means all receipts derived from lawful gambling activity including, but not limited to, the following items:

(1) gross sales of bingo cards and sheets before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(2) the ideal gross of pull-tab and tipboard deals or games less the value of unsold and defective tickets and before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(3) gross sales of raffle tickets and paddle tickets before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(4) admission, commission, cover, or other charges imposed on participants in lawful gambling activity as a condition for or cost of participation; and

(5) interest, dividends, annuities, profit from transactions, or other income derived from the accumulation or use of gambling proceeds.

Gross receipts does not include proceeds from rental under section 349.164 or 349.18, subdivision 3, for duly licensed bingo hall lessors.

Subd. 9. [IDEAL GROSS.] "Ideal gross" means the total amount of receipts that would be received if every individual ticket in the pull-tab or tipboard deal was sold at its face value. In the calculation of ideal gross and prizes, a free play ticket shall be valued at face value.

Subd. 10. [MANUFACTURER.] "Manufacturer" means a manufacturer as defined in section 349.12, subdivision 26, or a person or entity who: (1) assembles from raw materials, or from subparts or other components, a completed item of gambling product for resale, use, or receipt in Minnesota; or (2) sells, furnishes, ships, or imports completed gambling product from outside Minnesota for resale, use, receipt, or storage in Minnesota; or (3) being within the state, assembles, produces, or otherwise creates gambling products.

Subd. 11. [PRIZE.] "Prize" means a thing of value, other than a free play, offered or awarded to the winner of a gambling game.

Subd. 12. [PULL-TAB.] "Pull-tab" is a pull-tab as defined in section 349.12, subdivision 32, or any other gambling ticket or device that is substantially the same as or similar to such a pull-tab, including but not limited to, a ticket or card that:

(1) has one or more concealed numbers, figures, or symbols, or combination thereof, printed on it;

(2) may be used in games where the player knows in advance, or can determine in advance, what the pre-designated winning numbers, figures, symbols, or combinations are; and

(3) may be played by revealing the concealed ticket information and comparing that information with the pre-designated winning numbers, figures, symbols, or combinations in order to determine a winner.

Subd. 13. [RAFFLE.] "Raffle" means a raffle as defined in section 349.12, subdivision 33, and any other game that is played in a manner substantially similar to the play of such a raffle, including but not limited to raffles in which compensation is paid for the chance to win a thing of value, the chance is evidenced by a ticket, card, token, or equivalent item, and the winner is selected by random drawing.

Subd. 14. [RETAIL LEVEL.] "Retail level" means an activity where gambling product is sold to players or participants in gambling games and where the players or participants give consideration for a chance to win a prize.

Subd. 15. [TAXPAYER.] "Taxpayer" means a person subject to or liable for a tax imposed by this chapter, a person required to file reports or returns with the commissioner under this chapter, a person required to keep or retain records under this chapter, or a person required by this chapter to obtain or hold a permit.

Subd. 16. [TICKET.] "Ticket" means a valid token, card, or other tangible voucher, other than bingo cards, sheets, or paper, that grants the holder a chance or chances to participate in a game of gambling.

Subd. 17. [TIPBOARD.] "Tipboard" means a tipboard as defined in section 349.12, subdivision 34, and any game that is substantially the same as or similar to the game of tipboards authorized under chapter 349, including but not limited to any of the following games:

(1) a game that consists of one or more boards, placards, or other devices in which (i) the board, placard, or other device has been marked off into a grid or columns in which each section represents a chance to win a prize, (ii) participants pay a consideration to select a section or sections, (iii) all or some of the winning numbers, figures, symbols, or other winning criteria for the game are concealed or otherwise not known by the player at the time the player obtains a chance in the game, and (iv) the numbers, figures, symbols, or other criteria for winning the game are later revealed for comparison with the information on the board, placard, or other device in order to determine a winner;

(2) a game that consists of one or more boards, placards, or other devices that (i) have tickets attached to or otherwise associated with them, and that have one or more concealed numbers, figures, or combination thereof on the tickets; (ii) participants pay a consideration to obtain the tickets, (iii) all or some of the winning numbers, figures, symbols, or other winning criteria for the game are concealed or otherwise not known by the player at the time the player obtains a chance in the game, and (iv) the numbers, figures, symbols, or other criteria for winning the game are later revealed for comparison with the information on the game tickets in order to determine a winner; or

(3) a game that consists of a deal or set of tickets that (i) have one or more concealed numbers, figures, or symbols, or combination thereof, on the tickets, (ii) participants pay a consideration to obtain the tickets, (iii) all or some of the winning numbers, figures, symbols, or combination thereof, are concealed or otherwise not known to the player at the time the player obtains the ticket, and (iv) the tickets are used in games where the numbers, figures, symbols, or other winning criteria are later revealed for comparison with the information on the game tickets in order to determine a winner.

"Tipboards" includes any game otherwise described in this subdivision in which the winning chances are determined in whole or in part by the outcome of one or more sporting events. "Tipboard" does not include boards, placards, tickets, or other devices lawfully used in connection with the operation of the state lottery under chapter 349A or the lawful conduct of pari-mutuel betting on horse racing under chapter 240.

Subd. 18. [OTHER WORDS.] Unless specifically defined in this chapter, or unless the context clearly indicates otherwise, the words used in this chapter have the meanings given them in chapter 349.

Sec. 2. [297E.02] [TAX IMPOSED.]

Subdivision 1. [IMPOSITION.] A tax is imposed on all lawful gambling other than (1) pull-tabs purchased and placed into inventory after January 1, 1987, and (2) tipboards purchased and placed into inventory after June 30, 1988, at the rate of ten percent on the gross receipts as defined in section 349.12, subdivision 21, less prizes actually paid. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.02 and all local taxes and license fees except a fee authorized under section 349.16, subdivision 8, or a tax authorized under subdivision 5.

The tax imposed under this subdivision is payable by the organization or party conducting, directly or indirectly, the gambling.

Subd. 2. [TAX-EXEMPT GAMBLING.] An organization's receipts from lawful gambling that are excluded or exempt from licensing under section 349.166, are not subject to the tax imposed by this section or section 297A.02. This exclusion from tax is only valid if at the time of the event giving rise to the tax the organization either has an exclusion under section 349.166, subdivision 1, or has applied for and received a valid exemption from the lawful gambling control board.

Subd. 3. [COLLECTION; DISPOSITION.] Taxes imposed by this section are due and payable to the commissioner when the gambling tax return is required to be filed. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. The commissioner may require that the returns be filed via magnetic media or electronic data transfer. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the state treasurer for deposit in the general fund.

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) A tax is imposed on the sale of each deal of pull-tabs and tipboards sold by a distributor. The rate of the tax is two percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

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

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

- (1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;
- (2) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province;
- (3) sales of promotional tickets as defined in section 349.12; and
- (4) pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.166, subdivision 2. A distributor shall require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to the organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(c) A distributor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by 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. 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.

Subd. 5. [LOCAL GAMBLING TAX.] A statutory or home rule charter city that has one or more licensed organizations operating lawful gambling, and a county that has one or more licensed organizations outside incorporated areas operating lawful gambling, may impose a local gambling tax on each licensed organization within the city's or county's jurisdiction. The tax may be imposed only if the amount to be received by the city or county is necessary to cover the costs incurred by the city or county to regulate lawful gambling. The tax imposed by this subdivision may not exceed three percent of the gross receipts of a licensed organization from all lawful gambling less prizes actually paid out by the organization. A city or county may not use money collected under this subdivision for any purpose other than to regulate lawful gambling. A tax imposed under this subdivision is in lieu of all other local taxes and local investigation fees on lawful gambling. A city or county that imposes a tax under this subdivision shall annually, by March 15, file a report with the board in a form prescribed by the board showing (1) the amount of revenue produced by the tax during the preceding calendar year, and (2) the use of the proceeds of the tax.

Subd. 6. [COMBINED RECEIPTS TAX.] In addition to the taxes imposed under subdivisions 1 and 4, a tax is imposed on the combined receipts of the organization. As used in this section, "combined receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of bingo, raffles, and paddlewheels, as defined in section 349.12, subdivision 21, for the fiscal year. The combined receipts of an organization are subject to a tax computed according to the following schedule:

<u>If the combined receipts for the fiscal year are:</u>	<u>The tax is:</u>
<u>Not over \$500,000</u>	<u>zero</u>
<u>Over \$500,000, but not over \$700,000</u>	<u>two percent of the amount over \$500,000, but not over \$700,000</u>
<u>Over \$700,000, but not over \$900,000</u>	<u>\$4,000 plus four percent of the amount over \$700,000, but not over \$900,000</u>
<u>Over \$900,000</u>	<u>\$12,000 plus six percent of the amount over \$900,000</u>

Subd. 7. [UNTAXED GAMBLING PRODUCT.] (a) In addition to penalties or criminal sanctions imposed by this chapter, a person, organization, or business entity possessing or selling a pull-tab or tipboard upon which the tax imposed by subdivision 4 has not been paid is liable for a tax of six percent of the ideal gross of each pull-tab or tipboard. The tax on a partial deal must be assessed as if it were a full deal.

(b) In addition to penalties and criminal sanctions imposed by this chapter, a person not licensed by the board who conducts bingo, raffles, or paddlewheel games is liable for a tax of six percent of the gross receipts from that activity.

(c) The tax must be assessed by the commissioner. An assessment must be considered a jeopardy assessment or jeopardy collection as provided in section 270.70. The commissioner shall assess the tax based on personal knowledge or information available to the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known address, or serve in person, a written notice of the amount of tax, demand its immediate payment, and, if payment is not immediately made, collect the tax by any method described in chapter 270, except that the commissioner need not await the expiration of the times specified in chapter 270. The tax assessed by the commissioner is presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show its incorrectness or invalidity. The tax imposed under this subdivision does not apply to gambling that is exempt from taxation under subdivision 2.

Subd. 8. [PERSONAL DEBT.] The tax imposed by this section, and interest and penalties imposed with respect to it, are a personal debt of the person required to file a return from the time the liability for it arises, irrespective of when the time for payment of the liability occurs. The debt must, in the case of the executor or administrator of the estate of a decedent and in the case of a fiduciary, be that of the person in the person's official or fiduciary capacity only unless the person has voluntarily distributed the assets held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which event the person is personally liable for any deficiency.

Subd. 9. [PUBLIC INFORMATION.] All records concerning the administration of the taxes under this chapter are classified as public information.

Subd. 10. [REFUNDS; APPROPRIATION.] A person who has, under this chapter, paid to the commissioner an amount of tax for a period in excess of the amount legally due for that period, may file with the commissioner a claim for a refund of the excess. The amount necessary to pay the refunds is appropriated from the general fund to the commissioner.

Subd. 11. [UNPLAYED OR DEFECTIVE PULL-TABS OR TIPBOARDS.] If a deal of pull-tabs or tipboards registered with the board or bar coded in accordance with chapter 349 and upon which the tax imposed by subdivision 4 has been paid is returned unplayed to the distributor, the commissioner shall allow a refund of the tax paid.

If a defective deal registered with the board or bar coded in accordance with chapter 349 and upon which the taxes have been paid is returned to the manufacturer, the distributor shall submit to the commissioner of revenue certification from the manufacturer that the deal was returned and in what respect it was defective. The certification must be on a form prescribed by the commissioner and must contain additional information the commissioner requires.

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

Reductions in previously paid taxes authorized by this subdivision must be made when and in the manner prescribed by the commissioner.

Sec. 3. [297E.03] [SPORTS BOOKMAKING TAX.]

Subdivision 1. [IMPOSITION OF TAX.] An excise tax of six percent is imposed on the value of all bets received by, recorded by, accepted by, forwarded by, or placed with a person engaged in sports bookmaking.

Subd. 2. [BET DEFINED.] For purposes of this section, the term "bet" has the meaning given it in section 609.75, subdivision 2.

Subd. 3. [SPORTS BOOKMAKING DEFINED.] For purposes of this section, the term "sports bookmaking" has the meaning given it in section 609.75, subdivision 7.

Subd. 4. [AMOUNT OF BET.] In determining the value or amount of any bet for purposes of this section, all charges incident to the placing of the bet must be included.

Subd. 5. [TAX RETURNS.] A person engaged in sports bookmaking shall file monthly tax returns with the commissioner of revenue, in the form required by the commissioner, of all bookmaking activity, and shall include information on all bets recorded, accepted, forwarded, and placed. The returns must be filed on or before the 20th day of the month following the month in which the bets reported were recorded, accepted, forwarded, or placed. The tax imposed by this section is due and payable at the time when the returns are filed.

Subd. 6. [PERSONS LIABLE FOR TAX.] Each person who is engaged in receiving, recording, forwarding, or accepting sports bookmaking bets is liable for and shall pay the tax imposed under this section.

Subd. 7. [JEOPARDY ASSESSMENT; JEOPARDY COLLECTION.] The tax may be assessed by the commissioner of revenue. An assessment made pursuant to this section shall be considered a jeopardy assessment or jeopardy collection as provided in section 270.70. The commissioner shall assess the tax based on personal knowledge or information available to the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known address, or serve in person, a written notice of the amount of tax, demand its immediate payment, and, if payment is not immediately made, collect the tax by any method described in chapter 270, except that the commissioner need not await the expiration of the times specified in chapter 270. The tax assessed by the commissioner is presumed to be valid and correctly determined and assessed.

Subd. 8. [DISCLOSURE PROHIBITED.] (a) Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a sports bookmaking tax return filed with the commissioner of revenue as required by this section, nor can any information contained in the report or return be used against the tax obligor in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this section, or as provided in section 270.064.

(b) Any person violating this section is guilty of a gross misdemeanor.

(c) This section does not prohibit the commissioner from publishing statistics that do not disclose the identity of tax obligors or the contents of particular returns or reports.

Sec. 4. [297E.031] [GAMBLING TAX PERMIT.]

Subdivision 1. [APPLICATION AND ISSUANCE.] A distributor who sells gambling products under this chapter must file with the commissioner an application, on a form prescribed by the commissioner, for a gambling tax permit and identification number. The commissioner, when satisfied that the applicant has a valid license from the board, shall issue the applicant a permit and number. A permit is not assignable and is valid only for the distributor in whose name it is issued.

Subd. 2. [SUSPENSION; REVOCATION.] (a) If a distributor fails to comply with this chapter or a rule of the commissioner, or if a license issued under chapter 349 is revoked or suspended, the commissioner, after giving notice, may for reasonable cause revoke or suspend a permit held by a distributor. A notice must be sent to the distributor at least 15 days before the proposed suspension or revocation is to take effect. The notice must give the reason for the proposed suspension or revocation and must require the distributor to show cause why the proposed action should not be taken. The notice may be served personally or by mail.

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

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

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

Sec. 5. [297E.04] [MANUFACTURER'S REPORTS AND RECORDS.]

A manufacturer who sells gambling product for use in this state, or for receipt by a person or entity in this state, shall file with the commissioner, on a form prescribed by the commissioner, a report of gambling product sold to any person in the state, including the established governing body of an Indian tribe recognized by the United States Department of the Interior. The report must be filed monthly on or before the 20th day of the month succeeding the month in which the sale was made. The commissioner may require that the report be submitted via magnetic media or electronic data transfer. The commissioner may inspect the premises, books, records, and inventory of a manufacturer without notice during the normal business hours of the manufacturer. A person violating this section is guilty of a misdemeanor.

Sec. 6. [297E.05] [DISTRIBUTOR REPORTS AND RECORDS.]

Subdivision 1. [BUSINESS RECORDS.] A distributor shall keep at each place of business complete and accurate records for that place of business, including itemized invoices of gambling product held, purchased, manufactured, or brought in or caused to be brought in from without this state, and of all sales of gambling product. The records must show the names and addresses of purchasers, the inventory at the close of each period for which a return is required of all gambling product on hand, and other pertinent papers and documents relating to the purchase, sale, or disposition of gambling product. Books, records, itemized invoices, and other papers and documents required by this section must be kept for a period of at least 3-1/2 years after the date of the documents, or the date of the entries appearing in the records, unless the commissioner of revenue authorizes in writing their destruction or disposal at an earlier date.

Subd. 2. [SALES RECORDS.] A distributor must maintain a record of all gambling product that it sells. The record must include:

- (1) the identity of the person or firm from whom the distributor purchased the product;
- (2) the registration number of the product;
- (3) the name, address, and license or exempt permit number of the organization or person to which the sale was made;
- (4) the date of the sale;
- (5) the name of the person who ordered the product;
- (6) the name of the person who received the product;
- (7) the type of product;
- (8) the serial number of the product;

(9) the name, form number, or other identifying information for each game; and

(10) in the case of bingo cards sold on and after January 1, 1991, the individual number of each card.

Subd. 3. [INVOICES.] A distributor shall give with each sale of gambling product an itemized invoice showing the distributor's name and address, the purchaser's name and address, the date of the sale, description of the deals, including the ideal gross from every deal of pull-tabs and every deal of tipboards.

Subd. 4. [REPORTS.] A distributor shall report monthly to the commissioner, on a form the commissioner prescribes, its sales of each type of gambling product. This report must be filed monthly on or before the 20th day of the month succeeding the month in which the sale was made. The commissioner may require that a distributor submit the monthly report and invoices required in this subdivision via magnetic media or electronic data transfer.

Subd. 5. [CERTIFIED PHYSICAL INVENTORY.] The commissioner may, upon request, require a distributor to furnish a certified physical inventory of all gambling product in stock. The inventory must contain the information required by the commissioner.

Sec. 7. [297E.06] [ORGANIZATION REPORTS AND RECORDS.]

Subdivision 1. [REPORTS.] An organization must file with the commissioner, on a form prescribed by the commissioner, a report showing all gambling activity conducted by that organization for each month. Gambling activity includes all gross receipts, prizes, all gambling taxes owed or paid to the commissioner, all gambling expenses, and all lawful purpose and board-approved expenditures. The report must be filed with the commissioner on or before the 20th day of the month following the month in which the gambling activity takes place. The commissioner may require that the reports be filed via magnetic media or electronic data transfer.

Subd. 2. [BUSINESS RECORDS.] An organization shall maintain records supporting the gambling activity reported to the commissioner. Records include, but are not limited to, the following items:

(1) all winning and unsold tickets, cards, or stubs for pull-tab, tipboard, paddlewheel, and raffle games;

(2) all reports and statements, including checker's records, for each bingo occasion;

(3) all cash journals and ledgers, deposit slips, register tapes, and bank statements supporting gambling activity receipts;

(4) all invoices that represent purchases of gambling product;

(5) all canceled checks, check recorders, journals and ledgers, vouchers, invoices, bank statements, and other documents supporting gambling activity expenditures; and

(6) all organizational meeting minutes.

All records required to be kept by this section must be preserved by the organization for at least 3-1/2 years and may be inspected by the commissioner of revenue at any reasonable time without notice or a search warrant.

Subd. 3. [ACCOUNTS.] All gambling activity transactions must be segregated from all other revenues and expenditures made by the conducting organization.

Sec. 8. [297E.07] [INSPECTION RIGHTS.]

At any reasonable time, without notice and without a search warrant, the commissioner may enter a place of business of a manufacturer, distributor, or organization; any site from which pull-tabs or tipboards or other gambling equipment or gambling product are being manufactured, stored, or sold; or any site at which lawful gambling is being conducted, and inspect the premises, books, records, and other documents required to be kept under this chapter to determine whether or not this chapter is being fully complied with. If the commissioner is denied free access to or is hindered or interfered with in making an inspection of the place of business, books, or records, the permit of the distributor may be revoked by the commissioner, and the license of the manufacturer, the distributor, or the organization may be revoked by the board.

Sec. 9. [297E.08] [EXAMINATIONS.]

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

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

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

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

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

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

Subd. 4. [THIRD-PARTY SUBPOENA WHERE TAXPAYER'S IDENTITY IS KNOWN.] An investigation may extend to any person that the commissioner determines has access to information that may be relevant to the examination or investigation. If a subpoena requiring the production of records under subdivision 2 is served on a third-party record keeper, written notice of the subpoena must be mailed to the taxpayer and to any other person who is identified in the subpoena. The notices must be given within three days of the day on which the subpoena is served. Notice to the taxpayer required by this section is sufficient if it is mailed to the last address on record with the commissioner of revenue.

The provisions of this subdivision relating to notice to the taxpayer or other parties identified in the subpoena do not apply if there is reasonable cause to believe that the giving of notice may lead to attempts to conceal, destroy, or alter records relevant to the examination, to prevent the communication of information from other persons through intimidation, bribery, or collusion, or to flee to avoid prosecution, testifying, or production of records.

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

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

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

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

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

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

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

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

Subd. 8. [COST OF PRODUCTION OF RECORDS.] The cost of producing records of a third party required by a subpoena must be paid by the taxpayer if the taxpayer requests the subpoena to be issued or if the taxpayer has the records available but has refused to provide them to the commissioner. In other cases where the taxpayer cannot produce records and the commissioner then issues a subpoena for third-party records, the commissioner shall pay the reasonable cost of producing the records. The commissioner may later assess the reasonable costs against the taxpayer if the records contribute to the determination of an assessment of tax against the taxpayer.

Sec. 10. [297E.09] [ASSESSMENTS.]

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

Subd. 2. [COMMISSIONER FILED RETURNS.] If a taxpayer fails to file a return required by this chapter, the commissioner may make a return for the taxpayer from information in the commissioner's possession or obtainable by the commissioner. The return is prima facie correct and valid.

Subd. 3. [ORDER OF ASSESSMENT; NOTICE AND DEMAND TO TAXPAYER.] (a) If a return has been filed and the commissioner determines that the tax disclosed by the return is different from the tax determined by the examination, the commissioner shall send an order of assessment to the taxpayer. The order must explain the basis for the assessment and must explain the taxpayer's appeal rights. An assessment by the commissioner must be made by recording the liability of the taxpayer in the office of the commissioner, which may be done by keeping a copy of the order of assessment sent to the taxpayer. An order of assessment is final when made but may be reconsidered by the commissioner under section 349.219.

(b) The amount of unpaid tax shown on the order must be paid to the commissioner:

(1) within 60 days after notice of the amount and demand for its payment have been mailed to the taxpayer by the commissioner; or

(2) if an administrative appeal is filed under section 349.219 within 60 days following the determination or compromise of the appeal.

Subd. 4. [ERRONEOUS REFUNDS.] An erroneous refund is considered an underpayment of tax on the date made. An assessment of a deficiency arising out of an erroneous refund may be made at any time within two years from the making of the refund. If part of the refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time.

Subd. 5. [ASSESSMENT PRESUMED VALID.] A return or assessment made by the commissioner is prima facie correct and valid. The taxpayer has the burden of establishing the incorrectness or invalidity of the return or assessment in any action or proceeding in respect to it.

Subd. 6. [AGGREGATE REFUND OR ASSESSMENT.] On examining returns of a taxpayer for more than one year or period, the commissioner may issue one order covering the period under examination that reflects the aggregate refund or additional tax due.

Subd. 7. [SUFFICIENCY OF NOTICE.] An order of assessment sent by United States mail, postage prepaid to the taxpayer at the taxpayer's last known address, is sufficient even if the taxpayer is deceased or is under a legal disability, or, in the case of a corporation, has terminated its existence, unless the department has been provided with a new address by a party authorized to receive notices of assessment.

Sec. 11. [297E.10] [EXTENSIONS FOR FILING RETURNS AND PAYING TAXES.]

If, in the commissioner's judgment, good cause exists, the commissioner may extend the time for filing tax returns, paying taxes, or both, for not more than six months.

Sec. 12. [297E.11] [LIMITATIONS ON TIME FOR ASSESSMENT OF TAX.]

Subdivision 1. [GENERAL RULE.] Except as otherwise provided in this chapter, the amount of taxes assessable must be assessed within 3-1/2 years after the return is filed, whether or not the return is filed on or after the date prescribed. A return must not be treated as filed until it is in processible form. A return is in processible form if it is filed on a permitted form and contains sufficient data to identify the taxpayer and permit the mathematical verification of the tax liability shown on the return.

Subd. 2. [FALSE OR FRAUDULENT RETURN.] Notwithstanding subdivision 1, the tax may be assessed at any time if a false or fraudulent return is filed or if a taxpayer fails to file a return.

Subd. 3. [OMISSION IN EXCESS OF 25 PERCENT.] Additional taxes may be assessed within 6-1/2 years after the due date of the return or the date the return was filed, whichever is later, if the taxpayer omits from a tax return taxes in excess of 25 percent of the taxes reported in the return.

Subd. 4. [TIME LIMIT FOR REFUNDS.] Unless otherwise provided in this chapter, a claim for a refund of an overpayment of tax must be filed within 3-1/2 years from the date prescribed for filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time, or two years from the time the tax is paid, whichever period expires later. Interest on refunds must be computed at the rate specified in section 270.76 from the date of payment to the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the later of the date the tax was finally due or was paid.

Subd. 5. [BANKRUPTCY; SUSPENSION OF TIME.] The time during which a tax must be assessed or collection proceedings begun is suspended during the period from the date of a filing of a petition in bankruptcy until 30 days after either:

- (1) notice to the commissioner that the bankruptcy proceedings have been closed or dismissed; or
- (2) the automatic stay has been ended or has expired, whichever occurs first.

The suspension of the statute of limitations under this subdivision applies to the person the petition in bankruptcy is filed against, and all other persons who may also be wholly or partially liable for the tax.

Subd. 6. [EXTENSION AGREEMENT.] If before the expiration of time prescribed in subdivisions 1 and 4 for the assessment of tax or the filing of a claim for refund, both the commissioner and the taxpayer have consented in writing to the assessment or filing of a claim for refund after that time, the tax may be assessed or the claim for refund filed at any time before the expiration of the agreed upon period. The period may be extended by later agreements in writing before the expiration of the period previously agreed upon.

Sec. 13. [297E.13] [CIVIL PENALTIES.]

Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] If a tax is not paid within the time specified for payment, a penalty is added to the amount required to be shown as tax. The penalty is five percent of the unpaid tax if the failure is for not more than 30 days, with an additional penalty of five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 15 percent in the aggregate.

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

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return within the time prescribed or an extension, a penalty is added to the tax. The penalty is five percent of the amount of tax not paid on or before the date prescribed for payment of the tax.

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

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

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

Subd. 5. [PENALTY FOR FALSE OR FRAUDULENT RETURN; EVASION.] If a person files a false or fraudulent return, or attempts in any manner to evade or defeat a tax or payment of tax, there is imposed on the person a penalty equal to 50 percent of the tax found due for the period to which the return related, less amounts paid by the person on the basis of the false or fraudulent return.

Subd. 6. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Subd. 7. [PENALTY FOR SALES AFTER REVOCATION, SUSPENSION, OR EXPIRATION.] A distributor who engages in, or whose representative engages in, the offering for sale, sale, transport, delivery, or furnishing of gambling equipment to a person, firm, or organization, after the distributor's license or permit has been revoked or suspended, or has expired, and until such license or permit has been reinstated or renewed, is liable for a penalty of \$1,000 for each day the distributor continues to engage in the activity. This subdivision does not apply to the transport of gambling equipment for the purpose of returning the equipment to a licensed manufacturer.

Subd. 8. [PAYMENT OF PENALTIES.] The penalties imposed by this section must be collected and paid in the same manner as taxes.

Subd. 9. [PENALTIES ARE ADDITIONAL.] The civil penalties imposed by this section are in addition to the criminal penalties imposed by this chapter.

Subd. 10. [ORDER PAYMENTS CREDITED.] All payments received may be credited first to the oldest liability not secured by a judgment or lien in the discretion of the commissioner of revenue, but in all cases must be credited first to penalties, next to interest, and then to the tax due.

Sec. 14. [297E.13] [TAX-RELATED CRIMINAL PENALTIES.]

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

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

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

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

Subd. 3. [FALSE INFORMATION.] A person is guilty of a felony if the person:

(1) is required by section 297E.05 to keep records or to make returns, and falsifies or fails to keep the records or falsifies or fails to make the returns; or

(2) knowingly submits materially false information in any report, document, or other communication submitted to the commissioner in connection with lawful gambling or with this chapter.

Subd. 4. [SALES WITHOUT PERMIT; VIOLATIONS.] (a) A person who engages in the business of selling gambling product in Minnesota without the licenses or permits required under this chapter or chapter 349, or an officer of a corporation who so engages in the sales, is guilty of a gross misdemeanor.

(b) A person selling gambling product in Minnesota after revocation of a license or permit under this chapter or chapter 349, when the commissioner or the board has not issued a new license or permit, is guilty of a felony.

Subd. 5. [UNTAXED GAMBLING EQUIPMENT.] It is a gross misdemeanor for a person to possess gambling equipment for resale in this state that has not been stamped or bar-coded in accordance with chapter 349 and upon which the taxes imposed by chapter 297A or section 297E.02, subdivision 4, have not been paid. The director of gambling enforcement or the commissioner or the designated inspectors and employees of the director or commissioner may seize in the name of the state of Minnesota any unregistered or untaxed gambling equipment.

Subd. 6. [CRIMINAL PENALTIES.] (a) Criminal penalties imposed by this section are in addition to civil penalties imposed by this chapter.

(b) A person who violates a provision of this chapter for which another penalty is not provided is guilty of a misdemeanor.

(c) A person who violates a provision of this chapter for which another penalty is not provided is guilty of a gross misdemeanor if the violation occurs within five years after a previous conviction under a provision of this chapter.

(d) A person who in any manner violates a provision of this chapter to evade a tax imposed by this chapter, or who aids and abets the evasion of a tax, or hinders or interferes with a seizing authority when a seizure is made as provided by section 297E.16 is guilty of a gross misdemeanor.

(e) This section does not preclude civil or criminal action under other applicable law or preclude any agency of government from investigating or prosecuting violations of this chapter or chapter 349. County attorneys have primary responsibility for prosecuting violations of this chapter, but the attorney general may prosecute a violation of this chapter.

Subd. 7. [STATUTE OF LIMITATIONS.] Notwithstanding section 628.26, or other provision of the criminal laws of this state, an indictment may be found and filed, or a complaint filed, upon a criminal offense named in this section, in the proper court within six years after the offense is committed.

Sec. 15. [297E.14] [INTEREST.]

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

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

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

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

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

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

Subd. 7. [INTEREST ON PENALTIES.] (a) A penalty imposed under section 297E.12, subdivision 1, 2, 3, 4, or 5, bears interest from the date the return or payment was required to be filed or paid, including any extensions, to the date of payment of the penalty.

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

Sec. 16. [297E.15] [ADMINISTRATIVE REVIEW.]

Subdivision 1. [TAXPAYER RIGHT TO RECONSIDERATION.] A taxpayer may obtain reconsideration by the commissioner of an order assessing tax, a denial of a request for abatement of penalty, or a denial of a claim for refund of money paid to the commissioner under provisions, assessments, or orders under this chapter by filing an administrative appeal as provided in subdivision 4. A taxpayer cannot obtain reconsideration if the action taken by the commissioner of revenue is the outcome of an administrative appeal.

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

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

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

- (1) name and address of the taxpayer;
- (2) if a corporation, the state of incorporation of the taxpayer, and the principal place of business of the corporation;
- (3) the Minnesota identification number or social security number of the taxpayer;
- (4) the type of tax involved;
- (5) the date;
- (6) the tax years or periods involved and the amount of tax involved for each year or period;
- (7) the findings in the notice that the taxpayer disputes;
- (8) a summary statement that the taxpayer relies on for each exception; and
- (9) the taxpayer's signature or signature of the taxpayer's duly authorized agent.

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

Subd. 6. [AUTOMATIC EXTENSION OF STATUTE OF LIMITATIONS.] Notwithstanding any statute of limitations to the contrary, if the commissioner has made a determination and the taxpayer has authority to file an administrative

appeal, the period during which the commissioner can make further assessments or other determinations does not expire before:

- (1) 90 days after the notice date if no protest is filed under subdivision 4; or
- (2) 90 days after the commissioner notifies the taxpayer of the determination on the appeal.

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

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

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

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

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

Sec. 17. [297E.16] [CONTRABAND.]

Subdivision 1. [SEIZURE.] Contraband may be seized by the commissioner or by any sheriff or other police officer, hereinafter referred to as the "seizing authority," with or without process, and is subject to forfeiture as provided in subdivisions 2 and 3.

Subd. 2. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.] Within ten days after the seizure of alleged contraband, the person making the seizure shall make available an inventory of the property seized to the person from whom the property was seized, if known, and file a copy with the commissioner or the director of gambling enforcement. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an interest in the property may file with the seizing authority a demand for judicial determination of whether the property was lawfully subject to seizure and forfeiture. Within 60 days after the date of filing of the demand, the seizing authority must bring an action in the district court of the county where seizure was made to determine the issue of forfeiture. The action must be brought in the name of the state and be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and determine the issues of fact and law involved. If a judgment of forfeiture is entered, the seizing authority may, unless the judgment is stayed pending an appeal, either (1) cause the forfeited property to be destroyed; or (2) cause it to be sold at a public auction as provided by law.

If demand for judicial determination is made and no action is commenced by the seizing authority as provided in this subdivision, the property must be released by the seizing authority and delivered to the person entitled to it. If no demand is made, the property seized is considered forfeited to the seizing authority by operation of law and may be disposed of by the seizing authority as provided where there has been a judgment of forfeiture. When the seizing authority is satisfied that a person from whom property is seized was acting in good faith and without intent to evade the tax imposed by section 297E.02, the seizing authority shall release the property seized without further legal proceedings.

Subd. 3. [DISPOSAL.] (a) The property described in section 349.2125, subdivision 1, clauses (4) and (5), must be confiscated after conviction of the person from whom it was seized, upon compliance with the following procedure: the seizing authority shall file with the court a separate complaint against the property, describing it and charging its use in the specific violation, and specifying substantially the time and place of the unlawful use. A copy of the

complaint must be served upon the defendant or person in charge of the property at the time of seizure, if any. If the person arrested is acquitted, the court shall dismiss the complaint against the property and order it returned to the persons legally entitled to it. Upon conviction of the person arrested, the court shall issue an order directed to any person known or believed to have any right, title or interest in, or lien upon, any of the property, and to persons unknown claiming any right, title, interest, or lien in it, describing the property and (1) stating that it was seized and that a complaint against it, charging the specified violation, has been filed with the court, (2) requiring the persons to file with the court administrator their answer to the complaint, setting forth any claim they may have to any right or title to, interest in, or lien upon the property, within 30 days after the service of the order, and (3) notifying them in substance that if they fail to file their answer within the time, the property will be ordered sold by the seizing authority. The court shall cause the order to be served upon any person known or believed to have any right, title, interest, or lien as in the case of a summons in a civil action, and upon unknown persons by publication, as provided for service of summons in a civil action. If no answer is filed within the time prescribed, the court shall, upon affidavit by the court administrator, setting forth the fact, order the property sold by the seizing authority. Seventy percent of the proceeds of the sale of forfeited property, after payment of seizure, storage, forfeiture, and sale expenses, must be forwarded to the seizing authority for deposit as a supplement to its operating fund or similar fund for official use, and 20 percent must be forwarded to the county attorney or other prosecuting agency that handled the forfeiture for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes. The remaining ten percent of the proceeds must be forwarded within 60 days after resolution of the forfeiture to the department of human services to fund programs for the treatment of compulsive gamblers. If an answer is filed within the time provided, the court shall fix a time for a hearing, which must not be less than ten nor more than 30 days after the time for filing an answer expires. At the time fixed for hearing, unless continued for cause, the matter must be heard and determined by the court, without a jury, as in other civil actions.

(b) If the court finds that the property, or any part of it, was used in the violation specified in the complaint, it shall order the unlawfully used property sold as provided by law, unless the owner shows to the satisfaction of the court that the owner had no notice or knowledge or reason to believe that the property was used or intended to be used in the violation. The officer making a sale, after deducting the expense of keeping the property, the fee for seizure, and the costs of the sale, shall pay all liens according to their priority, which are established at the hearing as being bona fide and as existing without the lienor having any notice or knowledge that the property was being used or was intended to be used for or in connection with the violation specified in the order of the court, and shall pay the balance of the proceeds to the seizing authority for official use and sharing in the manner provided in paragraph (a). A sale under this section frees the property sold from all liens on it. Appeal from the order of the district court is available as in other civil cases. At any time after seizure of the articles specified in this subdivision, and before the hearing provided for, the property must be returned to the owner or person having a legal right to its possession, upon execution of a good and valid bond to the state, with corporate surety, in the sum of at least \$100 and not more than double the value of the property seized, to be approved by the court in which the case is triable, or a judge of it, conditioned to abide any order and the judgment of the court, and to pay the full value of the property at the time of the seizure. The seizing authority may dismiss the proceedings outlined in this subdivision when the seizing authority considers it to be in the public interest to do so.

Sec. 18. [297E.17] [DISTRIBUTOR'S BOND.]

On finding it necessary to ensure compliance with this chapter, the commissioner may require that a distributor deposit with the commissioner security in the form and amount determined by the commissioner, but not more than the lesser of (1) twice the estimated average monthly tax liability for the previous 12 months, or (2) \$10,000.

In lieu of security, the commissioner may require a distributor to file a bond issued by a surety company authorized to transact business in this state and approved by the commissioner of commerce as to solvency and responsibility.

The commissioner may make claim against this security or bond for all taxes, penalties, and interest owed by the distributor.

Sec. 19. [INSTRUCTIONS TO REVISOR.]

(a) If a provision of a section of Minnesota Statutes repealed or amended by this article is amended or referred to by an act enacted in 1994, the revisor shall codify the amendment or reference consistent with the recodification of the affected section by this act, notwithstanding any law to the contrary.

(b) In the next edition of Minnesota Statutes, in the sections referred to in column A, the revisor of statutes shall delete the reference in column B and insert the reference in column C. The revisor may change the references in column C to the sections of Minnesota Statutes in which the bill sections are compiled.

Column A

270.101, subd. 1
349.12, subd. 25
349.12, subd. 25

349.15
349.16, subd. 2
349.166, subd. 2,
paragraph (a)
349.166, subd. 2,
paragraph (e)

349.2125, subd. 3
349.213, subd. 1
349.22, subd. 2

Column B

349.212
349.19, subd. 9
349.212, subd. 1
and 4
349.212, subd. 1
349.212, subd. 6
349.212

349.212, subd. 4,
paragraph (c)

349.2121, subd. 4
349.212
349.219

Column C

297E.02
297E.06, subd. 4
297E.02, subd. 1
and 4
297E.02, subd. 1
297E.02, subd. 6
297E.02

297E.02, subd. 4,
paragraph (b),
clause (4)
297E.02
297E.02
349.213, and
chapter 297E

(c) In the next edition of Minnesota Statutes, the revisor shall change the reference to taxes under or by "this chapter" to taxes under or by "chapter 297E" in sections 349.16, subdivision 5; 349.1641; and 349.2127, subdivision 1.

Sec. 20. [PURPOSE.]

It is the intent of the legislature to simplify Minnesota's lawful gambling tax laws by consolidating and recodifying tax administration and compliance provisions now contained throughout Minnesota Statutes, chapter 349. Due to the complexity of the recodification, prior provisions are repealed on the effective date of the new provisions. The repealed provisions, however, continue to remain in effect until superseded by the analogous provision in the new law.

Sec. 21. [REPEALER.]

Minnesota Statutes 1992, sections 349.166, subdivision 4; 349.212, subdivisions 1, 2, 3, 5, 6, and 7; 349.2121; 349.2122; 349.215; 349.2151; 349.2152; 349.216; 349.217, subdivisions 3, 4, 5, 6, 7, 8, and 9; 349.2171; and 349.219; and Minnesota Statutes 1993 Supplement, sections 349.2115; 349.212, subdivision 4; and 349.217, subdivisions 1, 2, and 5a, are repealed.

Sec. 22. [EFFECTIVE DATE.]

Sections 1, 8 to 16, and 18 to 20 are effective the day following final enactment.

Sections 2, 3, 4, 5, 6, and 7 are effective for returns, reports, records, assessments, taxes, or other payments first becoming due on or after August 1, 1994.

Section 4 is effective for sales or shipments of gambling product inventory made on or after August 1, 1994.

ARTICLE 3

GAMBLING TAX AMENDMENTS

Section 1. Minnesota Statutes 1992, section 270.101, subdivision 1, is amended to read:

Subdivision 1. [LIABILITY IMPOSED.] A person who, either singly or jointly with others, has the control of, supervision of, or responsibility for filing returns or reports, paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a person who is liable under any other law, is liable for the payment of taxes, penalties, and interest arising under chapters 296, 297, 297A, and 297C, or sections 290.92, ~~349.212~~, and ~~349.2121~~ 297E.02.

Sec. 2. Minnesota Statutes 1992, section 349.2123, is amended to read:

349.2123 [CERTIFIED PHYSICAL INVENTORY.]

The board ~~or commissioner of revenue~~ may, upon request, require a distributor to furnish a certified physical inventory of all gambling equipment in stock. The inventory must contain the information required by the board ~~or the commissioner~~.

Sec. 3. Minnesota Statutes 1992, section 349.22, subdivision 1, is amended to read:

Subdivision 1. [PENALTY.] (a) A person who violates any provision of sections 349.11 to 349.23 for which another penalty is not provided is guilty of a misdemeanor.

(b) A person who violates any provision of sections 349.11 to 349.23 for which another penalty is not provided is guilty of a gross misdemeanor if the violation occurs within five years after a previous conviction under any provision of sections 349.11 to 349.23.

(c) A person who in any manner ~~violates sections 349.11 to 349.23 to evade a tax imposed by a provision of this chapter, or who aids and abets the evasion of a tax, or hinders or interferes with a seizing authority when a seizure is made as provided by section 349.2125,~~ is guilty of a gross misdemeanor.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective for taxes, returns, or reports first becoming due on or after August 1, 1994.

Sections 2 and 3 are effective August 1, 1994.

ARTICLE 4

GAMBLING ENFORCEMENT

Section 1. Minnesota Statutes 1992, section 299L.01, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this chapter, the terms defined in this subdivision have the meanings given them.

(b) "Division" means the division of gambling enforcement.

(c) "Commissioner" means the commissioner of public safety.

(d) "Director" means the director of gambling enforcement.

(e) "Manufacturer" means a person who assembles from raw materials or subparts a gambling device for sale or use in Minnesota.

(f) "Distributor" means a person who sells, offers to sell, or otherwise provides a gambling device to a person in Minnesota.

(g) "Used gambling device" means a gambling device five or more years old from the date of manufacture.

Sec. 2. Minnesota Statutes 1992, section 299L.01, is amended by adding a subdivision to read:

Subd. 4. [CONFLICT OF INTEREST.] (a) The director and any person employed by the division may not have a direct or indirect financial interest in:

(1) a class A or B licensee of the racing commission;

(2) a lottery retailer under contract with the state lottery;

(3) a person who is under a lottery procurement contract with the state lottery;

(4) a bingo hall, manufacturer, or distributor licensed under chapter 349; or

(5) a manufacturer or distributor licensed under this chapter.

(b) The director or an employee of the division of gambling enforcement may not participate in the conducting of lawful gambling under chapter 349.

Sec. 3. Minnesota Statutes 1992, section 299L.02, subdivision 2, is amended to read:

Subd. 2. [GAMBLING.] The director shall:

(1) conduct background investigations of applicants for licensing as a manufacturer or distributor of gambling equipment or as a bingo hall under chapter 349; and

(2) when requested by the director of gambling control, or when the director believes it to be reasonable and necessary, inspect the premises of a licensee under chapter 349 to determine compliance with law and with the rules of the board, or to conduct an audit of the accounts, books, records, or other documents required to be kept by the licensee.

The director may charge applicants under clause (1) a reasonable fee to cover the costs of the investigation.

Sec. 4. Minnesota Statutes 1992, section 299L.02, is amended by adding a subdivision to read:

Subd. 6. [RESPONSE TO REQUESTS.] An applicant, licensee, or the person subject to the jurisdiction of the commissioner or director under this chapter, must:

(1) comply with a request from the commissioner or director for information, documents, or other material within 30 days of the mailing of the request by the commissioner or director unless the notice specifies a different time; and

(2) appear before the commissioner or director when requested to do so, and must bring documents or materials that the commissioner or director has requested.

Sec. 5. Minnesota Statutes 1992, section 299L.03, subdivision 1, is amended to read:

Subdivision 1. [INSPECTIONS; ACCESS.] In conducting any inspection authorized under this chapter or chapter 240, 349, or 349A, the employees of the division of gambling enforcement have free and open access to all parts of the regulated business premises, and may conduct the inspection at any reasonable time without notice and without a search warrant. For purposes of this subdivision, "regulated business premises" means premises where:

(1) lawful gambling is conducted by an organization licensed under chapter 349 or by an organization exempt from licensing under section 349.166;

(2) gambling equipment is manufactured, sold, distributed, or serviced by a manufacturer or distributor licensed under chapter 349;

(3) records required to be maintained under chapter 240, 349, or 349A are prepared or retained;

(4) lottery tickets are sold by a lottery retailer under chapter 340A; or

(5) races are conducted by a person licensed under chapter 240; or

(6) gambling devices are manufactured or distributed, including places of storage under section 299L.07.

Sec. 6. Minnesota Statutes 1992, section 299L.03, subdivision 2, is amended to read:

Subd. 2. [ITEMS REQUIRED TO BE PRODUCED.] In conducting an audit or inspection authorized under this chapter or chapter 240, 349 or 349A the director may inspect any book, record, or other document the licensee, retailer, or vendor is required to keep.

Sec. 7. Minnesota Statutes 1992, section 299L.03, subdivision 6, is amended to read:

Subd. 6. [UNLICENSED SELLERS.] (a) If anyone not licensed under chapter 349 sells gambling equipment at a business establishment, the director may, in addition to any other provisions of chapter 349:

(1) assess a civil penalty of not more than \$300 for each violation against each person participating in the sales and assess a civil penalty of not more than \$1,000 for each violation against the owner or owners of the business establishment; or

(2) if the subject violation is the second or subsequent violation of this subdivision at the same business establishment within any 24-month period, assess a civil penalty of not more than \$300 for each violation against each person participating in such sales, and assess a civil penalty of not more than \$5,000 for each violation against the owner or owners of the business establishment.

(b) The assessment of a civil penalty under this section does not preclude a recommendation by the director at any time deemed appropriate to a licensing authority for revocation, suspension, or denial of a license controlled by the licensing authority.

(c) Within ten days of an assessment under this subdivision, the person assessed the penalty must pay the assessment or request that a hearing be held under chapter 14. If a hearing is requested, the hearing must be scheduled within 20 days of the request, and the recommendations of the administrative law judge must be issued within five working days of the close of the hearing. The director's final determination must be issued within five working days of the issuance of the recommendations of the administrative law judge.

Sec. 8. Minnesota Statutes 1992, section 299L.03, is amended by adding a subdivision to read:

Subd. 12. [CEASE AND DESIST ORDERS.] When it appears to the director that any person has engaged in or is about to engage in any act or practice constituting a violation of this chapter, or any rule or order issued under this chapter, the director may issue and cause to be served on the person an order requiring the person to cease and desist from violations of this chapter, or any rule or order issued under this chapter. The order must give reasonable notice of the rights of the person to request a hearing and must state the reason for the entry of the order. Unless otherwise agreed between the parties, a hearing must be held not later than 7 days after receiving the request for a hearing. Within 20 days of receiving the administrative law judge's report and subsequent exceptions and argument, the director shall issue an order vacating the cease and desist order, modifying the order, or making it permanent, as the facts require. If no hearing is requested within 30 days of service of the order, the order becomes final and remains in effect until modified or vacated by the commissioner. All hearings under this subdivision must be conducted in accordance with sections 14.57 to 14.59 of the administrative procedure act. If the person to whom a cease and desist order has been issued under this subdivision fails to appear at a hearing after being notified of the hearing, the person is deemed in default and the proceeding may be determined against the person on consideration of the cease and desist order, the allegations of which are deemed to be true.

(b) When it appears to the director that any person has engaged in or is about the engage in any act or practice constituting a violation of this chapter, or any rule adopted or subpoena or order issued under this chapter, the director may bring an action in the district court in the appropriate county to enjoin the acts or practices and to enforce compliance with this chapter or any rule, subpoena, or order issued or adopted under this chapter, and may refer the matter to the attorney general. On a proper showing, the court shall grant a permanent or temporary injunction, restraining order, or writ of mandamus. The court may not require the director to post a bond.

Sec. 9. Minnesota Statutes 1992, section 299L.07, is amended to read:

299L.07 [GAMBLING DEVICES.]

Subdivision 1. [RESTRICTION LICENSE REQUIRED.] Except as provided in subdivision 2, a person may not manufacture, sell, offer to sell, lease, rent, or otherwise provide, in whole or in part, a gambling device as defined in sections 349.30, subdivision 2, and 609.75, subdivision 4, except that a gambling device may be:

(1) ~~manufactured as provided in section 349.40;~~

(2) ~~sold, offered for sale, or otherwise provided to a distributor licensed under subdivision 3;~~

~~(3) sold, offered for sale, or otherwise provided to the governing body of a federally recognized Indian tribe that is authorized to operate the gambling device under a tribal state compact under the Indian Gaming Regulatory Act, United States Code, title 25, sections 2701 to 2721;~~

~~(4) sold, offered for sale, or otherwise provided to a person for use in the person's dwelling for display or amusement purposes in a manner that does not afford players an opportunity to obtain anything of value; or~~

~~(5) sold by a person who is not licensed under this section and who is not engaged in the trade or business of selling gambling devices, if the person does not sell more than one gambling device in any calendar year without first obtaining a license under this section.~~

Subd. 2. [LICENSE REQUIRED EXCLUSIONS.] A person may not manufacture or distribute gambling devices without having obtained a license under this section. Notwithstanding subdivision 1, a gambling device:

(1) may be manufactured without a license as provided in section 349.40; and

(2) may be sold by a person who is not licensed under this section, if the person (i) is not engaged in the trade or business of selling gambling devices, and (ii) does not sell more than one gambling device in any calendar year.

Subd. 2a. [RESTRICTIONS.] (a) A manufacturer licensed under this section may sell, offer to sell, lease, or rent, in whole or in part, a gambling device only to a distributor licensed under this section.

(b) A distributor licensed under this section may sell, offer to sell, market, rent, lease, or other provide, in whole or in part, a gambling device only to:

(1) the governing body of a federally recognized Indian tribe that is authorized to operate the gambling device under a tribal state compact under the Indian Gaming Regulatory Act, Public Law Number 100-497, and future amendments to it;

(2) a person for use in the person's dwelling for display or amusement purposes in a manner that does not afford players an opportunity to obtain anything of value.

Subd. 3. [LICENSE ISSUANCE.] The commissioner may issue a license under this section if the commissioner determines that the applicant will conduct the business in a manner that will not adversely affect the public health, welfare, and safety or be detrimental to the effective regulation and control of gambling. ~~A license may not be issued under this section to a person, or a corporation, firm, or partnership that has an officer, director, or other person with a direct or indirect financial or management interest of five percent or more, who has ever:~~

~~(1) been convicted of a felony;~~

~~(2) been convicted of a crime involving gambling;~~

~~(3) been connected with or engaged in an illegal business; or~~

~~(4) had a license revoked or denied by another jurisdiction for a violation of law or rule related to gambling.~~

Subd. 4. [APPLICATION.] An application for a manufacturer's or distributor's license must be on a form prescribed by the commissioner and must, at a minimum, contain:

(1) the name and address of the applicant and, if it is a corporation, the names of all officers, directors, and shareholders with a financial interest of five percent or more;

(2) the names and addresses of any holding corporation, subsidiary, or affiliate of the applicant, without regard to whether the holding corporation, subsidiary, or affiliate does business in Minnesota; and

(3) if the applicant does not maintain a Minnesota office, an irrevocable consent statement signed by the applicant, stating that suits and actions relating to the subject matter of the application or acts of omissions arising from it may be commenced against the applicant in a court of competent jurisdiction in this state by service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleading is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown on the application.

Subd. 5. [INVESTIGATION.] Before a manufacturer's or distributor's license is granted, the director may conduct a background and financial investigation of the applicant, including the applicant's sources of financing. The director may, or shall when required by law, require that fingerprints be taken and the director may forward the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The director may charge an investigation fee to cover the cost of the investigation.

Subd. 6. [LICENSE FEES.] (a) A license issued under this section is valid for one year.

(b) For a person who distributes 100 or fewer used gambling devices per year, the fee is \$1,500. For a person who distributes more than 100 used gambling devices per year, the fee is \$2,000. ~~For purposes of this subdivision, a used gambling device is a gambling device five or more years old.~~

(c) For a person who manufactures or distributes 100 or fewer new, or new and used gambling devices in a year, the fee is \$5,000. For a person who manufactures or distributes more than 100 new, or new and used gambling devices in a year, the fee is \$7,500.

~~Subd. 7. [RENEWAL.] Upon making the same determination as in subdivision 3, the commissioner may renew a license issued under this section.~~

~~Subd. 8. [LICENSE SUSPENSION AND REVOCATION, DENIAL ACTIONS.] (a) The commissioner may suspend a license under this section for a violation of law or rule. The commissioner may revoke a license:~~

~~(1) for a violation of law or rule which, in the commissioner's opinion, adversely affects the integrity of gambling in Minnesota;~~

~~(2) for an intentional false statement in a license application; or~~

~~(3) if the licensee is the subject of a disciplinary proceeding in another jurisdiction which results in the revocation of a license.~~

~~A revocation or suspension is a contested case under sections 14.57 to 14.69.~~

~~(b) The commissioner may summarily suspend a license prior to a contested case hearing if the commissioner determines that a summary suspension is necessary to ensure the integrity of gambling. A contested case hearing must be held within 20 days of the summary suspension and the administrative law judge must issue a report within 20 days of the close of the hearing record. The commissioner shall issue a final decision within 30 days from receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61. (a) The commissioner may not issue or renew a license under this chapter, and shall revoke a license under this chapter, if the applicant or licensee, or a director, officer, partner, person in a supervisory or management position of the applicant or licensee, an employee eligible to make sales on behalf of the applicant or licensee, or direct or indirect holder of more than a five percent financial interest in the applicant or licensee:~~

~~(1) has ever been convicted of a felony, or of a crime involving gambling;~~

~~(2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;~~

~~(3) is or has ever connected with or engaged in an illegal business;~~

~~(4) owes \$500 or more in delinquent taxes as defined in section 270.72;~~

~~(5) had a sales and use tax permit revoked by the commissioner of revenue within the past two years;~~

~~(6) after demand, has not filed tax returns required by the commissioner of revenue; or~~

~~(7) had a license or permit revoked or denied by another jurisdiction for a violation of law or rule relating to gambling.~~

~~The commissioner may deny or refuse to renew a license under this chapter, and may revoke a license under this chapter, if any of the conditions in this subdivision is applicable to an affiliate of or a direct or indirect holder of more than a five percent financial interest in the applicant or licensee.~~

(b) The commissioner may by order deny, suspend, revoke, refuse to renew a license or premises permit, or censure a licensee or applicant, if it finds that the order is in the public interest and that the applicant or licensee, or a director, officer, partner, person in a supervisory or management position of the applicant of licensee, or an employee eligible to make sales on behalf of the applicant or licensee:

(1) has violated or failed to comply with any provision of chapter 297E, 299L, or 349, or any rule adopted or order issues thereunder;

(2) has filed an application for a license that is incomplete in any material respect, or contains a statement that, in light of the circumstances under which it was made, is false, misleading, fraudulent, or a misrepresentation;

(3) has made a false statement in a document or report required to be submitted to the director, the commissioner, or the commissioner of revenue, or has made a false statement in a statement made to the director or commissioner;

(4) has been convicted of a crime in another jurisdiction that would be a felony if committed in Minnesota;

(5) is permanently or temporarily enjoined by any gambling regulatory agency from engaging in or continuing any conduct or practice involving any aspect of gambling;

(6) has had a gambling-related license revoked or suspended, or has paid or been required to pay a monetary penalty of \$2,500 or more, by a gambling regulator in another state or jurisdiction, or has violated or failed to comply with an order of such a regulator that imposed those actions;

(7) has been the subject of any of the following actions by the director or commissioner: (i) had a license under chapter 299L denied, suspended or revoked, (ii) been censured, reprimanded, has paid or been required to pay a monetary penalty or fine, or (iii) has been the subject of any other discipline by the director;

(8) has engaged in conduct that is contrary to the public health, welfare, or safety, or to the integrity of gambling; or

(9) based on the licensee's past activities or criminal record, poses a threat to the public interest or to the effective regulation and control of gambling, or creates or enhances the danger of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gambling or the carrying on of the business and financial arrangements incidental to the conduct of gambling.

Subd. 8a. [CIVIL PENALTIES.] The commissioner may impose a civil penalty not to exceed \$500 per violation on a person who has violated this chapter, or any rule adopted or order issued under this chapter, unless a different penalty is specified.

Subd. 8b. [SHOW CAUSE ORDERS.] (a) If the commissioner determines that one of the conditions listed in subdivision 8 exists, or that a licensee is no longer conducting business in the manner required by subdivision 2a, the commissioner may issue an order requiring a person to show cause why any or all of the following should not occur: (1) the license revoked or suspended, (2) the licensee censured, (3) a civil penalty imposed or (4) corrective action be taken.

(b) The order must give reasonable notice of the time and place for hearing on the matter, and must state the reasons for the entry of the order. The commissioner may by order summarily suspend a license pending final determination of any order to show cause. If a license is suspended pending final determination of an order to show cause, a hearing on the merits must be held within 30 days of the issuance of the order of suspension. All hearings must be conducted in accordance with sections 14.57 to 14.69 of the administrative procedure act.

(c) After the hearing the commissioner must enter an order disposing of the matter as the facts require. If the licensee fails to appear at a hearing after being notified of the hearing, the person is deemed in default and the proceeding may be determined against the person on consideration of the order to show cause, the allegations of which are deemed to be true.

Subd. 8c. [APPLICATIONS; RENEWALS.] (a) When it appears to the commissioner that a license application or renewal should be denied under subdivisions 3 or 8, the commissioner must promptly give to the applicant a written notice of the denial. The notice must state the grounds for the denial and give reasonable notice of the rights of the applicant to request a hearing. A hearing must be held not later than 30 days after the request for the hearing is received by the commissioner, unless the applicant and the commissioner agree that the hearing may be held at a later

date. If no hearing is requested within 30 days of the service of the notice, the denial becomes final. All hearings under this subdivision must be conducted in accordance with sections 14.57 to 14.69 of the administrative procedure act.

(b) After the hearing, the commissioner shall enter an order making such disposition as the facts require. If the applicant fails to appear at a hearing after being notified of the hearing, the applicant is deemed in default and the proceeding may be determined against the applicant on consideration of the notice denying application or renewal, the allegations of which are deemed to be true. All fees accompanying the initial or renewal application are considered earned and are not refundable.

Subd. 8d. [ACTIONS AGAINST LAPSED LICENSE.] If a license lapses, is surrendered, withdrawn, terminated, or otherwise becomes ineffective, the commissioner may institute a proceeding under this subdivision within two years after the license was last effective and enter a revocation or suspension order as of the last day on which the license was in effect, or impose a civil penalty as provided in subdivision 8a.

Subd. 8e. [NOTIFICATION OF ACTIONS TAKEN BY OTHER STATE.] A licensee under this section must notify the commissioner within 30 days of the action whenever any of the actions listed in subdivision 8, paragraph (b), clause (6) have been taken against the licensee in another state or jurisdiction.

Subd. 9. [REQUIRED INFORMATION.] A person to whom a license is issued under this section shall provide, in a manner prescribed by the commissioner, information required by the commissioner relating to the shipment and sale of gambling devices.

Subd. 10. [TRANSPORTATION OF GAMBLING DEVICES.] In addition to the requirements of this section, the transportation of gambling devices into Minnesota must be in compliance with United States Code, title 15, sections 1171 to 1177, as amended.

Subd. 11. [INSPECTION.] The commissioner, director, and employees of the division may inspect the business premises of a licensee under this section.

Sec. 10. Minnesota Statutes 1992, section 609.755, is amended to read:

609.755 [ACTS OF OR RELATING TO GAMBLING.]

Whoever does any of the following is guilty of a misdemeanor:

- (1) makes a bet;
- (2) sells or transfers a chance to participate in a lottery;
- (3) disseminates information about a lottery, except a lottery conducted by an adjoining state, with intent to encourage participation therein;
- (4) permits a structure or location owned or occupied by the actor or under the actor's control to be used as a gambling place; or
- (5) operates except where authorized by statute, possesses a gambling device.

Clause (5) does not prohibit ~~operation~~ possession of a gambling device in a person's dwelling for amusement purposes in a manner that does not afford players an opportunity to obtain anything of value.

Sec. 11. [REPEALER.]

Minnesota Statutes 1992, section 299L.04 is repealed.

Sec. 12. [EFFECTIVE DATE.]

Section 10 is effective August 1, 1994, and applies to crimes committed on and after that date.

ARTICLE 5

LAWFUL GAMBLING REGULATION

Section 1. Minnesota Statutes 1992, section 349.12, subdivision 1, is amended to read:

Subdivision 1. As used in sections 349.11 to ~~349.22~~ 349.23 the following terms in this section have the meanings given them.

Sec. 2. Minnesota Statutes 1992, section 349.12, subdivision 3a, is amended to read:

Subd. 3a. [ALLOWABLE EXPENSE.] "Allowable expense" means ~~an expense directly related to the conduct of lawful gambling~~ the percentage of the total cost incurred by the organization in the purchase of any good, service, or other item which corresponds to the proportion of the total actual use of the good, service, or other item that is directly related to conduct of lawful gambling.

Sec. 3. Minnesota Statutes 1992, section 349.12, subdivision 4, is amended to read:

Subd. 4. [BINGO.] "Bingo" means a game where each player has a bingo hard card or board bingo paper sheet, for which a consideration has been paid, and played in accordance with this chapter and with rules of the board for the conduct of bingo. ~~containing five horizontal rows of spaces, with each row except the central one containing five figures. The central row has four figures with the word "free" marked in the center space thereof. Bingo also includes games which are as described in this subdivision except for the use of cards where the figures are not preprinted but are filled in by the players. A player wins a game of bingo by completing a preannounced combination of spaces or, in the absence of a preannouncement of a combination of spaces, any combination of five spaces in a row, either vertical, horizontal or diagonal.~~

Sec. 4. Minnesota Statutes 1992, section 349.12, subdivision 8, is amended to read:

Subd. 8. [CHECKER.] "Checker" means a person who records the number of bingo hard cards purchased and played during each game and records the prizes awarded to the recorded hard cards, but does not collect the payment for the hard cards.

Sec. 5. Minnesota Statutes 1992, section 349.12, subdivision 11, is amended to read:

Subd. 11. [DISTRIBUTOR.] "Distributor" is a person who sells gambling equipment for use within the state to licensed organizations, or to organizations conducting excluded or exempt activities under section 349.166, or to other distributors.

Sec. 6. Minnesota Statutes 1992, section 349.12, subdivision 16, is amended to read:

Subd. 16. [FLARE.] "Flare" is the posted display, with registration stamp affixed or bar code imprinted or affixed, that sets forth the rules of a particular game of pull-tabs or tipboards and that is associated with a specific deal of pull-tabs or grouping of tipboards.

Sec. 7. Minnesota Statutes 1992, section 349.12, subdivision 18, is amended to read:

Subd. 18. [GAMBLING EQUIPMENT.] "Gambling equipment" means: bingo hard cards or paper sheets, devices for selecting bingo numbers, pull-tabs, jar tickets, paddlewheels, and paddlewheel tables, paddletickets, paddleticket cards, tipboards, tipboard tickets, and pull-tab dispensing devices.

Sec. 8. Minnesota Statutes 1992, section 349.12, subdivision 19, is amended to read:

Subd. 19. [GAMBLING MANAGER.] "Gambling manager" means a person who ~~has paid all dues to an organization and~~ has been a an active member of the organization for at least two years and has been designated by the organization to supervise lawful gambling conducted by it.

Sec. 9. Minnesota Statutes 1992, section 349.12, subdivision 21, is amended to read:

Subd. 21. [GROSS RECEIPTS.] "Gross receipts" means all receipts derived from lawful gambling activity including, but not limited to, the following items:

(1) gross sales of bingo hard cards and paper sheets before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(2) the ideal gross of pull-tab and tipboard deals or games less the value of unsold and defective tickets and before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(3) gross sales of raffle tickets and paddletickets before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(4) admission, commission, cover, or other charges imposed on participants in lawful gambling activity as a condition for or cost of participation; and

(5) interest, dividends, annuities, profit from transactions, or other income derived from the accumulation or use of gambling proceeds.

Gross receipts does not include proceeds from rental under section 349.164 or 349.18, subdivision 3, ~~for duly licensed bingo hall lessors.~~

Sec. 10. Minnesota Statutes 1992, section 349.12, subdivision 23, is amended to read:

Subd. 23. [IDEAL NET.] "Ideal net" means the pull-tab or tipboard deal's ideal gross, as defined under subdivision 19 22, less the total predetermined prize amounts available to be paid out. When the prize is not entirely a monetary one, the ideal net is 50 percent of the ideal gross.

Sec. 11. Minnesota Statutes 1993 Supplement, section 349.12, subdivision 25, is amended to read:

Subd. 25. [LAWFUL PURPOSE.] (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) organization, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome or a contribution to a recognized program for the treatment of compulsive gambling on behalf of an individual who is a compulsive gambler;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender, ~~as evidenced by (i) provision of equipment and supplies, (ii) scheduling of activities, including games and practice times, (iii) supply and assignment of coaches or other adult supervisors, (iv) provision and availability of support facilities, and (v) whether the opportunity to participate reflects each gender's demonstrated interest in the activity, provided that nothing in this clause prohibits a contribution to or expenditure on an educational institution or other entity that is excepted from the prohibition against discrimination based on sex contained in the Higher Education Act Amendments of 1976, United States Code, title 20, section 1681 and the organization complies with section 349.154;~~

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, and the ~~tax~~ taxes imposed by section 349.212 297E.02, subdivisions 1 ~~and 4~~, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on ~~licensed~~ permitted gambling premises wholly owned by the licensed organization paying the taxes, not to exceed:

- (i) the amount which an organization may expend under board rule on rent for premises used for bingo; or
- (ii) \$15,000 per year for premises used for other forms of lawful gambling;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization, which is a church; or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances; or

(12) payment of one-half of the reasonable costs of an audit required in section 349.19, subdivision 9; or

(13) a contribution to or expenditure on a wildlife management project that benefits the public at-large, provided that the state agency with authority over that wildlife management project approves the project before the contribution or expenditure is made; or

(14) expenditures, approved by the commissioner of natural resources, by an organization for grooming and maintaining snowmobile trails that are (1) grant-in-aid trails established under section 116J.406, or (2) other trails on public lands and open to public use, including purchase or lease of equipment for this purpose.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, ~~except as provided in clause (6)~~, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; or (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

~~(6) the erection, acquisition, improvement, or expansion of real property or capital assets which will be used for one or more of the purposes in paragraph (a), clause (7), unless the organization making the expenditures notifies the board at least 15 days before making the expenditure; or~~

(7) a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund.

Sec. 12. Minnesota Statutes 1992, section 349.12, is amended by adding a subdivision to read:

Subd. 26a. [MASTER FLARE.] "Master flare" is the posted display, with registration stamp affixed or bar code imprinted or affixed, that is used in conjunction with sealed groupings of 100 sequentially numbered paddleticket cards.

Sec. 13. Minnesota Statutes 1992, section 349.12, is amended by adding a subdivision to read:

Subd. 28a. [PADDLETICKET.] "Paddleticket" means a preprinted ticket that can be used to place wagers on the spin of a paddlewheel.

Sec. 14. Minnesota Statutes 1992, section 349.12, is amended by adding a subdivision to read:

Subd. 28b. [PADDLETICKET CARD.] "Paddleticket card" means a card to which detachable paddletickets are attached.

Sec. 15. Minnesota Statutes 1992, section 349.12, is amended by adding a subdivision to read:

Subd. 28c. [PADDLETICKET CARD NUMBER.] "Paddleticket card number" means the unique serial number preprinted by the manufacturer on the stub of a paddleticket card and the paddletickets attached to the card.

Sec. 16. Minnesota Statutes 1992, section 349.12, subdivision 30, is amended to read:

Subd. 30. [PERSON.] "Person" is an individual, organization, firm, association, partnership, limited liability company, corporation, trustee, or legal representative.

Sec. 17. Minnesota Statutes 1992, section 349.12, subdivision 32, is amended to read:

Subd. 32. [PULL-TAB.] "Pull-tab" means a single folded or banded ticket or a multi-ply card with a perforated break-open tabs, the face of which is initially covered to conceal one or more numbers or symbols, where one or more of each set of tickets or cards has been designated in advance as a winner. "Pull-tab" also includes a ticket sold in a gambling device known as a ticket-jar.

Sec. 18. Minnesota Statutes 1992, section 349.12, subdivision 34, is amended to read:

Subd. 34. "Tipboard" means a board, placard or other device marked off in a grid or columns, in which each section contains a hidden number or numbers, or other symbol, which determines the winning chances containing a seal that conceals the winning number or symbol, and that serves as the game flare for a tipboard game.

Sec. 19. Minnesota Statutes 1992, section 349.12, is amended by adding a subdivision to read:

Subd. 35. [TIPBOARD TICKET.] "Tipboard ticket" is a single folded or banded ticket, or multi-ply card, the face of which is initially covered or otherwise hidden from view to conceal a number, symbol, or set of symbols, some of which have been designated in advance and at random as prize winners.

Sec. 20. Minnesota Statutes 1992, section 349.15, is amended to read:

349.15 [USE OF GROSS PROFITS.]

Subdivision 1. [EXPENDITURE RESTRICTIONS.] Gross profits from lawful gambling may be expended only for lawful purposes or allowable expenses as authorized by the membership of the conducting organization at a regular monthly meeting of the conducting organization organization's membership. Provided that no more than 60 percent of the gross profit less the tax imposed under section 349.212, subdivision 1, from bingo, and no more than 50 percent of the gross profit from other forms of lawful gambling, may be expended for allowable expenses related to lawful gambling.

Subd. 2. [CASH SHORTAGES.] In computing gross profit to determine maximum amounts which may be expended for allowable expenses under subdivision 1, an organization may not reduce its gross receipts by any cash shortages. An organization may report cash shortages to the board only as an allowable expense. An organization may not report cash shortages in any reporting period that in total exceed three-tenths of one percent of the organization's gross receipts from lawful gambling for that period.

Sec. 21. Minnesota Statutes 1992, section 349.151, subdivision 4, is amended to read:

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

- (1) to regulate lawful gambling to ensure it is conducted in the public interest;
 - (2) to issue licenses to organizations, distributors, bingo halls, manufacturers, and gambling managers;
 - (3) to collect and deposit license, permit, and registration fees due under this chapter;
 - (4) to receive reports required by this chapter and inspect all premises, records, books, and other documents of organizations, distributors, manufacturers, and bingo halls to insure compliance with all applicable laws and rules;
 - (5) to make rules authorized by this chapter;
 - (6) to register gambling equipment and issue registration stamps;
 - (7) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;
 - (8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;
 - (9) to impose civil penalties of not more than \$500 per violation on organizations, distributors, manufacturers, bingo halls, and gambling managers for failure to comply with any provision of this chapter or any rule of the board;
 - (10) to issue premises permits to organizations licensed to conduct lawful gambling;
 - (11) to delegate to the director the authority to issue or deny licenses license and premises permits permit applications and renewals under criteria established by the board;
 - (12) to suspend or revoke licenses and premises permits of organizations, distributors, manufacturers, bingo halls, or gambling managers as provided in this chapter;
 - (13) to register employees of organizations licensed to conduct lawful gambling;
 - (14) to require fingerprints from persons determined by board rule to be subject to fingerprinting; and
 - (15) to delegate to a compliance review group of the board the authority to investigate alleged violations, issue consent orders, and initiate contested cases on behalf of the board;
 - (16) to order organizations, distributors, manufacturers, bingo halls, and gambling managers to take corrective actions; and
 - (15) (17) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.
- (b) The board may assess any organization, distributor, manufacturer, bingo hall licensee, or gambling manager a civil penalty of not more than \$500 per violation for a failure to comply with any provision of this chapter or any rule adopted or order issued by the board. A civil penalty under this paragraph may be imposed only by issuance of a citation, and no such citation may impose any other discipline. Any organization, distributor, bingo hall operator licensee, gambling manager, or manufacturer assessed a civil penalty under this paragraph may request a hearing before the board. Hearings conducted on appeals of imposition of penalties Appeals of citations imposing a civil penalty are not subject to the provisions of the administrative procedure act.

(c) All fees and penalties received by the board must be deposited in the general fund.

Sec. 22. Minnesota Statutes 1992, section 349.151, is amended by adding a subdivision to read:

Subd. 7. [ORDERS.] The board may order any person subject to its jurisdiction who has violated this chapter or a board rule or order to take appropriate action to correct the violation.

Sec. 23. Minnesota Statutes 1992, section 349.151, is amended by adding a subdivision to read:

Subd. 8. [DISCIPLINARY PROCEEDINGS.] The board, or the compliance review group if authorized to act on behalf of the board, may issue an order initiating a contested case against a person subject to the jurisdiction of the board, seeking any or all of the following:

- (1) the person's license or premises permit be revoked or suspended;
- (2) the person be censured;
- (3) a civil penalty be imposed; or
- (4) corrective action be taken by the person.

The order must give reasonable notice of the time and place for a hearing on the matter, and must state the reasons for the order. All hearings must be conducted in accordance with chapter 14. After the hearing the board may enter an order disposing of the matter as the facts require. If the person named in the order fails to appear at the hearing after being notified the person is considered in default and the proceeding may be determined against the person on consideration of the order, the allegations of which may be considered to be true.

Sec. 24. Minnesota Statutes 1992, section 349.151, is amended by adding a subdivision to read:

Subd. 9. [CRIMINAL HISTORY.] The board may request the director of gambling enforcement to assist in investigating the background of an applicant for a license under this chapter, and the director of gambling enforcement may bill the license applicant for the cost thereof. The board has access to all criminal history data compiled by the division of gambling enforcement on licensees and applicants.

Sec. 25. Minnesota Statutes 1992, section 349.151, is amended by adding a subdivision to read:

Subd. 10. [RESPONSE TO REQUESTS.] An applicant, licensee, or other person subject to the board's jurisdiction must:

- (1) comply with requests for information or documents, or other requests, from the board or director within the time specified in the request or, if no time is specified, within 30 days of the date the board or director mails the request; and
- (2) appear before the board or director when requested to do so, and must bring documents or materials requested by the board or director.

Sec. 26. Minnesota Statutes 1992, section 349.151, is amended by adding a subdivision to read:

Subd. 11. [PRODUCTION OF EVIDENCE.] For the purpose of any investigation, inspection, compliance review, audit, or proceeding under this chapter, the board or director may (1) administer oaths and affirmations, (2) subpoena witnesses and compel their attendance, (3) take evidence, and (4) require the production of books, papers, correspondence, memoranda, agreements, or other documents or records that the board or director determines are relevant or material to the inquiry.

Sec. 27. Minnesota Statutes 1992, section 349.151, is amended by adding a subdivision to read:

Subd. 12. [COURT ORDERS.] In the event of a refusal to appear by, or refusal to obey a subpoena issued to, any person under this chapter, the district court may on application of the board or director issue to the person an order directing the person to appear before the board or director, and to produce documentary evidence if so ordered or to give evidence relating to the matter under investigation or in question. Failure to obey such an order may be punished by the court as contempt of court.

Sec. 28. Minnesota Statutes 1992, section 349.151, is amended by adding a subdivision to read:

Subd. 13. [ACCESS.] The board or director has free access during normal business hours to the offices and places of businesses of licensed organizations, and organizations conducting excluded or exempt gambling, and to all books, accounts, papers, records, files, safes, and vaults maintained in the places of business or required to be maintained.

Sec. 29. Minnesota Statutes 1992, section 349.151, is amended by adding a subdivision to read:

Subd. 14. [RULEMAKING.] In addition to any authority to adopt rules specifically authorized under this chapter, the board may adopt, amend, or repeal rules, including emergency rules, under chapter 14, when necessary or proper in discharging the board's powers and duties.

Sec. 30. Minnesota Statutes 1992, section 349.152, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF THE DIRECTOR.] The director has the following duties:

- (1) to carry out gambling policy established by the board;
- (2) to employ and supervise personnel of the board;
- (3) to advise and make recommendations to the board on rules;
- (4) to issue licenses and premises permits as authorized by the board;
- (5) to issue cease and desist orders;
- (6) to make recommendations to the board on license issuance, denial, censure, suspension and revocation, and civil penalties the board imposes; ~~and~~
- (7) to ensure that board rules, policy, and decisions are adequately and accurately conveyed to the board's licensees;
- (8) to conduct investigations, inspections, compliance reviews, and audits under this chapter; and
- (9) to issue subpoenas to compel the attendance of witnesses and the production of documents, books, records, and other evidence relating to an investigation, compliance review, or audit the director is authorized to conduct.

Sec. 31. Minnesota Statutes 1992, section 349.152, subdivision 3, is amended to read:

Subd. 3. [CEASE AND DESIST ORDERS.] Whenever it appears to the director that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any board rule or order:

(a) The director ~~has the power to~~ may issue and cause to be served upon the person an order requiring the person to cease and desist from violations of this chapter or board rule or order. The order must give reasonable notice of the rights of the person to request a hearing and must state the reason for the entry of the order. Unless otherwise agreed between the parties, a hearing shall be held not later than seven days after the request for the hearing is received by the board after which and within 20 days ~~of the date of the hearing~~ after the receipt of the administrative law judge's report and subsequent exceptions and argument the board shall issue an order vacating the cease and desist order, modifying it, or making it permanent as the facts require. If no hearing is requested within 30 days of the service of the order, the order becomes final and remains in effect until modified or vacated by the board. All hearings shall be conducted in accordance with the provisions of chapter 14. If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person shall be deemed in default, and the proceeding may be determined against the person upon consideration of the cease and desist order, the allegations of which may be deemed to be true.

(b) Whenever it appears to the board that any person has engaged or is about to engage in any act or practice that violates this chapter or any board rule or order, the board may bring an action in the district court in the appropriate county to enjoin the acts or practices and to enforce compliance with this chapter or any board rule or order and may refer the matter to the attorney general. Upon a proper showing, a permanent or temporary injunction, restraining order, or writ of mandamus shall be granted. The court may not require the board to post a bond.

Sec. 32. Minnesota Statutes 1992, section 349.153, is amended to read:

349.153 [CONFLICT OF INTEREST.]

(a) A person may not serve on the board, be the director, or be an employee of the board who has an interest in any corporation, association, limited liability company, or partnership that is licensed by the board as a distributor, manufacturer, or a bingo hall under section 349.164.

(b) A member of the board, the director, or an employee of the board may not participate in the conducting of lawful gambling, accept employment with, receive compensation directly or indirectly from, or enter into a contractual relationship with an organization that conducts lawful gambling, a distributor, or a manufacturer while employed with or a member of the board or within one year after terminating employment with or leaving the board.

(c) A distributor, manufacturer, or organization licensed to conduct lawful gambling may not hire a former employee, director, or member of the gambling control board for one year after the employee, director, or member has terminated employment with or left the gambling control board.

Sec. 33. Minnesota Statutes 1992, section 349.154, is amended to read:

349.154 [EXPENDITURE OF NET PROFITS FROM LAWFUL GAMBLING.]

Subdivision 1. [STANDARDS FOR CERTAIN ORGANIZATIONS.] The board shall by rule prescribe standards that must be met by any licensed organization that is a 501(c)(3) organization. The standards must provide:

(1) operating standards for the organization, including a maximum percentage or percentages of the organization's total expenditures that may be expended for the organization's administration and operation; and

(2) standards for any expenditure by the organization of net profits from lawful gambling, including a requirement that the expenditure be related to the primary purpose of the organization.

Subd. 2. [NET PROFIT REPORTS.] (a) Each licensed organization must report monthly to the board on a form prescribed by the board each expenditure and contribution of net profits from lawful gambling. The reports must provide for each expenditure or contribution:

(1) the name, address, and telephone number of the recipient of the expenditure or contribution;

(2) the date the contribution was approved by the organization;

(3) the date, amount, and check number of the expenditure or contribution; and

(4) a brief description of how the expenditure or contribution meets one or more of the purposes in section 349.12, subdivision 25, paragraph (a); and

(5) in the case of expenditures authorized under section 349.12, subdivision 25, paragraph (a), clause (7), whether the expenditure is for a facility or activity that primarily benefits male or female participants.

(b) The board shall provide make available to the commissioners of revenue and public safety copies of each report reports received under this subdivision and requested by them.

Subd. 3a. [EXPENDITURES FOR RECREATIONAL, COMMUNITY, AND ATHLETIC PROGRAMS.] An organization that makes a greater percentage of its lawful purpose expenditures under section 349.12, subdivision 25, paragraph (a), clause (7) on facilities or activities for one gender rather than another may not deny a reasonable request for funding of a facility or activity for the underrepresented gender if the request is for funding for a facility or activity that is a lawful purpose under that clause. An applicant for funding for a facility or activity for an underrepresented gender who believes that an application for funding was denied in violation of this subdivision may file a complaint with the board. The board shall prescribe a form for the complaint and shall furnish a copy of the form to any requestor. The board shall investigate each complaint filed and, if the board finds that the organization against which the complaint was filed has violated this subdivision, shall issue an order directing the organization to take such corrective action as the board deems necessary to bring the organization into compliance with this subdivision.

Subd. 4. [RULES OF EXPENDITURES.] Notwithstanding any rule of the board, an organization may make expenditures for lawful purposes as authorized under section 349.12, subdivision 25, paragraph (a), clause (6), to a member of the organization of up to \$200 in any twelve-month period if the expenditures are solely for services performed by the member at funeral services.

Sec. 34. [349.155] [LICENSES; LICENSE ACTIONS.]

Subdivision 1. [FORMS.] All applications for a license must be on a form prescribed by the board. In the case of applications by an organization the board may require the organization to submit a copy of its articles of incorporation and other documents the board deems necessary.

Subd. 2. [INVESTIGATION FEE.] In addition to initial and renewal application fees, the board may charge license and renewal applicants a fee to cover the costs of background investigations conducted under this chapter.

Subd. 3. [MANDATORY DISQUALIFICATIONS.] (a) In the case of licenses for manufacturers, distributors, bingo halls, and gambling managers, the board may not issue or renew a license under this chapter, and shall revoke a license under this chapter, if the applicant or licensee, or a director, officer, partner, person in a supervisory or management position of the applicant or licensee, or an employee eligible to make sales on behalf of the applicant or licensee:

- (1) has ever been convicted of a felony or a crime involving gambling;
- (2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;
- (4) is or has ever been connected with or engaged in an illegal business;
- (5) owes \$500 or more in delinquent taxes as defined in section 270.72;
- (6) had a sales and use tax permit revoked by the commissioner of revenue within the past two years; or
- (7) after demand, has not filed tax returns required by the commissioner of revenue. The board may deny or refuse to renew a license under this chapter, and may revoke a license under this chapter, if any of the conditions in this paragraph is applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee.

(b) In the case of licenses for organizations, the board may not issue or renew a license under this chapter, and shall revoke a license under this chapter, if the organization, or an officer or member of the governing body of the organization:

- (1) has been convicted of a felony or gross misdemeanor within the five years before the issuance or renewal of the license;
- (2) has ever been convicted of a crime involving gambling; or
- (3) has had a license issued by the board or director permanently revoked for violation of law or board rule.

Subd. 4. [LICENSE REVOCATION, SUSPENSION, DENIAL; CENSURE.] The board may order (1) deny, suspend, revoke, or refuse to renew a license or premises permit, or (2) censure a licensee or applicant, if it finds that the order is in the public interest and that the applicant or licensee, or a director, officer, partner, person in a supervisory or management position of the applicant or licensee, an employee eligible to make sales on behalf of the applicant or licensee, or direct or indirect holder of more than a five percent financial interest in the applicant or licensee:

- (1) has violated or failed to comply with any provision of chapter 297E, 299L, or 349, or any rule adopted or order issued thereunder;
- (2) has filed an application for a license that is incomplete in any material respect, or contains a statement that, in light of the circumstances under which it was made, is false, misleading, fraudulent, or a misrepresentation;
- (3) has made a false statement in a document or report required to be submitted to the board or the commissioner of revenue, or has made a false statement to the board, the compliance review group, or the director;
- (4) has been convicted of a crime in another jurisdiction that would be a felony if committed in Minnesota;
- (5) is permanently or temporarily enjoined by any gambling regulatory agency from engaging in or continuing any conduct or practice involving any aspect of gambling;
- (6) has had a gambling-related license revoked or suspended, or has paid or been required to pay a monetary penalty of \$2,500 or more, by a gambling regulator in another state of jurisdiction;

(7) has been the subject of any of the following actions by the director of gambling enforcement: (i) had a license under chapter 299L denied, suspended or revoked, (ii) been censured, reprimanded, has paid or been required to pay a monetary penalty or fine, or (iii) has been the subject of any other discipline by the director; or

(8) has engaged in conduct that is contrary to the public health, welfare, or safety, or to the integrity of gambling; or

(9) based on past activities or criminal record poses a threat to the public interest or to the effective regulation and control of gambling, or creates or enhances the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gambling or the carrying on of the business and financial arrangements incidental to the conduct of gambling.

Subd. 5. [REVOCACTION; CONTESTED CASE.] When the board, or director if the director is authorized to act on behalf of the board, determines that a license should be revoked, suspended, denied, or not renewed under subdivisions 3 or 4, the board or director shall issue an order initiating a contested case hearing against the licensee, seeking revocation of the license. A contested case hearing on the merits must be held within 30 days of the issuance of the order, unless the parties agree to a later date. The administrative law judge's report must be issued within 30 days after the close of the hearing record. The board or director must issue a final decision within 30 days after receiving the administrative law judge's report and subsequent exceptions and argument.

Subd. 6. [NOTICE OF DENIAL.] When the board determines that a license or premises permit application or renewal should be denied under subdivision 3 or 4, the board shall promptly give a written notice to the licensee or applicant stating ground for the action and giving reasonable notice of the rights of the licensee or applicant to request a hearing. A hearing must be held not later than 30 days after the board receives the request for the hearing, unless the licensee or applicant and the board agree on a later date. If no hearing is requested within 30 days of the service of the notice, the denial becomes final. All hearings must be conducted under chapter 14. After the hearing the board may enter an order making such disposition as the facts require. If the applicant fails to appear at the hearing after having been notified of it under this subdivision, the applicant is considered in default and the proceeding may be determined against the person on consideration of the order to show cause, the allegations of which may be considered to be true. All fees accompanying the license or renewal application are considered earned and are not refundable.

Subd. 7. [LAPSED LICENSES.] If a license lapses, or is surrendered, withdrawn, terminated, or otherwise becomes ineffective, the board may (1) institute a proceeding under this subdivision within two years after the last date on which the license was effective, (2) enter a revocation or suspension order as of the date on which the license was effective, (3) impose a civil penalty as provided under section 349.151, subdivision 4, or (4) order corrective action as provided in section 349.151, subdivision 7.

Subd. 8. [ACTIONS IN ANOTHER STATE.] A licensee under this chapter must notify the board within 30 days of the action whenever any of the actions listed in subdivision 4, clause (6) have been taken against the licensee in another state or jurisdiction.

Sec. 35. Minnesota Statutes 1992, section 349.16, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE OF GAMBLING LICENSES.] (a) Licenses authorizing organizations to conduct lawful gambling may be issued by the board to organizations meeting the qualifications in paragraphs (b) to (h) if the board determines that the license is consistent with the purpose of sections 349.11 to 349.22.

(b) The organization must have been in existence for the most recent three years preceding the license application as a registered Minnesota nonprofit corporation or as an organization designated as exempt from the payment of income taxes by the Internal Revenue Code.

(c) The organization at the time of licensing must have at least 15 active members.

(d) The organization must not be in existence solely for the purpose of conducting gambling.

~~(e) The organization must not have as an officer or member of the governing body any person who, within the five years before the issuance of the license, has been convicted in a federal or state court of a felony or gross misdemeanor or who has ever been convicted of a crime involving gambling or who has had a license issued by the board or director revoked for a violation of law or board rule.~~

(f) The organization has identified in its license application the lawful purposes on which it proposes to expend net profits from lawful gambling.

(g) (f) The organization has identified on its license application a gambling manager and certifies that the manager is qualified under this chapter.

(h) (g) The organization must not, in the opinion of the board after consultation with the commissioner of revenue, be seeking licensing primarily for the purpose of evading or reducing the tax imposed by section 349.212, subdivision 6.

Sec. 36. Minnesota Statutes 1992, section 349.16, subdivision 3, is amended to read:

Subd. 3. [TERM OF LICENSE: SUSPENSION AND REVOCATION.] Licenses issued under this section are valid for two years and may be suspended by the board for a violation of law or board rule or revoked for what the board determines to be a willful violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Sec. 37. Minnesota Statutes 1992, section 349.16, subdivision 6, is amended to read:

Subd. 6. [FEES LICENSE CLASSIFICATIONS.] The board may issue four classes of organization licenses: a class A license authorizing all forms of lawful gambling; a class B license authorizing all forms of lawful gambling except bingo; a class C license authorizing bingo only, or bingo and pull-tabs if the gross receipts for any combination of bingo and pull-tabs does not exceed \$50,000 per year; and a class D license authorizing raffles only. The board shall not charge a fee for an organization license.

Sec. 38. Minnesota Statutes 1992, section 349.16, subdivision 8, is amended to read:

Subd. 8. [LOCAL INVESTIGATION FEE.] A statutory or home rule charter city or county notified under section 349.213, subdivision 2, may assess an investigation fee on organizations or bingo halls applying for or renewing a license to conduct lawful gambling premises permit or operate a bingo hall license. An investigation fee may not exceed the following limits:

- (1) for cities of the first class, \$500;
- (2) for cities of the second class, \$250;
- (3) for all other cities, \$100; and
- (4) for counties, \$375.

Sec. 39. Minnesota Statutes 1992, section 349.16, is amended by adding a subdivision to read:

Subd. 9. [LICENSE RENEWALS; NOTICE.] The board may not deny or delay the renewal of a license under this section, a premises permit, or a gambling manager's license under section 349.167 because of the licensee's failure to submit a complete application by a specified date before the expiration of the license or permit, unless the board has first (1) sent the applicant by registered mail a written notice of the incomplete application, and (2) given the applicant at least five business days from the date of receipt of the notice to submit a complete application, or the information necessary to complete the application.

Sec. 40. Minnesota Statutes 1992, section 349.161, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] No person may:

- (1) sell, offer for sale, or furnish gambling equipment for use within the state for gambling purposes, other than for lawful gambling exempt or excluded from licensing, except to an organization licensed for lawful gambling;
- (2) sell, offer for sale, or furnish gambling equipment for lawful gambling use within the state without having obtained a distributor license under this section;
- (3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

Sec. 41. Minnesota Statutes 1992, section 349.161, subdivision 5, is amended to read:

Subd. 5. [PROHIBITION.] (a) No distributor, or employee of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, or any representative, agent, affiliate, or employee of a distributor, may be: (1) be involved in the conduct of lawful gambling by an organization; (2) keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.

(c) No distributor or any representative, agent, affiliate, or employee of a distributor may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor or any representative, agent, affiliate, or employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased from that distributor is being used in the conduct of lawful gambling.

(e) No distributor or any representative, agent, affiliate, or employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker.

(f) No distributor or any representative, agent, affiliate, or employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.

(g) No distributor may purchase gambling equipment for resale to a person for use within the state from any person not licensed as a manufacturer under section 349.163.

(h) No distributor may sell gambling equipment to any person for use in Minnesota other than (i) a licensed organization or organization excluded or exempt from licensing, or (ii) the governing body of an Indian tribe.

(i) No distributor may sell or otherwise provide a pull-tab or tipboard deal with the symbol required by section 349.163, subdivision 5, paragraph (h), visible on the flare to any person other than in Minnesota to a licensed organization or organization exempt or excluded from licensing.

Sec. 42. Minnesota Statutes 1992, section 349.162, subdivision 1, is amended to read:

Subdivision 1. [STAMP REQUIRED.] (a) A distributor may not sell, transfer, furnish, or otherwise provide to a person, ~~organization, or distributor~~, and no person, ~~organization, or distributor~~ may purchase, borrow, accept, or acquire from a distributor gambling equipment for use within the state unless the equipment has been registered with the board and has a registration stamp affixed, except for gambling equipment not stamped by the manufacturer pursuant to section 349.163, subdivision 5 or 8. The board shall charge a fee of five cents for each stamp. Each stamp must bear a registration number assigned by the board. A distributor or manufacturer is entitled to a refund for unused registration stamps and replacement for registration stamps which are defective or canceled by the distributor or manufacturer.

(b) From January 1, 1991, to June 30, 1992, no distributor, organization, or other person may sell a pull-tab which is not clearly marked "For Sale in Minnesota Only." A manufacturer must return all unused registration stamps in its possession to the board by February 1, 1995. No manufacturer may possess unaffixed registration stamps after February 1, 1995.

(c) On and after July 1, 1992, no distributor, organization, or other person may sell a pull-tab which is not clearly marked "Manufactured in Minnesota For Sale in Minnesota Only."

(d) Paragraphs (b) and (c) do not apply to pull tabs sold by a distributor to the governing body of an Indian tribe. After February 1, 1996, no person may possess any unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare or any unplayed paddleticket cards with a registration stamp affixed to the master flare. Gambling equipment kept in violation of this paragraph is contraband under section 349.2125.

Sec. 43. Minnesota Statutes 1992, section 349.162, subdivision 2, is amended to read:

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

- (1) the identity of the person ~~or firm~~ from whom the distributor purchased the equipment;
- (2) the registration number of the equipment;
- (3) the name, address, and license or exempt permit number of the organization to which the sale was made;
- (4) the date of the sale;
- (5) the name of the person who ordered the equipment;
- (6) the name of the person who received the equipment;
- (7) the type of equipment;
- (8) the serial number of the equipment;
- (9) the name, form number, or other identifying information for each game; and
- (10) in the case of bingo hard cards or paper sheets sold on and after January 1, 1991, the individual number of each card or sheet.

The invoice for each sale must be retained for at least 3-1/2 years after the sale is completed and a copy of each invoice is to be delivered to the board in the manner and time prescribed by the board. For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

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

The board may require that a distributor submit the monthly report and invoices required in this subdivision via magnetic media or electronic data transfer.

Sec. 44. Minnesota Statutes 1992, section 349.162, subdivision 4, is amended to read:

Subd. 4. [PROHIBITION.] (a) No person other than a licensed distributor or licensed manufacturer may possess unaffixed registration stamps.

(b) Unless otherwise provided in this chapter, no person may possess gambling equipment that has not been stamped and registered.

(c) On and after January 1, 1991, no distributor may:

- (1) sell a bingo hard card or paper sheet that does not bear an individual number; or
- (2) sell a package of bingo cards paper sheets that does not contain bingo cards paper sheets in numerical order.

Sec. 45. Minnesota Statutes 1992, section 349.162, subdivision 5, is amended to read:

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

division of gambling enforcement. No gambling equipment may be moved from the facility unless the gambling equipment has been first registered with the board, except for gambling equipment not stamped by the manufacturer pursuant to section 349.163, subdivision 5 or 8.

(b) Notwithstanding section 349.163, subdivisions 5, 6, and 8, a licensed manufacturer may ship into Minnesota approved or unapproved gambling equipment if the licensed manufacturer ships the gambling equipment to a Minnesota storage facility that is: (1) owned or leased by the licensed manufacturer; and (2) registered, in advance and in writing, with the division of gambling enforcement as a manufacturer's storage facility. No gambling equipment may be shipped into Minnesota to the manufacturer's registered storage facility unless the shipment of the gambling equipment is reported to the department of revenue in a manner prescribed by the department. No gambling equipment may be moved from the storage facility unless the gambling equipment is sold to a licensed distributor and is otherwise in conformity with this chapter, is shipped to an out-of-state site and the shipment is reported to the department of revenue in a manner prescribed by the department, or is otherwise sold and shipped as permitted by board rule.

(c) All sales and storage facilities owned, leased, used, or operated by a licensed distributor or manufacturer may be entered upon and inspected by the employees of the division of gambling enforcement or, the division of gambling enforcement director's authorized representatives, employees of the gambling control board or its authorized representatives, employees of the department of revenue, or authorized representatives of the director of the division of special taxes of the department of revenue during reasonable and regular business hours. Obstruction of, or failure to permit, entry and inspection is cause for revocation or suspension of a manufacturer's or distributor's licenses and permits issued under this chapter.

(e) (d) Unregistered gambling equipment and unaffixed registration stamps found at any location in Minnesota other than the manufacturing plant of a licensed manufacturer or a registered sales or storage facility are contraband under section 349.2125. This paragraph does not apply:

(1) to unregistered gambling equipment being transported in interstate commerce between locations outside this state, if the interstate shipment is verified by a bill of lading or other valid shipping document; and

(2) to gambling equipment not stamped by the manufacturer pursuant to section 349.163, subdivision 5 or 8.

Sec. 46. Minnesota Statutes 1992, section 349.163, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] No manufacturer of gambling equipment may sell any gambling equipment to any person for use or resale within the state, unless the manufacturer has a current and valid license issued by the board under this section and has satisfied other criteria prescribed by the board by rule.

A manufacturer licensed under this section may not also be directly or indirectly licensed as a distributor under section 349.161 unless the manufacturer (1) does not manufacture any gambling equipment other than paddlewheels, and (2) was licensed as both a manufacturer and distributor on May 1, 1990.

Sec. 47. Minnesota Statutes 1992, section 349.163, subdivision 3, is amended to read:

Subd. 3. [PROHIBITED SALES.] (a) A manufacturer may not:

(1) sell gambling equipment for use or resale within the state to any person not licensed as a distributor unless the manufacturer is also a licensed distributor; or

(2) sell gambling equipment to a distributor in this state that has the same serial number as another item of gambling equipment of the same type that is sold by that manufacturer for use or resale in this state;

(3) from January 1, 1991, to June 30, 1992, sell to any person in Minnesota, other than the governing body of an Indian tribe, a pull tab on which the manufacturer has not clearly printed the words "For Sale in Minnesota Only";

(4) on and after July 1, 1992, sell to any person in Minnesota, other than the governing body of an Indian tribe, a pull tab on which the manufacturer has not clearly printed the words "Manufactured in Minnesota For Sale In Minnesota Only"; or

(5) sell a pull tab marked as required in clauses (3) and (4) to any person inside or outside the state, including the governing body of an Indian tribe, who is not a licensed distributor.

~~(b) On and after July 1, 1992, all pull-tabs sold by a licensed manufacturer to a person in Minnesota must be manufactured in Minnesota.~~

(e) A manufacturer, affiliate of a manufacturer, or person acting as a representative or agent of a manufacturer may not provide a lessor of gambling premises or an appointed official any compensation, gift, gratuity, premium, contribution, or other thing of value.

(c) A manufacturer may not sell or otherwise provide a pull-tab or tipboard deal with the symbol required by section 349.163, subdivision 5, paragraph (h), imprinted on the flare to any person other than a licensed distributor unless the manufacturer first renders the symbol permanently invisible.

Sec. 48. Minnesota Statutes 1992, section 349.163, subdivision 5, is amended to read:

Subd. 5. [PULL-TAB AND TIPBOARD FLARES.] (a) A manufacturer may not ship or cause to be shipped into this state or sell for use or resale in this state any deal of pull-tabs or tipboards that does not have its own individual flare as required for that deal by this subdivision and rule of the board. A person other than a manufacturer may not manufacture, alter, modify, or otherwise change a flare for a deal of pull-tabs or tipboards except as allowed by this chapter or board rules.

(b) A manufacturer must comply with either paragraphs (c) to (g) or paragraphs (f) to (j) with respect to pull-tabs and tipboards sold by the manufacturer before January 1, 1995, for use or resale in Minnesota or shipped into or caused to be shipped into Minnesota by the manufacturer before January 1, 1995. A manufacturer must comply with paragraphs (f) to (j) with respect to pull-tabs and tipboards sold by the manufacturer on and after January 1, 1995, for use or resale in Minnesota or shipped into or caused to be shipped into Minnesota by the manufacturer on and after January 1, 1995. Paragraphs (c) to (e) expire January 1, 1995.

(c) The flare of each deal of pull-tabs and tipboards sold by a manufacturer for use or resale in Minnesota must have the Minnesota gambling stamp affixed. The flare, with the stamp affixed, must be placed inside the wrapping of the deal which the flare describes.

(e) ~~(d)~~ Each pull-tab and tipboard flare must bear the following statement printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers -- This pull-tab (or tipboard) game is not legal in Minnesota unless:

- a Minnesota gambling stamp is affixed to this sheet, and
- the serial number handwritten on the gambling stamp is the same as the serial number printed on this sheet and on the pull-tab (or tipboard) ticket you have purchased."

~~(d)~~ (e) The flare of each pull-tab and tipboard game must bear the serial number of the game, printed in numbers at least one-half inch high.

(e) ~~(f)~~ The flare of each pull-tab and tipboard game must be have affixed to or imprinted at the bottom with a bar code that provides:

- (1) the name of the game;
- (2) the serial number of the game;
- (3) the name of the manufacturer;
- (4) the number of tickets in the deal;
- (5) the odds of winning each prize in the deal; and
- (6) other information the board by rule requires.

The serial number included in the bar code must be the same as the serial number of the tickets included in the deal. A manufacturer who manufactures a deal of pull-tabs must affix to the outside of the box containing that game the same bar code that is affixed to or imprinted at the bottom of a flare for that deal.

(f) (g) No person may alter the bar code that appears on the outside of a box containing a deal of pull-tabs and tipboards. Possession of a box containing a deal of pull-tabs and tipboards that has a bar code different from the bar code of the deal inside the box is prima facie evidence that the possessor has altered the bar code on the box.

(h) The flare of each deal of pull-tabs and tipboards sold by a manufacturer for use or resale in Minnesota must have imprinted on it a symbol that is at least one inch high and one inch wide consisting of an outline of the geographic boundaries of Minnesota with the letters "MN" inside the outline. The flare must be placed inside the wrapping of the deal which the flare describes.

(i) Each pull-tab and tipboard flare must bear the following statement printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers -- This pull-tab (or tipboard) game is not legal in Minnesota unless:

-- an outline of Minnesota with letters "MN" inside it is imprinted on this sheet, and

-- the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull-tab (or tipboard) ticket you have purchased."

(j) The flare of each pull-tab and tipboard game must have the serial number of the game imprinted on the bar code at the bottom of the flare in numerals at least one-half inch high.

Sec. 49. Minnesota Statutes 1992, section 349.163, subdivision 6, is amended to read:

Subd. 6. [SAMPLES OF GAMBLING EQUIPMENT.] The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment the manufacturer manufactures for sale use or resale in this state. The board shall inspect and test all the equipment it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board may request the assistance of the commissioner of public safety and the director of the state lottery board in performing the tests.

Sec. 50. Minnesota Statutes 1992, section 349.163, is amended by adding a subdivision to read:

Subd. 8. [PADDLETICKET CARD MASTER FLARES.] Each sealed grouping of 100 paddleticket cards must have its own individual master flare. The manufacturer must affix to or imprint at the bottom of the master flare a bar code that provides:

(1) the name of the manufacturer;

(2) the first paddleticket card number in the group;

(3) the number of paddletickets attached to each paddleticket card in the group; and

(4) other information the board by rule requires.

This subdivision applies to paddleticket cards sold by a manufacturer after June 30, 1995, for use or resale in Minnesota or shipped into or caused to be shipped into Minnesota by a manufacturer after June 30, 1995. Paddleticket cards which are subject to this subdivision shall not have a registration stamp affixed to the master flare.

Sec. 51. Minnesota Statutes 1992, section 349.164, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] No person may lease a facility to more than one individual, corporation, partnership, or organization to conduct bingo without a current and valid bingo hall license under this section.

Sec. 52. Minnesota Statutes 1992, section 349.164, subdivision 6, is amended to read:

Subd. 6. [PROHIBITED ACTS.] No bingo hall licensee, person holding a financial or managerial interest in a bingo hall, or affiliate thereof may:

(1) be a licensed distributor or licensed manufacturer or affiliate of the distributor or manufacturer under section 349.161 or 349.163 or a wholesale distributor of alcoholic beverages;

(2) provide any staff to conduct or assist in the conduct of bingo or any other form of lawful gambling on the premises;

(3) acquire, provide ~~storage or~~ inventory control ~~for~~, or report the use of any gambling equipment used by an organization that conducts lawful gambling on the premises;

(4) provide accounting services to an organization conducting lawful gambling on the premises;

(5) solicit, suggest, encourage, or make any expenditures of gross receipts of an organization from lawful gambling;

(6) charge any fee to a person without which the person could not play a bingo game or participate in another form of lawful gambling on the premises;

(7) provide assistance or participate in the conduct of lawful gambling on the premises; or

(8) permit more than 21 bingo occasions to be conducted on the premises in any week.

Sec. 53. Minnesota Statutes 1992, section 349.164, is amended by adding a subdivision to read:

Subd. 10. [RECORDS.] A bingo hall licensee must maintain and preserve for at least 3-1/2 years records of all remuneration it receives from organizations conducting lawful gambling.

Sec. 54. Minnesota Statutes 1992, section 349.1641, is amended to read:

349.1641 [LICENSES; SUMMARY SUSPENSION.]

The board may (1) summarily suspend the license of an organization that is more than three months late in filing a tax return or in paying a tax required under this chapter 297E and may keep the suspension in effect until all required returns are filed and required taxes are paid; and (2) summarily suspend for not more than 90 days any license issued by the board or director for what the board determines are actions detrimental to the integrity of lawful gambling in Minnesota. The board must notify the licensee at least 14 days before suspending the license under this ~~paragraph section~~. A contested case hearing must be held within 20 days of the summary suspension and if a license or premises permit is summarily suspended under this section, a contested case hearing on the merits must be held within 20 days of the issuance of the order of suspension, unless the parties agree to a later hearing date. The administrative law judge's report must be issued within 20 days after the close of the hearing record. In all cases involving summary suspension, the board must issue its final decision within 30 days after receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61. When an organization's license is suspended ~~or revoked~~ under this subdivision section, the board shall within three days notify all municipalities in which the organization's gambling premises are located and all licensed distributors in the state.

Sec. 55. Minnesota Statutes 1992, section 349.166, subdivision 1, is amended to read:

Subdivision 1. [EXCLUSIONS.] (a) Bingo may be conducted without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivision subdivisions 1, 4, and 5; 349.18, subdivision 1; and 349.19, if it is conducted:

(1) by an organization in connection with a county fair, the state fair, or a civic celebration if it and is not conducted for more than 12 consecutive days and is limited to no more than four separate applications for activities applied for and approved in a calendar year; or

(2) by an organization that conducts four or fewer bingo occasions in a calendar year.

An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.

(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization without compliance with sections 349.11 to 349.15 and 349.153 to 349.213 if the prizes for a single bingo game do not exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, a manager is appointed to supervise the bingo, and the manager registers with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.

(c) Raffles may be conducted by an organization without a license and without complying with sections ~~349.11 to 349.13 and 349.151~~ 349.154 to 349.165 and 349.167 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750.

(d) The organization must maintain all required records of excluded gambling activity for 3-1/2 years.

Sec. 56. Minnesota Statutes 1992, section 349.166, subdivision 2, is amended to read:

Subd. 2. [EXEMPTIONS.] (a) Lawful gambling may be conducted by an organization ~~as defined in section 349.12, subdivision 28,~~ without a license and without complying with sections ~~349.151 to 349.167;~~ 349.168, subdivisions 1 and 2; 349.17, subdivisions 4 and 5; 349.18, subdivision 1; and 349.19, and 349.212 if:

- (1) the organization conducts lawful gambling on five or fewer days in a calendar year;
 - (2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;
 - (3) the organization pays a fee of \$25 to the board, notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, or 60 days for an occasion held in the case of a city of the first class, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;
 - (4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;
 - (5) the organization purchases all gambling equipment and supplies from a licensed distributor; and
 - (6) the organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.
- (b) If the organization fails to file a timely report as required by paragraph (a), clause (3) or (6), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this paragraph subdivision if a report is later filed and the penalty paid.
- (c) Merchandise prizes must be valued at their fair market value.
- (d) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.
- (e) An organization that is exempt from taxation on purchases of pull-tabs and tipboards under section 349.212, subdivision 4, paragraph (c), must return to the distributor any tipboard or pull-tab deal no part of which is used at the lawful gambling occasion for which it was purchased by the organization.

(f) The organization must maintain all required records of exempt gambling activity for 3-1/2 years.

Sec. 57. Minnesota Statutes 1992, section 349.166, subdivision 3, is amended to read:

Subd. 3. [RAFFLES; CERTAIN ORGANIZATIONS.] Sections ~~349.21~~ 349.168, subdivisions 3 and 4; and 349.211, subdivision 3, and the membership requirements of sections ~~349.14 and 349.20~~ section 349.16, subdivision 2, paragraph (c), do not apply to raffles conducted by an organization that directly or under contract to the state or a political subdivision delivers health or social services and that is a 501(c)(3) organization if the prizes awarded in the raffles are real or personal property donated by an individual, firm, or other organization. The person who accounts for the gross receipts, expenses, and profits of the raffles may be the same person who accounts for other funds of the organization.

Sec. 58. Minnesota Statutes 1992, section 349.167, subdivision 1, is amended to read:

Subdivision 1. [GAMBLING MANAGER REQUIRED.] (a) All lawful gambling conducted by a licensed organization must be under the supervision of a gambling manager. A gambling manager designated by an organization to supervise lawful gambling is responsible for the gross receipts of the organization and for its conduct

in compliance with all laws and rules. A person designated as a gambling manager shall maintain a fidelity bond in the sum of \$10,000 in favor of the organization conditioned on the faithful performance of the manager's duties. The terms of the bond must provide that notice be given to the board in writing not less than 30 days before its cancellation.

(b) A person may not act as a gambling manager for more than one organization, except that a person may act as gambling manager for up to three organizations if all three organizations conduct lawful gambling only in the same licensed bingo hall.

(c) An organization may not conduct lawful gambling without having a gambling manager. ~~The board must be notified in writing of a change in gambling managers. Notification must be made within ten days of the date the gambling manager assumes the manager's duties.~~

(d) An organization may not have more than one gambling manager at any time.

Sec. 59. Minnesota Statutes 1992, section 349.167, subdivision 2, is amended to read:

Subd. 2. [GAMBLING MANAGERS; LICENSES.] A person may not serve as a gambling manager for an organization unless the person possesses a valid gambling manager's license issued by the board. ~~The board may issue a gambling manager's license to a person applying for the license who:~~

~~(1) has complied with subdivision 4, clause (1);~~

~~(2) has never been convicted of a felony;~~

~~(3) within the five years before the date of the license application, has not committed a violation of law or board rule that resulted in the revocation of a license issued by the board;~~

~~(4) has never been convicted of a criminal violation involving fraud, theft, tax evasion, misrepresentation, or gambling;~~

~~(5) has never been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats; and~~

~~(6) has not engaged in conduct the board determines is contrary to the public health, welfare, or safety or the integrity of lawful gambling.~~

A gambling manager's license is valid for one year two years unless suspended or revoked. The annual fee for a gambling manager's license is \$100 \$200. During the second year of an organization's license the license fee for a new gambling manager is \$100.

Sec. 60. Minnesota Statutes 1992, section 349.167, subdivision 4, is amended to read:

Subd. 4. [TRAINING OF GAMBLING MANAGERS.] The board shall by rule require all persons licensed as gambling managers to receive periodic training in laws and rules governing lawful gambling. The rules must contain the following requirements:

(1) each gambling manager must receive training before being issued a new license, except that in the case of the death, disability, or termination of a gambling manager, a replacement gambling manager must receive the training within 90 days of being issued a license;

(2) each gambling manager applying for a renewal of a license must have received continuing education training ~~within the three years prior to the date of application for the renewal, as required by board rule, each year of the two-year license period;~~ and

(3) the training required by this subdivision may be provided by a person, ~~firm, association, or organization~~ authorized by the board to provide the training. Before authorizing a person, ~~firm, association, or organization~~ to provide training, the board must determine that:

(i) the provider and all of the provider's personnel conducting the training are qualified to do so;

(ii) the curriculum to be used fully and accurately covers all elements of lawful gambling law and rules that the board determines are necessary for a gambling manager to know and understand;

(iii) the fee to be charged for participants in the training sessions is fair and reasonable; and

(iv) the training provider has an adequate system for documenting completion of training.

The rules may provide for differing training requirements for gambling managers based on the class of license held by the gambling manager's organization.

The board or the director may provide the training required by this subdivision using employees of the board.

Sec. 61. Minnesota Statutes 1992, section 349.167, is amended by adding a subdivision to read:

Subd. 7. [GAMBLING MANAGER EXAMINATION.] (a) By January 1, 1996, each gambling manager must pass an examination prepared and administered by the board that tests the gambling manager's knowledge of the responsibilities of gambling managers and of gambling procedures, laws, and rules. The board shall revoke the license of any gambling manager who has not passed the examination by January 1, 1996.

(b) On and after January 1, 1996, each applicant for a new gambling manager's license must pass the examination provided for in paragraph (a) before being issued the license. In the case of the death, disability, or termination of a gambling manager, a replacement gambling manager must pass the examination within 90 days of being issued a gambling manager's license. The board shall revoke the replacement gambling manager's license if the replacement gambling manager fails to pass the examination as required in this paragraph.

Sec. 62. Minnesota Statutes 1992, section 349.168, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION.] Compensation to persons who participate in the conduct of lawful gambling may be paid only to active members of the conducting organization or its auxiliary, or the spouse or surviving spouse of an active member, except that the following persons may receive compensation without being active members: (1) sellers of pull-tabs, tipboards, raffle tickets, paddlewheel tickets, paddletickets, and bingo hard cards or paper sheets; (2) accountants performing auditing or bookkeeping services for the organization; and (3) attorneys providing legal services to the organization. The board may by rule allow other persons not active members of the organization to receive compensation.

Sec. 63. Minnesota Statutes 1992, section 349.168, subdivision 6, is amended to read:

Subd. 6. [COMPENSATION PAID BY CHECK.] Compensation paid by an organization in connection with lawful gambling must be in the form of a check drawn on the organization's gambling account, as specified in section 349.19, and paid directly to the employee person being compensated.

Sec. 64. Minnesota Statutes 1992, section 349.168, is amended by adding a subdivision to read:

Subd. 7. [COMPENSATION REPORT.] A licensed organization must submit to the board once each year, on a form the board prescribes, a compensation report that specifies for the year being reported: (1) each job category for which the organization pays compensation, (2) each compensation rate paid in each job category, and (3) the number of employees being paid each compensation rate during the year.

Sec. 65. Minnesota Statutes 1992, section 349.169, subdivision 1, is amended to read:

Subdivision 1. [FILING REQUIRED.] All manufacturers and distributors must file with the director, not later than the first day of each month, the prices at which the manufacturer or distributor will sell all gambling equipment in that month. The filing must be on a form the director prescribes. Prices filed must include all charges the manufacturer or distributor makes for each item of gambling equipment sold, including all volume discounts, exclusive of transportation costs. All filings are effective on the first day of the month for which they are filed, except that a manufacturer or distributor may amend a filed price within five days of filing it and may file a price any time during a month for gambling equipment not previously included on that month's filed pricing report, but may not later amend the price during the month.

Sec. 66. Minnesota Statutes 1992, section 349.17, subdivision 2, is amended to read:

Subd. 2. ~~[BINGO ON LEASED PREMISES.]~~ During any bingo occasion conducted by an organization, the organization is directly responsible for the:

- (1) staffing of the bingo occasion;
- (2) conducting of lawful gambling during the bingo occasion;
- (3) acquiring, storage, inventory control, and reporting of all gambling equipment used by the organization;
- (4) receipt, accounting, and all expenditures of gross receipts from lawful gambling; and
- (5) preparation of the bingo packets.

Sec. 67. Minnesota Statutes 1992, section 349.17, subdivision 4, is amended to read:

Subd. 4. ~~[CHECKERS.]~~ One or more checkers must be engaged for each bingo occasion when bingo is conducted using bingo hard cards. The checker or checkers must record, on a form the board provides, the number of hard cards played in each game and the prizes awarded to recorded hard cards. The form must provide for the inclusion of the registration face number of each winning hard card and must include a checker's certification that the figures recorded are correct to the best of the checker's knowledge.

Sec. 68. Minnesota Statutes 1992, section 349.17, subdivision 5, is amended to read:

Subd. 5. ~~[BINGO CARD NUMBERING CARDS AND SHEETS.]~~ (a) The board shall by rule require that all licensed organizations: (1) conduct bingo only using liquid daubers on cards bingo paper sheets that bear an individual number recorded by the distributor; and (2) sell all bingo cards only in the order of the numbers appearing on the cards; and (3) use each bingo card paper sheet for no more than one bingo occasion. In lieu of the requirements of elapses clause (2) and (3), a licensed organization may electronically record the sale of each bingo hard card or paper sheet at each bingo occasion using an electronic recording system approved by the board.

(b) The requirements of paragraph (a) ~~do not shall only~~ apply to a licensed organization that ~~has never~~ received gross receipts from bingo in excess of \$150,000 in ~~any~~ the organization's last fiscal year.

Sec. 69. Minnesota Statutes 1992, section 349.17, is amended by adding a subdivision to read:

Subd. 6. ~~[CONDUCT OF BINGO.]~~ (a) Each bingo hard card and paper sheets must have five horizontal rows of spaces with each row except one having five numbers. The center row must have four numbers and the center space marked "free." Each column must have one of the letters B-I-N-G-O in order at the top. Bingo paper sheets may also have numbers that are not preprinted but are filled in by players.

(b) A game of bingo begins with the first letter and number called. Each player must cover or mark with a liquid dauber the numbers when bingo balls, similarly numbered, are randomly drawn, announced, and displayed to the players, either manually or with a flashboard or monitor. The game is won when a player has covered or marked a previously designated arrangement of numbers on the card or sheet and declared bingo. The game is completed when a winning card or sheet is verified and a prize awarded.

Sec. 70. [349.171] [CONDUCT OF TIPBOARDS.]

Subdivision 1. [SALE OF TICKETS.] Tipboard games must be played using only tipboard tickets that are either (1) attached to a placard and arranged in columns or rows, or (2) separate from the placard and contained in a receptacle while the game is in play. The placard serves as the game flare. The placard must contain a seal that conceals the winning number or symbol. When a tipboard ticket is purchased and opened, each player having a tipboard ticket with one or more predesignated numbers or symbols must sign the placard at the line indicated by the number or symbol on the tipboard ticket.

Subd. 2. [DETERMINATION OF WINNERS.] When the predesignated numbers or symbols have all been purchased, or all of the tipboard tickets for that game have been sold, the seal must be removed to reveal a number or symbol that determines which of the predesignated numbers or symbols is the winning number or symbol. A tipboard may also contain consolation winners that need not be determined by the use of the seal.

Subd. 3. [PRIZES.] Cash or merchandise prizes may be awarded in a tipboard game. All prizes available in each game must be stated on the game flare.

Sec. 71. Minnesota Statutes 1992, section 349.174, is amended to read:

349.174 [PULL-TABS; DEADLINE FOR USE.]

A deal of pull-tabs ~~and or~~ tipboards received by an organization before September 1, 1989, must be put into play by that organization before September 1, 1990, unless the deal bears a serial number that allows it to be traced back to its manufacturer and to the distributor who sold it to the organization. An organization in possession on and after September 1, 1990, of a deal of pull-tabs ~~and or~~ tipboards the organization received before September 1, 1989, may not put such a deal in play but must remove it from the organization's inventory and return it to the manufacturer.

Sec. 72. Minnesota Statutes 1992, section 349.18, subdivision 1, is amended to read:

Subdivision 1. [LEASE OR OWNERSHIP REQUIRED.] An organization may conduct lawful gambling only on premises it owns or leases. ~~Leases must be for a period of at least one year and must be on a form prescribed by the board. Except for leases entered into before the effective date of this section, the term of the lease may not begin before the effective date of the premises permit and must expire on the same day that the premises permit expires.~~ Copies of all leases must be made available to employees of the board and the division of gambling enforcement on request. A lease may not provide for payments determined directly or indirectly by the receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling provided that no rule of the board may prescribe a limit of less than \$1,000 per month on rent paid for premises used for lawful gambling other than bingo. Any rule adopted by the board limiting the amount of rent to be paid may only be effective for leases entered into, or renewed, after the effective date of the rule.

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

Sec. 73. Minnesota Statutes 1992, section 349.18, subdivision 1a, is amended to read:

Subd. 1a. [STORAGE OF GAMBLING EQUIPMENT.] (a) Gambling equipment owned by or in the possession of an organization must be kept at a ~~licensed-gambling permitted~~ premises owned or ~~operated~~ leased by the organization, or at other storage sites within the state that the organization has notified the board are being used as gambling equipment storage sites. At each storage site or ~~licensed permitted~~ premises, the organization must have the invoices or true and correct copies of the invoices for the purchase of all gambling equipment at the site or premises. Gambling equipment owned by an organization may not be kept at a distributor's office, warehouse, storage unit, or other place of the distributor's business.

(b) Gambling equipment, other than devices for selecting bingo numbers, owned by an organization must be secured and kept separate from gambling equipment owned by other persons, organizations, distributors, or manufacturers, except that an organization may share a combined storage space in a licensed bingo hall with up to two other organizations.

(c) Paddlewheels must be covered or disabled when not in use by the organization in the conduct of lawful gambling.

(d) Gambling equipment kept in violation of this subdivision is contraband under section 349.2125.

(e) An organization may transport gambling equipment it owns or possesses between approved gambling equipment storage sites and to and from licensed distributors, if the invoices or true and correct copies of the invoices for the organization's acquisition of the gambling equipment accompany the gambling equipment at all times and are available for inspection.

Sec. 74. Minnesota Statutes 1992, section 349.18, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] (a) An organization may conduct raffles on a premise it does not own or lease.

(b) An organization may, with the permission of the board, conduct bingo on premises it does not own or lease for up to 12 consecutive days in a calendar year, in connection with a county fair, the state fair, or a civic celebration.

(c) A licensed organization may, after compliance with section 349.213, conduct lawful gambling on premises other than the organization's licensed-premise permitted premises for one day per year for not more than 12 hours that day. A lease for that time period for the exempted premises must accompany the request to the board.

Sec. 75. Minnesota Statutes 1992, section 349.19, subdivision 2, is amended to read:

Subd. 2. [ACCOUNTS.] Gross receipts from lawful gambling by each organization must be segregated from all other revenues of the conducting organization and placed in a separate account. All expenditures for expenses, taxes, and lawful purposes must be made from the separate account except in the case of expenditures previously approved by the organization's membership for emergencies as defined by board rule. The name and address of the bank, the account number for the separate account, and the names of organization members authorized as signatories on the separate account must be provided to the board when the application is submitted. Changes in the information must be submitted to the board at least ten days before the change is made. Gambling receipts must be deposited into the gambling bank account within three five business days of completion of the bingo occasion, deal, or game from which they are received. A deal of pull-tabs is considered complete when either the last pull-tab of the deal is sold or the organization does not continue the play of the deal during the next scheduled period of time in which the organization will conduct pull-tabs. A tipboard game is considered complete when the seal on the game flare is uncovered. Deposit records must be sufficient to allow determination of deposits made from each bingo occasion, deal, or game at each permitted premises. The person who accounts for gambling gross receipts and profits may not be the same person who accounts for other revenues of the organization.

Sec. 76. Minnesota Statutes 1992, section 349.19, subdivision 5, is amended to read:

Subd. 5. [REPORTS.] A licensed organization must report to the board and to its membership monthly, or quarterly in the case of a class C licensee or licensed organization which does not report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. The report must include a reconciliation of the organization's profit carryover with its cash balance on hand. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately. In addition, a licensed organization must report to the board monthly on its purchases of gambling equipment and must include the type, quantity, and dollar amount from each supplier separately. The reports must be on a form the board prescribes. Submission of the report required by section 349.154 satisfies the requirement for reporting monthly to the board on expenditure of net profits.

Sec. 77. Minnesota Statutes 1992, section 349.19, subdivision 8, is amended to read:

Subd. 8. [TERMINATION PLAN.] Upon termination of a license for any reason, a licensed organization must notify the board in writing within 15 30 calendar days of the license termination date of its plan for disposal of ~~registered~~ gambling equipment and distribution of remaining gambling proceeds. Before implementation, a plan must be approved by the board as provided in board rule. The board may accept or reject a plan and order submission of a new plan or amend a proposed plan. The board may specify a time for submission of new or amended plans or for completion of an accepted plan.

Sec. 78. Minnesota Statutes 1992, section 349.19, subdivision 9, is amended to read:

Subd. 9. [ANNUAL AUDIT; FILING REQUIREMENT.] (a) An organization licensed under this chapter with gross receipts from lawful gambling of more than \$250,000 in any year must have an annual financial audit of its lawful gambling activities and funds for that year performed by an independent accountant licensed by the state of Minnesota. An organization licensed under this chapter with gross receipts from lawful gambling of more than \$50,000 but not more than \$250,000 in any year must have an annual financial review of its lawful gambling activities and funds for that year performed by an independent accountant licensed by the state of Minnesota.

(b) The commissioner of revenue shall prescribe standards for the audit audits and financial reviews. The standards for the audits and financial reviews that the commissioner prescribes may vary based on the gross receipts of the organization. The standards must incorporate and be consistent with standards prescribed by the American institute of certified public accountants. A complete, true, and correct copy of the audit report must be filed as prescribed by the commissioner of revenue.

Sec. 79. Minnesota Statutes 1992, section 349.19, subdivision 10, is amended to read:

Subd. 10. [PULL-TAB RECORDS.] (a) The board shall by rule require a licensed organization to require each winner of a pull-tab prize of \$50 or more to present identification in the form of a drivers license, Minnesota identification card, or other identification the board deems sufficient to allow the identification and tracing of the winner. The rule must require the organization to retain winning pull-tabs of \$50 or more, and the identification of the winner of the pull-tab, for 3-1/2 years.

(b) An organization must maintain separate cash banks for each deal of pull-tabs unless (1) two or more deals are commingled in a single receptacle, or (2) the organization uses a cash register, of a type approved by the board, which records all sales of pull-tabs by separate deals. The board shall (1) by rule adopt minimum technical standards for cash registers that may be used by organizations, and shall approve for use by organizations any cash register that meets the standards, and (2) before allowing an organization to use a cash register that commingles receipts from several different pull-tab games in play, adopt rules that define how cash registers may be used and that establish a procedure for organizations to reconcile all pull-tab games in play at the end of each month.

Sec. 80. Minnesota Statutes 1992, section 349.191, subdivision 1, is amended to read:

Subdivision 1. [CREDIT RESTRICTION.] A manufacturer may not offer or extend to a distributor, and a distributor may not offer or extend to an organization, credit for a period of more than 30 days for the sale of any gambling equipment. No right of action exists for the collection of any claim based on credit prohibited by this subdivision. The 30-day period allowed by this subdivision begins with the day immediately following the day of invoice and includes all successive days, including Sundays and holidays, to and including the 30th successive day.

Sec. 81. Minnesota Statutes 1992, section 349.191, subdivision 4, is amended to read:

Subd. 4. [CREDIT; POSTDATED CHECKS.] For purposes of this ~~subdivision~~ section, "credit" includes acceptance by a manufacturer or distributor of a postdated check in payment for gambling equipment.

Sec. 82. Minnesota Statutes 1992, section 349.211, subdivision 1, is amended to read:

Subdivision 1. [BINGO.] ~~Except as provided in subdivision 2, prizes for a single bingo game may not exceed \$100 except prizes for a cover-all game, which may exceed \$100 if the aggregate value of all cover-all prizes in a bingo occasion does not exceed \$500 \$1,000. Total prizes awarded at a bingo occasion may not exceed \$2,500, unless a cover-all game is played in which case the limit is \$3,000 \$3,500. For purposes of this subdivision, a cover-all game is one in which a player must cover all spaces except a single free space to win.~~

Sec. 83. Minnesota Statutes 1992, section 349.211, subdivision 2, is amended to read:

Subd. 2. ~~[BINGO CUMULATIVE PRIZES PROGRESSIVE BINGO GAMES.] A prize of up to \$1,000 may be awarded for a single progressive bingo game if the prize is an accumulation of prizes not won in games in previous bingo occasions, including a cover-all game. The prize for a progressive bingo game may start at \$300 and be increased by up to \$100 for each occasion during which the progressive bingo game is played. A consolation prize of up to \$100 for a progressive bingo game may be awarded in each occasion during which the progressive bingo game is played and the accumulated prize is not won. The total amount awarded in cumulative progressive bingo game prizes in any calendar year may not exceed \$12,000 \$36,000. For bingo occasions in which a cumulative prize is awarded the aggregate value of prizes which may be awarded for the occasion is increased by the amount of the cumulative prize so awarded less \$100.~~

Sec. 84. Minnesota Statutes 1992, section 349.211, subdivision 2a, is amended to read:

Subd. 2a. [PULL-TAB PRIZES.] The maximum prize which may be awarded for any single pull-tab is ~~\$250~~ \$500. An organization may not sell any pull-tab for more than \$2.

Sec. 85. Minnesota Statutes 1992, section 349.2125, subdivision 1, is amended to read:

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

(1) ~~all pull-tab or tipboard deals that do not have stamps affixed to them as provided in section 349.162 or paddleticket cards not stamped or bar coded in accordance with this chapter;~~

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

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

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

(5) any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used, with the knowledge of the owner or of a person operating with the consent of the owner, for the storage or transportation of more than five pull-tab or tipboard deals that are contraband under this subdivision. When pull-tabs and tipboards are being transported in the course of interstate commerce, ~~or from one distributor to another~~ between locations outside this state, the pull-tab and tipboard deals are not contraband, notwithstanding the provisions of ~~clause~~ clauses (1) and (12);

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

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

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

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

(10) any gambling equipment kept in violation of section 349.18; ~~and~~

(11) any gambling equipment not in conformity with law or board rule;

(12) any pull-tab or tipboard deal in the possession of a person other than a licensed distributor or licensed manufacturer for which the person, upon demand of a licensed peace officer or authorized agent of the commissioner of revenue or director of gambling enforcement, does not immediately produce for inspection the invoice or a true and correct copy of the invoice for the acquisition of the deal from a licensed distributor; and

(13) any pull-tab or tipboard deals or portions of deals on which the tax imposed under chapter 297E has not been paid.

Sec. 86. Minnesota Statutes 1992, section 349.2125, subdivision 3, is amended to read:

Subd. 3. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.] Within ten days after the seizure of any alleged contraband, the person making the seizure shall make available an inventory of the property seized to the person from whom the property was seized, if known, and file a copy with the commissioner of revenue or the director of gambling enforcement. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an interest in the property may file with the seizing authority a demand for judicial determination of whether the property was lawfully subject to seizure and forfeiture. Within 60 days after the date of filing of the demand, the seizing authority must bring an action in the district court of the county where seizure was made to determine the issue of forfeiture. The action must be brought in the name of the state and be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and determine the issues of fact and laws involved. When a judgment of forfeiture is entered, the seizing authority may, unless the judgment is stayed pending an appeal, either (1) cause the forfeited property to be destroyed; or (2) cause it to be sold at a public auction as provided by law.

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

Sec. 87. Minnesota Statutes 1992, section 349.2127, subdivision 2, is amended to read:

Subd. 2. [PROHIBITION AGAINST POSSESSION.] (a) A person, ~~other than a licensed distributor~~, is guilty of a crime who sells, offers for sale, or possesses a pull-tab or tipboard deal or paddleticket cards not stamped or bar coded in accordance with the provisions of this chapter. A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals. A violation of this paragraph is a felony if it involves more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.

(b) A person, other than a licensed manufacturer, a licensed distributor, or an organization licensed or exempt or excluded from licensing under this chapter, is guilty of a crime who sells, offers to sell, or possesses gambling equipment. A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals. A violation of this paragraph is a felony if it involves more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.

(c) A person, ~~firm, or organization~~ is guilty of a crime who alters, modifies, or counterfeits pull-tabs, tipboards, or tipboard tickets, or possesses altered, modified, or counterfeit pull-tabs, tipboards, or tipboard tickets. A violation of this paragraph is a gross misdemeanor if the total face value for all such pull-tabs, tipboards, or tipboard tickets does not exceed \$200. A violation of this paragraph is a felony if the total face value exceeds \$200. For purposes of this paragraph, the face value of all pull-tabs, tipboards, and tipboard tickets altered, modified, or counterfeited within a six-month period may be aggregated and the defendant charged accordingly.

(d) A person, other than a licensed distributor or licensed manufacturer, is guilty of a crime who possesses a pull-tab or tipboard deal for which the person, upon demand of a licensed peace officer or authorized agent of the commissioner of revenue or director of gambling enforcement, does not immediately produce for inspection the invoice or a true and correct copy of the invoice for the acquisition of the deal from a licensed distributor. A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals. A violation of this paragraph is a felony if it involves more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards. This paragraph does not apply to pull-tab and tipboard deals being transported in interstate commerce between locations outside this state.

Sec. 88. Minnesota Statutes 1992, section 349.2127, subdivision 3, is amended to read:

Subd. 3. [FALSE INFORMATION.] (a) ~~A person is guilty of a felony if the person is required by section 349.2121, subdivision 2, to keep records or to make returns and falsifies or fails to keep the records or falsifies or fails to make the returns.~~

(b) A person is guilty of a felony who:

(1) knowingly submits materially false information in any license application or other document or communication submitted to the board; or

(2) ~~knowingly submits materially false information in any report, document, or other communication submitted to the commissioner of revenue in connection with lawful gambling or with any provision of this chapter~~ knowingly places materially false information on a pull-tab or tipboard deal invoice or a copy of the invoice; or

(3) knowingly presents to a licensed peace officer or authorized agent of the commissioner of revenue or director of gambling enforcement a pull-tab or tipboard deal invoice, or a copy of the invoice, that contains materially false information.

Sec. 89. Minnesota Statutes 1992, section 349.2127, subdivision 4, is amended to read:

Subd. 4. [TRANSPORTING UNSTAMPED DEALS.] A person is guilty of a gross misdemeanor who transports into, ~~or causes to be transported into~~, receives, carries, or moves from place to place, ~~or causes to be moved from place to place~~ in this state, any paddleticket cards or deals of pull-tabs or tipboards not stamped or bar coded in accordance with this chapter except in the course of interstate commerce between locations outside this state. A person is guilty of a felony who violates this subdivision with respect to more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.

Sec. 90. Minnesota Statutes 1992, section 349.2127, is amended by adding a subdivision to read:

Subd. 8. [AGE UNDER 18.] (a) For games conducted under chapter 349, a person under the age of 18 may not (1) participate in a bingo game, or (2) purchase or redeem for a prize a pull-tab, tipboard ticket, paddleticket, or ticket for entry in a raffle, unless the purchase price of the ticket for entry in the raffle is \$1 or less.

(b) For games conducted under chapter 349, no person may (1) sell, furnish, barter, or give to a person under the age of 18 a chance to participate in a bingo game, or award a prize in a bingo game to a person under the age of 18, or (2) sell, furnish, barter, or give to a person under the age of 18 or redeem from such person for a prize a pull-tab, tipboard ticket, paddleticket, or ticket for entry in a raffle, unless the purchase price of the ticket for entry in the raffle is \$1 or less.

(c) It is an affirmative defense to a charge under paragraph (b) for the person to prove by a preponderance of the evidence that the person, reasonably and in good faith, relied upon representation of proof of age described in section 340A.503, subdivision 6, in providing the person under the age of 18 the chance to participate.

Sec. 91. Minnesota Statutes 1992, section 349.213, subdivision 1, is amended to read:

Subdivision 1. [LOCAL REGULATION.] (a) A statutory or home rule city or county has the authority to adopt more stringent regulation of lawful gambling within its jurisdiction, including the prohibition of lawful gambling, and may require a permit for the conduct of gambling exempt from licensing under section 349.166. The fee for a permit issued under this subdivision may not exceed \$100. The authority granted by this subdivision does not include the authority to require a license or permit to conduct gambling by organizations or sales by distributors licensed by the board. The authority granted by this subdivision does not include the authority to require an organization to make specific expenditures of more than ten percent from its net profits derived from lawful gambling. For the purposes of this subdivision, net profits are gross profits less amounts expended for allowable expenses and paid in taxes assessed on lawful gambling. A statutory or home rule charter city or a county may not require an organization conducting lawful gambling within its jurisdiction to make an expenditure to the city or county as a condition to operate within that city or county, except as authorized under section 349.16, subdivision 4 8, or 349.212 297E.02; provided, however, that an ordinance requirement that such organizations must contribute ten percent of their net profits derived from lawful gambling conducted at premises within the city's or county's jurisdiction to a fund administered and regulated by the responsible local unit of government without cost to such fund, for disbursement by the responsible local unit of government of the receipts for lawful purposes, is not considered an expenditure to the city or county nor a tax under section 349.212, and is valid and lawful.

(b) A statutory or home rule city or county may by ordinance require that a licensed organization conducting lawful gambling within its jurisdiction expend all or a portion of its expenditures for lawful purposes on lawful purposes conducted or located within the city's or county's trade area. Such an ordinance must be limited to lawful purpose expenditures of gross profits derived from lawful gambling conducted at premises within the city's or county's jurisdiction, must define the city's or county's trade area, and must specify the percentage of lawful purpose expenditures which must be expended within the trade area. A trade area defined by a city under this subdivision must include each city contiguous to the defining city.

(c) A more stringent regulation or prohibition of lawful gambling adopted by a political subdivision under this subdivision must apply equally to all forms of lawful gambling within the jurisdiction of the political subdivision, except a political subdivision may prohibit the use of paddlewheels.

Sec. 92. [REPEALER.]

Minnesota Statutes 1992, sections 349.16, subdivisions 4 and 5; 349.161, subdivisions 3, 6, and 7; 349.163, subdivisions 1a and 2a; 349.164, subdivisions 3, 5, and 8; and 349.167, subdivisions 3 and 5; are repealed.

Sec. 93. [EFFECTIVE DATE.]

The requirement that a paddleticket must have a bar code is effective January 1, 1995. The rulemaking authority granted in this act is effective the day following final enactment.

ARTICLE 6

LAWFUL GAMBLING TRANSFER

Section 1. [LEGISLATIVE INTENT]

The intent of sections 2 to 8 is to insure regulation of lawful gambling in Minnesota to carry out the purposes of lawful gambling regulation provided by law while resolving any ambiguity about the constitutional status of lawful gambling.

Sec. 2. Minnesota Statutes 1992, section 349.12, subdivision 10, is amended to read:

Subd. 10. [DIRECTOR.] "Director" is the director of the gambling control ~~board~~ division of the state lottery.

Sec. 3. Minnesota Statutes 1992, section 349.12, is amended by adding a subdivision to read:

Subd. 11a. [DIVISION.] "Division" is the lawful gambling control division in the state lottery.

Sec. 4. [349.1511] [LAWFUL GAMBLING CONTROL DIVISION.]

Subdivision 1. [DIVISION ESTABLISHED.] A lawful gambling control division is established within the state lottery, consisting of the director of lawful gambling control and all employees of the division. The director and division are the successor to the gambling control board for the purpose of continuing all actions, proceedings, and rules of the gambling control board undertaken or in effect on the effective date of this section.

Subd. 2. [ATTORNEY GENERAL.] Notwithstanding section 349A.02, subdivision 4, the attorney general is the attorney for the division and director.

Sec. 5. Minnesota Statutes 1992, section 349.152, is amended to read:

349.152 [DIRECTOR.]

Subdivision 1. [APPOINTED.] The governor shall appoint, with the advice and consent of the senate, a the director from a list of one or more persons submitted by the board of lawful gambling control. The director serves in the unclassified service at the pleasure of the governor.

Subd. 2. [DUTIES OF THE DIRECTOR.] The director has the following duties:

- (1) to regulate lawful gambling to ensure it is conducted in the public interest;
- (2) to issue, suspend, and revoke licenses and premises permits for organizations, and licenses for distributors, bingo halls, manufacturers, and gambling managers;
- (3) to collect and deposit license, permit, and registration fees due under this chapter;
- (4) to receive reports required by this chapter and inspect all premises, records, books and other documents of organizations, distributors, manufacturers, and bingo halls to insure compliance with all applicable laws and rules;
- (5) to make rules authorized by this chapter, including rules for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;
- (6) to register gambling equipment and issue registration stamps;
- (7) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;
- (8) to impose civil penalties of not more than \$500 per violation on organizations, distributors, manufacturers, bingo halls, and gambling managers for failure to comply with any provision of this chapter or any rule of the director;
- (9) to register employees of organizations licensed to conduct lawful gambling;
- (10) to require fingerprints from persons determined by rule to be subject to fingerprinting;
- (1) to carry out gambling policy established by the board;
- (2) (11) to employ and supervise personnel of the board;
- (3) to advise and make recommendations to the board on rules;
- (4) to issue licenses and premises permits as authorized by the board;
- (5) (12) to issue cease and desist orders;
- (6) to make recommendations to the board on license issuance, denial, suspension and revocation, and civil penalties the board imposes; and
- (7) (13) to ensure that board the director's rules, policy, and decisions are adequately and accurately conveyed to the board's director's licensees; and

(14) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

Subd. 2a. [HEARINGS; FINES.] Any organization, distributor, bingo hall operator, or manufacturer assessed a civil penalty may request a hearing before the director. Hearings conducted on appeals of imposition of penalties are not subject to the provisions of the administrative procedure act. All fees and penalties received by the director must be deposited in the general fund.

Subd. 3. [CEASE AND DESIST ORDERS.] Whenever it appears to the director that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule:

(a) The director has the power to issue and cause to be served upon the person an order requiring the person to cease and desist from violations of this chapter. The order must give reasonable notice of the rights of the person to request a hearing and must state the reason for the entry of the order. A hearing shall be held not later than seven days after the request for the hearing is received by the board director after which and within 20 days of the date of the hearing the board director shall issue an order vacating the cease and desist order or making it permanent as the facts require. All hearings shall be conducted in accordance with the provisions of chapter 14. If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person shall be deemed in default, and the proceeding may be determined against the person upon consideration of the cease and desist order, the allegations of which may be deemed to be true.

(b) The board director may bring an action in the district court in the appropriate county to enjoin the acts or practices and to enforce compliance with this chapter or any rule and may refer the matter to the attorney general. Upon a proper showing, a permanent or temporary injunction, restraining order, or writ of mandamus shall be granted. The court may not require the board director to post a bond.

Subd. 4. [EXECUTIVE ASSISTANT.] The director may appoint an executive assistant to the director, who is in the unclassified service.

Sec. 6. Minnesota Statutes 1992, section 349.153, is amended to read:

349.153 [CONFLICT OF INTEREST.]

(a) A person may not ~~serve on the board~~, be the director, or be an employee of the board division who has an interest in any corporation, association, or partnership that is licensed by the board director as a distributor, manufacturer, or a bingo hall under section 349.164.

(b) ~~A member of the board~~. The director, or an employee of the board division may not participate in the conducting of lawful gambling.

Sec. 7. Minnesota Statutes 1992, section 349.169, subdivision 2, is amended to read:

Subd. 2. [COPIES.] The director shall provide copies of price filings to any person requesting them and may charge a reasonable fee for the copies. Any person may examine price filings in the board division office at no cost, and the director shall make the filings available for that purpose.

Sec. 8. [GAMBLING CONTROL TRANSFER.]

Subdivision 1. [BOARD ABOLISHED.] The gambling control board is abolished. All powers, duties, rules, actions, and other proceedings of the gambling control board in effect or undertaken by the board on or before the effective date of this section are transferred to the director of lawful gambling control. All money appropriated to the gambling control board is transferred to the lawful gambling control division in the state lottery.

Subd. 2. [INSTRUCTION TO REVISOR.] The revisor of statutes, in the next and subsequent editions of Minnesota Statutes, shall:

(1) substitute "director" for "board," and make such other stylistic changes as are necessary in the following sections as amended by this act: 349.12; 349.154; 349.161; 349.162; 349.163; 349.164; 349.1641; 349.165; 349.166; 349.167; 349.168; 349.17; 349.172; 349.18; 349.19; 349.191; 349.211; 349.213; and any new section, or new subdivision of an existing section, enacted in 1994 that refers to the gambling control board;

(2) make the same changes in chapters 7861 to 7865 of Minnesota Rules; and

(3) recodify sections 349.11 to 349.23, as amended by clause (1), other provisions of this act, and any other law enacted in 1994, as part of chapter 349A, beginning with section 349A.17.

Sec. 9. [TRANSITION.]

The person who is serving as director of the gambling control board on June 30, 1994, shall serve as the director of lawful gambling control until June 30, 1995, and until that date may be removed only for cause. On and after July 1, 1995, the appointment of the director of lawful gambling control is governed by section 5.

Sec. 10. [REPEALER.]

Minnesota Statutes 1992, sections 349.12, subdivision 6; and 349.151, as amended by Laws 1993, chapter 13, article 1, section 3, are repealed.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective July 1, 1994.

ARTICLE 7

STATE LOTTERY

Section 1. Minnesota Statutes 1993 Supplement, section 349A.02, subdivision 1, is amended to read:

Subdivision 1. [DIRECTOR.] A state lottery is established under the supervision and control of the director of the state lottery appointed by the governor with the advice and consent of the senate. ~~The governor shall appoint the director from a list of at least three persons recommended to the governor by the board.~~ The director must be qualified by experience and training to supervise the lottery. The director serves in the unclassified service. The annual salary rate authorized for the director is equal to 80 percent of the salary rate prescribed for the governor as of the effective date of Laws 1993, chapter 146.

Sec. 2. Minnesota Statutes 1992, section 349A.04, is amended to read:

349A.04 [LOTTERY GAME PROCEDURES.]

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

- (1) lottery games;
- (2) ticket prices;
- (3) number and size of prizes;
- (4) methods of selecting winning tickets; and
- (5) frequency and method of drawings.

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

Sec. 3. Minnesota Statutes 1992, section 349A.05, is amended to read:

349A.05 [RULES.]

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

- (1) the number and types of lottery retailers' locations;
- (2) qualifications of lottery retailers and application procedures for lottery retailer contracts;

- (3) investigation of lottery retailer applicants;
- (4) appeal procedures for denial, suspension, or cancellation of lottery retailer contracts;
- (5) compensation of lottery retailers;
- (6) accounting for and deposit of lottery revenues by lottery retailers;
- (7) procedures for issuing lottery procurement contracts and for the investigation of bidders on those contracts;
- (8) payment of prizes;
- (9) procedures needed to ensure the integrity and security of the lottery; and
- (10) other rules the director considers necessary for the efficient operation and administration of the lottery.

~~Before adopting a rule the director shall submit the rule to the board for its review and comment.~~

Sec. 4. Minnesota Statutes 1993 Supplement, section 349A.06, subdivision 2, is amended to read:

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

- (1) is under the age of 18;
- (2) is in business solely as a seller of lottery tickets;
- (3) owes \$500 or more in delinquent taxes as defined in section 270.72;
- (4) has been convicted within the previous five years of a felony or gross misdemeanor, any crime involving fraud or misrepresentation, or a gambling-related offense;
- (5) is a member of the immediate family, residing in the same household, as the director, ~~board member~~, or any employee of the lottery;
- (6) in the director's judgment does not have the financial stability or responsibility to act as a lottery retailer, or whose contracting as a lottery retailer would adversely affect the public health, welfare, and safety, or endanger the security and integrity of the lottery; or
- (7) is a currency exchange, as defined in section 53A.01.

A contract entered into before August 1, 1990, which violates clause (7) may continue in effect until its expiration but may not be renewed.

(b) An organization, firm, partnership, or corporation that has a stockholder who owns more than five percent of the business or the stock of the corporation, an officer, or director, that does not meet the requirements of paragraph (a), clause (4), is not eligible to be a lottery retailer under this section.

(c) The restrictions under paragraph (a), clause (4), do not apply to an organization, partnership, or corporation if the director determines that the organization, partnership, or firm has terminated its relationship with the individual whose actions directly contributed to the disqualification under this subdivision.

Sec. 5. Minnesota Statutes 1993 Supplement, section 349A.08, subdivision 7, is amended to read:

Subd. 7. [PAYMENTS PROHIBITED.] (a) No prize may be paid to ~~a member of the board~~, the director or an employee of the lottery, or a member of their families residing in the same household of the ~~member~~, director, or employee. No prize may be paid to an officer or employee of a vendor which at the time the game or drawing was being conducted was involved with providing goods or services to the lottery under a lottery procurement contract.

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

Sec. 6. Minnesota Statutes 1992, section 349A.10, is amended by adding a subdivision to read:

Subd. 6. [BUDGET APPEARANCE.] The director shall appear at least once each fiscal year before the senate and house of representatives committees having jurisdiction over gambling policy to present and explain the lottery's budget and spending plans for the next fiscal year.

Sec. 7. Minnesota Statutes 1993 Supplement, section 349A.11, is amended to read:

349A.11 [CONFLICT OF INTEREST.]

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

(1) purchase a lottery ticket;

(2) have any personal pecuniary interest in any vendor holding a lottery procurement contract, or in any lottery retailer; or

(3) receive any gift, gratuity, or other thing of value, excluding food or beverage, from any lottery vendor or lottery retailer, or person applying to be a retailer or vendor, in excess of \$100 in any calendar year.

(b) A violation of paragraph (a), clause (1), is a misdemeanor. A violation of paragraph (a), clause (2), is a gross misdemeanor. A violation of paragraph (a), clause (3), is a misdemeanor unless the gift, gratuity, or other item of value received has a value in excess of \$500, in which case a violation is a gross misdemeanor.

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

Sec. 8. Minnesota Statutes 1993 Supplement, section 349A.12, subdivision 4, is amended to read:

Subd. 4. [LOTTERY RETAILERS AND VENDORS.] A person who is a lottery retailer, or is applying to be a lottery retailer, a person applying for a contract with the director, or a person under contract with the director to supply goods or services to lottery may not pay, give, or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, excluding food or beverage, having an aggregate value of over \$100 in any calendar year to the director, ~~board member~~, or an employee of the lottery, or to a member of the immediate family residing in the same household as that person.

Sec. 9. [LOTTERY BOARD ABOLISHED.]

The state lottery board is abolished. The terms of all persons serving on the board on the effective date of this section expire on that date.

Sec. 10. [REPEALER.]

Minnesota Statutes 1992, sections 349A.01, subdivision 2; 349A.02, subdivision 8; 349A.03, subdivision 1; and Minnesota Statutes 1993 Supplement, section 349A.03, subdivision 2, are repealed.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective July 1, 1994.

ARTICLE 8

INDIAN GAMING

Section 1. Minnesota Statutes 1992, section 3.9221, subdivision 2, is amended to read:

Subd. 2. [NEGOTIATIONS AUTHORIZED.] The governor or the governor's designated representatives shall, pursuant to section 11 of the act, negotiate in good faith a tribal-state compact regulating the conduct of class III gambling, as defined in section 4 of the act, on Indian lands of a tribe requesting negotiations. The agreement may

include any provision authorized under section 11(d)(3)(C) of the act. The attorney general is the legal counsel for the governor or the governor's representatives in regard to negotiating a compact under this section. If the governor appoints designees to negotiate under this subdivision, the designees must include at least two members of the senate and two members of the house of representatives, two of whom must be the chairs of the senate and house of representatives standing committees with jurisdiction over gambling policy.

Sec. 2. Minnesota Statutes 1992, section 3.9221, subdivision 5, is amended to read:

Subd. 5. [REPORT.] The governor, the attorney general, and the governor's designated representatives shall report to the house and senate committees having jurisdiction over gambling regulation ~~semiannually~~ annually. This report shall contain information on compacts negotiated, and an outline of prospective negotiations.

Sec. 3. Minnesota Statutes 1992, section 299L.02, subdivision 5, is amended to read:

Subd. 5. [BACKGROUND CHECKS.] In any background check required to be conducted by the division of gambling enforcement under this chapter, chapter 240, 349, or 349A, or section 3.9221, the director may, or shall when required by law, require that fingerprints be taken and the director may forward the fingerprints to the Federal Bureau of Investigation for the conducting of a national criminal history check. The director may charge a fee for fingerprint recording and investigation under section 3.9221.

Sec. 4. Minnesota Statutes 1992, section 299L.02, is amended by adding a subdivision to read:

Subd. 7. [REVOLVING ACCOUNT.] The director shall deposit in a separate account in the state treasury all money received from Indian tribal governments for services provided by the state, including legal services, related to tribal-state gaming compacts. Money in the account is appropriated to the director for the purpose of carrying out the state's powers and duties under those compacts. The director may transfer money in the account to the attorney general to defray the attorney general's costs in providing legal services with respect to Indian gaming.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 and 2 are effective June 1, 1994. Sections 3 and 4 are effective July 1, 1994.

ARTICLE 9

MISCELLANEOUS

Section 1. [4.47] [REPORT ON COMPULSIVE GAMBLING.]

The governor shall report to the legislature by February 1 of each odd-numbered year on the state's progress in addressing the problem of compulsive gambling. The report must include:

- (1) a summary of available data describing the extent of the problem in Minnesota;
- (2) a summary of programs, both governmental and private, that
 - (i) provide diagnosis and treatment for compulsive gambling,
 - (ii) enhance public awareness of the problem and the availability of compulsive gambling services,
 - (iii) are designed to prevent compulsive gambling and other problem gambling by elementary and secondary school students and vulnerable adults;
 - (iv) offer professional training in the identification, referral, and treatment of compulsive gamblers;
- (3) the likely impact on compulsive gambling of each form of gambling; and
- (4) budget recommendations for state-level compulsive gambling programs and activities.

Sec. 2. Minnesota Statutes 1992, section 245.98, subdivision 2, is amended to read:

Subd. 2. [PROGRAM.] The commissioner of human services shall establish a program for the treatment of compulsive gamblers. The commissioner may contract with a nonprofit entity with expertise regarding the treatment of compulsive gambling to operate the program. The program may include the establishment of a statewide toll-free

number, resource library, public education programs; regional in-service training programs and conferences for health care professionals, educators, treatment providers, employee assistance programs, and criminal justice representatives; and the establishment of certification standards for programs and service providers. The commissioner may enter into agreements with other governmental or nonprofit entities and may employ or contract with consultants to facilitate the provision of these services or the training of individuals to qualify them to provide these services. The program may also include inpatient and outpatient treatment and rehabilitation services and research studies. The research studies must include baseline and prevalence studies for adolescents and adults to identify those at the highest risk. The program must be approved by the commissioner before it is established.

Sec. 3. [LEGISLATIVE FINDINGS.]

The legislature finds that:

(1) The professional and amateur sports protection act of 1992 has been signed into law as Public Law Number 102-559.

(2) Public Law Number 102-559 prohibits any state from operating or permitting any organized wagering on sports events, but excludes those states which had as of October 2, 1992, enacted legislation or had a referendum pending that would legalize organized wagering on sports events, either by the state or by private entities.

(3) By passage of Public Law Number 102-559 Congress has infringed on the traditional rights of states to make their own determinations as to appropriate methods of controlling or combatting illegal gambling or raising state revenue, and raises serious questions as to possible violations of the tenth amendment to the United States Constitution.

(4) The exemptions granted in Public Law Number 102-559 to a handful of states are unreasonable, arbitrary, and discriminatory.

Sec. 4. [ATTORNEY GENERAL TO BRING ACTION.]

The attorney general shall examine and analyze the legal issues involved and the propriety of bringing an action in the appropriate federal court to determine the constitutionality of Public Law Number 102-559 to the extent that it infringes on the authority of the legislature to enact legislation relating to organized wagering on sports events. After this examination and analysis the attorney general may, at the attorney general's discretion, bring such an action to determine the constitutionality of Public Law Number 102-559. By March 1, 1995, the attorney general shall report to the legislature on the attorney general's activities under this section.

Sec. 5. [ADVISORY COUNCIL.]

Subdivision 1. [COUNCIL ESTABLISHED.] A governor's advisory council on gambling is created to advise the governor on all aspects of state policy on gambling.

Subd. 2. [MEMBERSHIP.] The council consists of 12 members, as follows:

(1) one member, appointed by the governor, who shall be the person on the governor's staff who is the primary responsible person on the governor's staff for gambling policy, who shall act as chair of the council;

(2) Eight members appointed by the governor, each of whom must reside in a different congressional district;

(3) one member appointed by the attorney general who must be an attorney in the attorney generals' office;

(4) the chairs of the senate and house of representatives standing committees with jurisdiction over gambling policy. Members of the council shall serve without compensation.

Subd. 3. [DUTIES.] The council has the following duties:

(1) to consult with state agencies responsible for gambling operation, policy, regulation, or enforcement, either on its own initiative or on the initiative of the agency;

(2) to assist the governor in making recommendations contained in the compulsive gambling report required by section 1;

(3) to advise the governor on the development of a socio-economic model to support decision-making on gambling issues;

(4) to consider any gambling-related questions, and respond to requests for information or recommendations, from the governor or legislature;

(5) to make recommendations on the desirability and practicability of implementing video lottery and video gaming systems in the state; and

(6) to consider and make recommendations on the appropriate level of regulation for the nonprofit gambling industry.

Subd. 4. [EXPIRATION DATE.] The provisions of section 15.059, subdivision 5, do not apply to the council.

Sec. 6. [SOCIO-ECONOMIC MODEL.]

The governor shall include in the governor's budget proposals for the 1996-97 biennium a proposal to create and maintain a socio-economic model that will allow executive agencies and the legislature to estimate the social, economic, and public revenue effects of different forms of gambling and changes in Minnesota gambling laws.

Sec. 7. [INSTRUCTION TO REVISOR; NONPROFIT GAMBLING.]

The revisor of statutes, in the next and subsequent editions of Minnesota Statutes and Minnesota Rules, shall change the term "lawful gambling" to "nonprofit gambling" wherever it appears.

Sec. 8. [EFFECTIVE DATE.]

Sections 3 and 4 are effective the day following final enactment. Section 5 is effective July 1, 1994."

Delete the title and insert:

"A bill for an act to gambling; abolishing the Minnesota racing commission and transferring its powers and duties to the director of pari-mutuel racing; repealing references in law to off-track betting on horse racing; proposing a constitutional amendment to authorize off-track betting; recodifying gambling tax laws; extending gambling taxes to gambling other than licensed lawful gambling; setting out qualifications for licensing by the division of gambling enforcement as a manufacturer or distributor of gambling devices; prohibiting unauthorized possession of gambling devices and prescribing a penalty; providing for the regulation of lawful gambling; providing additional lawful purposes for which lawful gambling net profits may be spent; repealing requirements for gambling stamps and substituting requirements for bar coding of gambling equipment; authorizing pull-tab dispensing devices; creating a division of lawful gambling control in the state lottery; abolishing the gambling control board and transferring its powers and duties to the director of the division of lawful gambling control; providing qualifications for lawful gambling licenses; abolishing the state lottery board; authorizing the sale of state lottery tickets at the Minneapolis-St. Paul international airport; specifying who must be a designee of the governor in negotiations with Indian tribes for tribal-state compacts on class III gaming; establishing revolving funds and appropriating money received from Indian tribes under compacts; prescribing penalties; providing appointments; amending Minnesota Statutes 1992, sections 3.9221, subdivisions 2 and 5; 240.01, subdivision 4; 240.04; 240.05; 240.06; 240.09; 240.10; 240.12; 240.13; 240.15; 240.155; 240.16; 240.25, subdivision 2; 240.27, subdivision 1; 240.28; 245.98, subdivision 2; 270.101, subdivision 1; 299L.01, subdivision 1, and by adding a subdivision; 299L.02, subdivisions 2, 5, and by adding subdivisions; 299L.03, subdivisions 1, 2, 6, and by adding a subdivision; 299L.07; 349.12, subdivisions 1, 3a, 4, 8, 10, 11, 16, 18, 19, 21, 23, 30, 32, 34, and by adding subdivisions; 349.15; 349.151, subdivision 4, and by adding subdivisions; 349.152; 349.153; 349.154; 349.16, subdivisions 2, 3, 6, 8, and by adding a subdivision; 349.161, subdivisions 1 and 5; 349.162, subdivisions 1, 2, 4, and 5; 349.163, subdivisions 1, 3, 5, 6, and by adding a subdivision; 349.164, subdivisions 1, 6, and by adding a subdivision; 349.1641; 349.166, subdivisions 1, 2, and 3; 349.167, subdivisions 1, 2, 4, and by adding a subdivision; 349.168, subdivisions 3, 6, and by adding a subdivision; 349.169, subdivisions 1 and 2; 349.17, subdivisions 2, 4, 5, and by adding a subdivision; 349.174; 349.18, subdivisions 1, 1a, and 2; 349.19, subdivisions 2, 5, 8, 9, and 10; 349.191, subdivisions 1 and 4; 349.211, subdivisions 1, 2, and 2a; 349.2123; 349.2125, subdivisions 1 and 3; 349.2127,

subdivisions 2, 3, 4, and by adding a subdivision; 349.213, subdivision 1; 349.22, subdivision 1; 349A.04; 349A.05; 349A.10; by adding a subdivision; 609.755; Minnesota Statutes 1993 Supplement, sections 240.011; 349.12, subdivision 25; 349A.02, subdivision 1; 349A.06, subdivision 2; 349A.08, subdivision 7; 349A.11; and 349A.12, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 4; 240; and 349; proposing coding for new law as Minnesota Statutes, chapter 297E; repealing Minnesota Statutes 1992, sections 240.01, subdivisions 4, 17, 18, 20, 21, and 23; 240.02; 240.03; 240.091; 299L.04; 349.12, subdivision 6; 349.151; 349.16, subdivisions 4 and 5; 349.161, subdivisions 3, 6, and 7; 349.163, subdivisions 1a and 2a; 349.164, subdivisions 3, 5, and 8; 349.166, subdivision 4; 349.167, subdivisions 3 and 5; 349.212, subdivisions 1, 2, 3, 5, 6, and 7; 349.2121; 349.2122; 349.215; 349.2151; 349.2152; 349.216; 349.217, subdivisions 3, 4, 5, 6, 7, 8, and 9; 349.2171; 349.219; 349A.01, subdivision 2; 349A.02, subdivision 8; 349A.03, subdivision 1; Minnesota Statutes 1993 Supplement, sections 349.2115; 349.212, subdivision 4; 349.217, subdivisions 1, 2, and 5a; and 349A.03, subdivision 2."

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

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

S. F. No. 2095, A bill for an act relating to employment; modifying provisions relating to the public employee vacation donation program; amending Minnesota Statutes 1992, section 43A.181, subdivision 3.

Reported the same back with the following amendments:

Page 1, line 14, delete "in the" and insert "donated to an individual employee's"

Page 1, line 16, delete the first "an" and insert "the"

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

The report was adopted.

Brown, C., from the Committee on Local Government and Metropolitan Affairs to which was referred:

S. F. No. 2274, A bill for an act relating to Freeborn county; permitting the appointment of the recorder and auditor/treasurer; authorizing the reorganization of county offices.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 377, 1155, 1778, 1829, 1881, 1913, 1915, 2045, 2064, 2178, 2187, 2278, 2292, 2321, 2567, 2622, 2675, 2680, 2692, 2710, 2821 and 2892 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 2040, 2095 and 2274 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Jacobs, for the Committee on Regulated Industries and Energy, introduced:

H. F. No. 3100, A resolution memorializing the President and Congress to maintain funding for the low-income home energy assistance program and to continue its operation in Minnesota.

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

Lourey and Jennings introduced:

H. F. No. 3101, A bill for an act relating to Pine county; permitting the county board to further extend certain temporary land use controls; amending Laws 1993, chapter 55, section 1.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Milbert and Pugh introduced:

H. F. No. 3102, A bill for an act relating to capital improvements; appropriating money for a public water access site on the Mississippi river; authorizing the sale of state bonds.

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

Steensma, Olson, K.; Girard and Winter introduced:

H. F. No. 3103, A bill for an act relating to education; establishing a joint program between the University of Minnesota and Southwest State University to offer graduate nursing education in southwestern Minnesota; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 136.

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

Rukavina, Wejcman, Dawkins, Kahn and Lieder introduced:

H. F. No. 3104, A bill for an act relating to taxation; imposing income limitations on the property tax targeting refund; amending Minnesota Statutes 1993 Supplement, section 290A.04, subdivision 2h.

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

Smith, Garcia, Mariani and Dawkins introduced:

H. F. No. 3105, A bill for an act relating to employment; requiring large employers to survey employees regarding cultural diversity awareness; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 363.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Bertram and Krueger introduced:

H. F. No. 3106, A bill for an act relating to retirement; directing a study and comparison of teacher's retirement annuities.

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

Farrell introduced:

H. F. No. 3107, A bill for an act relating to retirement; public employees retirement association; authorizing certain trades personnel employed by independent school district No. 625 to elect an exclusion from retirement plan coverage; amending Minnesota Statutes 1993 Supplement, section 353.01, subdivision 2b; Laws 1965, chapter 705, section 1, subdivision 4.

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

Farrell, Winter, Ostrom, Lieder and Mosel introduced:

H. F. No. 3108, A bill for an act relating to insurance; workers' compensation self-insurance; creating a mutual self-insurers' security fund; providing for its oversight and operation; amending Minnesota Statutes 1992, section 79A.02, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapter 79A.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Osthoff introduced:

H. F. No. 3109, A bill for an act relating to transportation; modifying distribution of money in transit assistance fund; establishing annual gasoline excise tax rate adjustment; modifying amounts of motor vehicle excise tax money transferred to transit assistance fund; appropriating money; amending Minnesota Statutes 1992, sections 296.02, by adding a subdivision; and 297B.09, subdivision 1; Minnesota Statutes 1993 Supplement, section 174.32, subdivision 2.

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

Solberg; Rukavina; Munger; Johnson, V., and Pauly introduced:

H. F. No. 3110, A bill for an act relating to waters; requiring marking or illumination of motor vehicles on ice at night and marking of shelters on ice; amending Minnesota Statutes 1992, section 97C.355, subdivision 1.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Clark, Jefferson, Sarna and Carlson introduced:

H. F. No. 3111, A bill for an act relating to education; expanding Minneapolis health insurance subsidy to include eligible Minneapolis teachers who retire before May 1, 1984; amending Minnesota Statutes 1992, section 124.916, subdivision 4.

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

Clark introduced:

H. F. No. 3112, A bill for an act relating to capital improvements; appropriating money to the commissioner of jobs and training to construct facilities for head start or other early intervention education programs; authorizing the sale of state bonds.

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

Smith introduced:

H. F. No. 3113, A bill for an act relating to retirement; authorizing purchase of service credit for previously exempt service by certain members of the teachers retirement association.

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

Pugh introduced:

H. F. No. 3114, A bill for an act relating to health; exempting certain municipally operated ambulance services from specific licensing requirements; amending Minnesota Statutes 1992, section 144.802, by adding a subdivision.

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

Olson, E., introduced:

H. F. No. 3115, A bill for an act relating to Mahnommen county; authorizing the county to issue certain general obligation bonds.

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

Macklin and Pugh introduced:

H. F. No. 3116, A bill for an act relating to family law; changing certain service and notice provisions in marriage dissolution actions; providing for a committee to study restructuring of family and juvenile courts; requiring a report; amending Minnesota Statutes 1992, sections 518.11; and 518B.01, subdivision 8; Minnesota Statutes 1993 Supplement, section 518.68, subdivisions 1 and 2.

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

Morrison, Simoneau, Pauly, McGuire and Bishop introduced:

H. F. No. 3117, A bill for an act relating to family law; requiring consent for a parent to remove a child from this state for the purpose of leaving the country; imposing penalties; amending Minnesota Statutes 1992, section 609.26, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 257.

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

Bertram introduced:

H. F. No. 3118, A bill for an act relating to taxation; increasing the funding for firefighters state aid; amending Minnesota Statutes 1992, section 69.021, subdivision 5.

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

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

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

H. F. No. 2130, A bill for an act relating to counties; St. Louis; assigned the former town of Payne to the 7th commissioner district.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Tomassoni moved that the House concur in the Senate amendments to H. F. No. 2130 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2130, A bill for an act relating to counties; St. Louis; assigned the former town of Payne to the 7th commissioner district.

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 120 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Delmont	Huntley	Lieder	Olson, K.	Rodosovich	Van Engen
Anderson, R.	Dempsey	Jacobs	Limmer	Olson, M.	Rukavina	Vellenga
Asch	Dorn	Jaros	Lindner	Onnen	Sarna	Vickerman
Battaglia	Erhardt	Jefferson	Long	Opatz	Seagren	Wagenius
Bauerly	Evans	Jennings	Luther	Orenstein	Sekhon	Waltman
Bergson	Farrell	Johnson, A.	Lynch	Orfield	Simoneau	Weaver
Bertram	Finseth	Johnson, V.	Macklin	Osthoff	Skoglund	Wejzman
Bishop	Frerichs	Kahn	Mahon	Ostrom	Smith	Winter
Brown, C.	Garcia	Kalis	McCollum	Ozment	Solberg	Wolf
Brown, K.	Girard	Kelley	McGuire	Pauly	Stanis	Worke
Carlson	Goodno	Kelso	Molnau	Pelowski	Steensma	Workman
Carruthers	Greiling	Kinkel	Morrison	Perlt	Sviggum	Spk. Anderson, I.
Clark	Gruenes	Klinzing	Mosel	Peterson	Swenson	
Commers	Gutknecht	Knight	Munger	Pugh	Tomassoni	
Cooper	Hasskamp	Koppendrayner	Murphy	Reding	Tompkins	
Dauner	Haukoos	Krinkie	Neary	Rest	Trimble	
Davids	Hausman	Krueger	Nelson	Rhodes	Tunheim	
Dehler	Lasley	Ness		Rice	Van Dellen	

Those who voted in the negative were:

Johnson, R.

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

CONSENT CALENDAR

The Speaker called Bauerly to the Chair.

S. F. No. 1750, A bill for an act relating to commerce; expanding the scope of department enforcement authority to include additional areas over which it has responsibility; amending Minnesota Statutes 1992, section 45.027, subdivision 7; and Minnesota Statutes 1993 Supplement, section 45.011, subdivisions 1 and 4.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Bettermann	Carlson	Cooper	Dehler	Erhardt
Anderson, R.	Beard	Bishop	Carruthers	Dauner	Delmont	Evans
Asch	Bergson	Brown, C.	Clark	Davids	Dempsey	Farrell
Battaglia	Bertram	Brown, K.	Commers	Dawkins	Dorn	Finseth

Frerichs	Jefferson	Lasley	Murphy	Pelowski	Smith	Waltman
Garcia	Jennings	Lieder	Neary	Perlt	Solberg	Weaver
Girard	Johnson, A.	Limmer	Nelson	Peterson	Stanius	Wejzman
Goodno	Johnson, R.	Lindner	Ness	Pugh	Steensma	Wenzel
Greiling	Johnson, V.	Long	Olson, K.	Reding	Sviggum	Winter
Gruenes	Kahn	Luther	Olson, M.	Rest	Swenson	Wolf
Gutknecht	Kalis	Lynch	Onnen	Rhodes	Tomassoni	Worke
Hasskamp	Kelley	Macklin	Opatz	Rice	Tompkins	Workman
Haukoos	Kelso	Mahon	Orenstein	Rodosovich	Trimble	Spk. Anderson, I.
Hausman	Kinkel	McCollum	Orfield	Rukavina	Tunheim	
Holsten	Klinzing	McGuire	Osthoff	Sarna	Van Dellen	
Hugoson	Knight	Molnau	Ostrom	Seagren	Van Engen	
Huntley	Koppendrayner	Morrison	Ozment	Sekhon	Vellenga	
Jacobs	Krinkie	Mosel	Pauly	Simoneau	Vickerman	
Jaros	Krueger	Munger	Pawlenty	Skoglund	Wagenius	

The bill was passed and its title agreed to.

H. F. No. 2212, A bill for an act relating to the environment; genetically engineered organisms; authorizing the department of agriculture to exempt certain federally monitored releases; authorizing the environmental quality board to adopt rules relating to certain releases; providing for certain exemptions; amending Minnesota Statutes 1992, sections 18F.01; 18F.02, subdivisions 1, 5, and by adding a subdivision; 18F.04; 18F.07; 18F.12; 116C.91, subdivision 1; 116C.94; and 116C.96; proposing coding for new law in Minnesota Statutes, chapters 18F; and 116C; repealing Minnesota Statutes 1992, section 18F.02, subdivision 7.

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

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

Those who voted in the affirmative were:

Abrams	Dawkins	Holsten	Krueger	Nelson	Rhodes	Van Dellen
Anderson, R.	Dehler	Hugoson	Lasley	Ness	Rice	Van Engen
Asch	Delmont	Huntley	Lieder	Olson, K.	Rodosovich	Vellenga
Battaglia	Dempsey	Jacobs	Limmer	Olson, M.	Rukavina	Vickerman
Bauerly	Dorn	Jaros	Lindner	Onnen	Sarna	Wagenius
Beard	Erhardt	Jefferson	Long	Opatz	Seagren	Waltman
Bergson	Evans	Jennings	Luther	Orenstein	Sekhon	Weaver
Bertram	Farrell	Johnson, A.	Lynch	Orfield	Simoneau	Wejzman
Bettermann	Finseth	Johnson, R.	Macklin	Osthoff	Skoglund	Wenzel
Bishop	Frerichs	Johnson, V.	Mahon	Ostrom	Smith	Winter
Brown, C.	Garcia	Kahn	McCollum	Ozment	Solberg	Wolf
Brown, K.	Girard	Kalis	McGuire	Pauly	Stanius	Worke
Carlson	Goodno	Kelley	Milbert	Pawlenty	Steensma	Workman
Carruthers	Greiling	Kelso	Molnau	Pelowski	Sviggum	Spk. Anderson, I.
Clark	Gruenes	Kinkel	Morrison	Perlt	Swenson	
Commers	Gutknecht	Klinzing	Mosel	Peterson	Tomassoni	
Cooper	Hasskamp	Knight	Munger	Pugh	Tompkins	
Dauner	Haukoos	Koppendrayner	Murphy	Reding	Trimble	
Dauids	Hausman	Krinkie	Neary	Rest	Tunheim	

The bill was passed and its title agreed to.

S. F. No. 2383, A bill for an act relating to Koochiching county; permitting the appointment of the recorder; authorizing the reorganization of the office.

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

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Hausman	Krinkie	Munger	Peterson	Tomassoni
Anderson, R.	Dehler	Holsten	Krueger	Murphy	Pugh	Tompkins
Asch	Delmont	Hugoson	Lasley	Neary	Reding	Trimble
Battaglia	Dempsey	Huntley	Lieder	Nelson	Rest	Tunheim
Bauerly	Dorn	Jacobs	Limmer	Ness	Rhodes	Van Dellen
Beard	Erhardt	Jaros	Lindner	Olson, K.	Rice	Van Engen
Bergson	Evans	Jefferson	Long	Olson, M.	Rodosovich	Vellenga
Bertram	Farrell	Jennings	Luther	Onnen	Rukavina	Vickerman
Bettermann	Finseth	Johnson, A.	Lynch	Opatz	Sarna	Wagenius
Bishop	Frerichs	Johnson, R.	Macklin	Orenstein	Seagren	Waltman
Brown, K.	Garcia	Johnson, V.	Mahon	Orfield	Sekhon	Weaver
Carlson	Girard	Kahn	Mariani	Osthoff	Simoneau	Wejzman
Carruthers	Goodno	Kalis	McCollum	Ostrom	Skoglund	Wenzel
Clark	Greiling	Kelley	McGuire	Ozment	Smith	Winter
Commers	Gruenes	Kelso	Milbert	Pauly	Solberg	Wolf
Cooper	Gutknecht	Klinzing	Molnau	Pawlenty	Stanis	Worke
Dauner	Hasskamp	Knight	Morrison	Pelowski	Steensma	Workman
Davids	Haukoos	Koppendrayner	Mosel	Perlt	Sviggum	Spk. Anderson, I.

The bill was passed and its title agreed to.

H. F. No. 2487, A bill for an act relating to local government; authorizing towns in Olmsted county to adopt and enforce the state building code.

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

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Hausman	Krinkie	Munger	Peterson	Tomassoni
Anderson, R.	Dehler	Holsten	Krueger	Murphy	Pugh	Tompkins
Asch	Delmont	Hugoson	Lasley	Neary	Reding	Trimble
Battaglia	Dempsey	Huntley	Lieder	Nelson	Rest	Tunheim
Bauerly	Dorn	Jacobs	Limmer	Ness	Rhodes	Van Dellen
Beard	Erhardt	Jaros	Lindner	Olson, K.	Rice	Van Engen
Bergson	Evans	Jefferson	Long	Olson, M.	Rodosovich	Vellenga
Bertram	Farrell	Jennings	Luther	Onnen	Rukavina	Vickerman
Bettermann	Finseth	Johnson, A.	Lynch	Opatz	Sarna	Wagenius
Bishop	Frerichs	Johnson, R.	Macklin	Orenstein	Seagren	Waltman
Brown, K.	Garcia	Johnson, V.	Mahon	Orfield	Sekhon	Weaver
Carlson	Girard	Kalis	Mariani	Osthoff	Simoneau	Wejzman
Carruthers	Goodno	Kelley	McCollum	Ostrom	Skoglund	Wenzel
Clark	Greiling	Kelso	McGuire	Ozment	Smith	Winter
Commers	Gruenes	Kinkel	Milbert	Pauly	Solberg	Wolf
Cooper	Gutknecht	Klinzing	Molnau	Pawlenty	Stanis	Worke
Dauner	Hasskamp	Knight	Morrison	Pelowski	Steensma	Workman
Davids	Haukoos	Koppendrayner	Mosel	Perlt	Sviggum	Spk. Anderson, I.

The bill was passed and its title agreed to.

CALENDAR

H. F. No. 2010, A bill for an act relating to the environment; requiring a person who arranges for management of solid waste in an environmentally inferior manner to indemnify generators of the waste and, for a landfill, set aside a fund to pay for contamination from the landfill; proposing coding for new law in Minnesota Statutes, chapter 115A.

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

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

Those who voted in the affirmative were:

Abrams	Dawkins	Holsten	Lasley	Nelson	Rhodes	Van Dellen
Anderson, R.	Dehler	Hugoson	Lieder	Ness	Rice	Van Engen
Asch	Delmont	Huntley	Limmer	Olson, K.	Rodosovich	Vellenga
Battaglia	Dempsey	Jacobs	Lindner	Olson, M.	Rukavina	Vickerman
Bauerly	Dorn	Jaros	Long	Onnen	Sarna	Wagenius
Beard	Erhardt	Jefferson	Luther	Opatz	Seagren	Waltman
Bergson	Evans	Jennings	Lynch	Orenstein	Sekhon	Weaver
Bertram	Farrell	Johnson, A.	Macklin	Orfield	Simoneau	Wejcmán
Bettermann	Finseth	Johnson, R.	Mahon	Osthoff	Skoglund	Wenzel
Bishop	Frerichs	Johnson, V.	Mariani	Ostrom	Smith	Winter
Brown, C.	Garcia	Kahn	McCollum	Ozment	Solberg	Wolf
Brown, K.	Girard	Kalis	McGuire	Pauly	Stanius	Worke
Carlson	Goodno	Kelley	Milbert	Pawlenty	Steensma	Workman
Carruthers	Greiling	Kelso	Molnau	Pelowski	Sviggum	Spk. Anderson, I.
Clark	Gruenes	Klinzing	Morrison	Perlt	Swenson	
Commers	Gutknecht	Knight	Mosel	Peterson	Tomassoni	
Cooper	Hasskamp	Koppendrayner	Munger	Pugh	Tompkins	
Dauner	Haukoos	Krinkie	Murphy	Reding	Trimble	
Dauids	Hausman	Krueger	Neary	Rest	Tunheim	

The bill was passed and its title agreed to.

H. F. No. 2043, A bill for an act relating to recreation green space; requiring a certain public utility to relocate overhead power lines in Indian Mounds Park in Saint Paul.

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 115 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dawkins	Jacobs	Lindner	Olson, K.	Rodosovich	Van Engen
Asch	Dehler	Jaros	Long	Onnen	Rukavina	Vellenga
Battaglia	Delmont	Jefferson	Luther	Opatz	Sarna	Vickerman
Bauerly	Dempsey	Jennings	Lynch	Orenstein	Seagren	Wagenius
Beard	Dorn	Johnson, R.	Macklin	Orfield	Sekhon	Waltman
Bergson	Evans	Johnson, V.	Mahon	Osthoff	Simoneau	Weaver
Bertram	Farrell	Kahn	McCollum	Ostrom	Skoglund	Wejcmán
Bettermann	Frerichs	Kalis	McGuire	Ozment	Solberg	Wenzel
Bishop	Garcia	Kelley	Milbert	Pauly	Stanius	Winter
Brown, C.	Greiling	Kelso	Molnau	Pelowski	Steensma	Wolf
Brown, K.	Gruenes	Kinkel	Morrison	Perlt	Sviggum	Worke
Carlson	Gutknecht	Klinzing	Mosel	Peterson	Swenson	Workman
Carruthers	Hasskamp	Knight	Munger	Pugh	Tomassoni	Spk. Anderson, I.
Clark	Hausman	Krueger	Murphy	Reding	Tompkins	
Cooper	Holsten	Lasley	Neary	Rest	Trimble	
Dauner	Hugoson	Lieder	Nelson	Rhodes	Tunheim	
Dauids	Huntley	Limmer	Ness	Rice	Van Dellen	

Those who voted in the negative were:

Abrams	Erhardt	Girard	Haukoos	Krinkie	Pawlenty
Commers	Finseth	Goodno	Koppendrayner	Olson, M.	Smith

The bill was passed and its title agreed to.

H. F. No. 2143, A bill for an act relating to telecommunications; regulating competitive telephone services and incentive plans; extending expiration dates and making technical changes for certain regulatory provisions; amending Minnesota Statutes 1992, sections 237.161, by adding a subdivision; 237.57, subdivision 4; 237.58, subdivision 1; 237.59, subdivisions 1, 2, 3, 5, and by adding a subdivision; 237.60, subdivision 2; 237.62, subdivision 1; and 237.625, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Rules, parts 7815.0700; 7815.0800; 7815.0900; 7815.1000; 7815.1100; 7815.1200; 7815.1300; 7815.1400; and 7815.1500; Laws 1987, chapter 340, section 26; Laws 1989, chapter 74, sections 25 and 27; Laws 1990, chapter 513, section 3; and Laws 1993, chapter 41, section 1.

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

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

Those who voted in the affirmative were:

Abrams	Dawkins	Hugoson	Lasley	Nelson	Rhodes	Van Dellen
Anderson, R.	Delmont	Huntley	Lieder	Ness	Rice	Van Engen
Asch	Dempsey	Jacobs	Limmer	Olson, K.	Rodosovich	Vellenga
Battaglia	Dorn	Jaros	Lindner	Olson, M.	Rukavina	Vickerman
Bauerly	Erhardt	Jefferson	Long	Onnen	Sarna	Wagenius
Beard	Evans	Jennings	Luther	Opatz	Seagren	Waltman
Bergson	Farrell	Johnson, A.	Lynch	Orenstein	Sekhon	Weaver
Bertram	Finseth	Johnson, R.	Macklin	Orfield	Simoneau	Wejcman
Bettermann	Frerichs	Johnson, V.	Mahon	Osthoff	Skoglund	Wenzel
Bishop	Garcia	Kahn	Mariani	Ostrom	Smith	Winter
Brown, C.	Girard	Kalis	McCollum	Ozment	Solberg	Wolf
Brown, K.	Goodno	Kelley	McGuire	Pauly	Stanis	Worke
Carlson	Greiling	Kelso	Milbert	Pawlenty	Steensma	Workman
Carruthers	Gruenes	Kinkel	Molnau	Pelowski	Sviggum	Spk. Anderson, I.
Clark	Gutknecht	Klinzing	Morrison	Perl	Swenson	
Commers	Hasskamp	Knight	Mosel	Peterson	Tomassoni	
Cooper	Haukoos	Koppendrayner	Munger	Pugh	Tompkins	
Dauner	Hausman	Krinkie	Murphy	Reding	Trimble	
Davids	Holsten	Krueger	Neary	Rest	Tunheim	

The bill was passed and its title agreed to.

H. F. No. 2210, A bill for an act relating to data practices; regulating the classification and release of certain department of commerce data; amending Minnesota Statutes 1992, section 13.71, by adding subdivisions.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Beard	Brown, C.	Commers	Dehler	Evans	Goodno
Anderson, R.	Bergson	Brown, K.	Cooper	Delmont	Finseth	Greiling
Asch	Bertram	Carlson	Dauner	Dempsey	Frerichs	Gruenes
Battaglia	Bettermann	Carruthers	Davids	Dorn	Garcia	Gutknecht
Bauerly	Bishop	Clark	Dawkins	Erhardt	Girard	Hasskamp

Haukoos	Kelso	Macklin	Olson, K.	Pugh	Stanis	Weaver
Hausman	Kinkel	Mahon	Olson, M.	Reding	Steensma	Wejcman
Hugoson	Klinzing	Mariani	Onnen	Rest	Sviggum	Wenzel
Huntley	Knight	McCollum	Opatz	Rhodes	Swenson	Winter
Jacobs	Koppendrayner	McGuire	Orenstein	Rice	Tomassoni	Wolf
Jaros	Krinkie	Milbert	Orfield	Rodosovich	Tompkins	Worke
Jefferson	Krueger	Molnau	Osthoff	Rukavina	Trimble	Workman
Jennings	Lasley	Morrison	Ostrom	Sarna	Tunheim	Spk. Anderson, I.
Johnson, A.	Lieder	Mosel	Ozment	Seagren	Van Dellen	
Johnson, R.	Limmer	Munger	Pauly	Sekhon	Van Engen	
Johnson, V.	Lindner	Murphy	Pawlenty	Simoneau	Vellenga	
Kahn	Long	Neary	Pelowski	Skoglund	Vickerman	
Kalis	Luther	Nelson	Perlt	Smith	Wagenius	
Kelley	Lynch	Ness	Peterson	Solberg	Waltman	

The bill was passed and its title agreed to.

H. F. No. 2222, A bill for an act relating to elections; allowing a single polling place for two precincts in certain cases; amending Minnesota Statutes 1992, section 204B.16, subdivision 2.

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

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

Those who voted in the affirmative were:

Abrams	Dawkins	Holsten	Krueger	Neary	Rest	Van Dellen
Anderson, R.	Dehler	Hugoson	Lasley	Nelson	Rhodes	Van Engen
Asch	Delmont	Huntley	Lieder	Ness	Rice	Vellenga
Battaglia	Dempsey	Jacobs	Limmer	Olson, K.	Rodosovich	Vickerman
Bauerly	Dorn	Jaros	Lindner	Olson, M.	Rukavina	Wagenius
Beard	Erhardt	Jefferson	Long	Onnen	Sarna	Waltman
Bergson	Evans	Jennings	Luther	Opatz	Sekhon	Weaver
Bertram	Farrell	Johnson, A.	Lynch	Orenstein	Simoneau	Wejcman
Bettermann	Finseth	Johnson, R.	Macklin	Orfield	Skoglund	Wenzel
Bishop	Frerichs	Johnson, V.	Mahon	Osthoff	Smith	Winter
Brown, C.	Garcia	Kahn	Mariani	Ostrom	Solberg	Wolf
Brown, K.	Girard	Kalis	McCollum	Ozment	Stanis	Worke
Carlson	Goodno	Kelley	McGuire	Pauly	Steensma	Workman
Carruthers	Greiling	Kelso	Milbert	Pawlenty	Sviggum	Spk. Anderson, I.
Clark	Gruenes	Kinkel	Molnau	Pelowski	Swenson	
Commers	Gutknecht	Klinzing	Morrison	Perlt	Tomassoni	
Cooper	Hasskamp	Knight	Mosel	Peterson	Tompkins	
Dauner	Haukoos	Koppendrayner	Munger	Pugh	Trimble	
Davids	Hausman	Krinkie	Murphy	Reding	Tunheim	

The bill was passed and its title agreed to.

The Speaker resumed the Chair.

H. F. No. 2306, A bill for an act relating to the city of Minneapolis; providing that a levy for a contribution to the Minneapolis teachers retirement fund association is a special taxing district levy for property tax purposes; amending Minnesota Statutes 1993 Supplement, section 354A.12, subdivision 3b.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Battaglia	Bergson	Bishop	Carlson	Commers	Davids
Anderson, R.	Bauerly	Bertram	Brown, C.	Carruthers	Cooper	Dawkins
Asch	Beard	Bettermann	Brown, K.	Clark	Dauner	Dehler

Delmont	Hausman	Knight	Milbert	Ostrom	Simoneau	Wagenius
Dempsey	Holsten	Koppendrayner	Molnau	Ozment	Skoglund	Waltman
Dorn	Hugoson	Krinkie	Morrison	Pauly	Smith	Weaver
Erhardt	Huntley	Krueger	Mosel	Pawlenty	Solberg	Wejzman
Evans	Jacobs	Lasley	Munger	Pelowski	Stanis	Wenzel
Farrell	Jaros	Lieder	Murphy	Perlt	Steensma	Winter
Finseth	Jefferson	Limner	Neary	Peterson	Sviggum	Wolf
Frerichs	Jennings	Lindner	Nelson	Pugh	Swenson	Worke
Garcia	Johnson, A.	Long	Ness	Reding	Tomassoni	Workman
Girard	Johnson, R.	Luther	Olson, K.	Rest	Tompkins	Spk. Anderson, I.
Goodno	Johnson, V.	Lynch	Olson, M.	Rhodes	Trimble	
Greiling	Kahn	Macklin	Onnen	Rice	Tunheim	
Gruenes	Kelley	Mahon	Opatz	Rukavina	Van Dellen	
Gutknecht	Kelso	Mariani	Orenstein	Sarna	Van Engen	
Hasskamp	Kinkel	McCollum	Orfield	Seagren	Vellenga	
Haukoos	Klinzing	McGuire	Osthoff	Sekhon	Vickerman	

The bill was passed and its title agreed to.

GENERAL ORDERS

Carruthers moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Brown, C., moved that the name of Winter be shown as chief author on H. F. No. 568. The motion prevailed.

Hausman moved that the name of Steensma be added as an author on H. F. No. 2077. The motion prevailed.

Bettermann moved that the name of Krueger be added as an author on H. F. No. 2820. The motion prevailed.

Mariani moved that the name of Trimble be added as an author on H. F. No. 2926. The motion prevailed.

Kahn moved that the name of Evans be added as an author on H. F. No. 3073. The motion prevailed.

Wagenius moved that the name of Sekhon be added as an author on H. F. No. 3086. The motion prevailed.

Carruthers moved that H. F. No. 2045, now on Technical General Orders, be re-referred to the Committee on Rules and Legislative Administration. The motion prevailed.

Solberg moved that H. F. No. 3110 be recalled from the Committee on Environment and Natural Resources and be re-referred to the Committee on Transportation and Transit. The motion prevailed.

Girard moved that H. F. No. 1307 be returned to its author. The motion prevailed.

Johnson, A., moved that H. F. No. 1988 be returned to its author. The motion prevailed.

ADJOURNMENT

Carruthers moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Thursday, March 24, 1994.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

