STATE OF MINNESOTA

SEVENTY-EIGHTH SESSION — 1994

EIGHTIETH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MARCH 30, 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 Pastor Richard Schut, Zion Christian Church, Big Lake, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Haukoos was excused.

Jaros was excused until 3:40 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Davids 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 STANDING COMMITTEES

Osthoff from the Committee on Transportation and Transit to which was referred:

H. F. No. 324, A bill for an act relating to transportation; creating a Minnesota mobility trust fund and a surface transportation fund; imposing a tax on motor fuel sales at retail and requiring all proceeds to be deposited in the Minnesota mobility trust fund; amending Minnesota Statutes 1992, sections 174.32, subdivision 2; 297A.25, subdivision 7; and 297A.44, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapter 174.

Reported the same back with the following amendments:

Page 1, delete section 1, and insert:

"Section 1. Minnesota Statutes 1993 Supplement, section 174.32, subdivision 2, is amended to read:

Subd. 2. [TRANSIT ASSISTANCE FUND; DISTRIBUTION.] The transit assistance fund receives money distributed ~~under section 297B.09~~ from the Minnesota mobility trust fund as provided in section 2. Eighty percent of the receipts of the fund must be placed into a metropolitan account for distribution to recipients located in the metropolitan area and 20 percent into a separate account for distribution to recipients located outside of the metropolitan area. Except as otherwise provided in this subdivision, the regional transit board created by section 473.373 is responsible for distributing assistance from the metropolitan account, and the commissioner is responsible for distributing assistance from the other account."

Page 3, delete section 4, and insert:

"Sec. 4. Minnesota Statutes 1993 Supplement, section 297A.25, subdivision 7, is amended to read:

Subd. 7. [PETROLEUM PRODUCTS.] The gross receipts from the sale of and storage, use, or consumption of the following petroleum products are exempt:

~~(1) products upon which a tax has been imposed and paid under the provisions of chapter 296, and no refund has been or will be allowed because the buyer used the fuel for nonhighway use;~~

~~(2)~~ products ~~which are~~ used in the improvement of agricultural land by constructing, maintaining, and repairing drainage ditches, tile drainage systems, grass waterways, water impoundment, and other erosion control structures;

~~(3)~~ (2) products purchased by a transit system receiving financial assistance under section 174.24 or 473.384; or

~~(4)~~ (3) products used in a passenger snowmobile, as defined in section 296.01, subdivision 27a, for off-highway business use as part of the operations of a resort as provided under section 296.18, subdivision 1, clause (2)."

Page 5, delete lines 12 to 16, and insert:

"The provisions of sections 1 to 6 are not severable. Each of those sections is essentially and inseparably connected and dependent upon each of the other of those sections, and if one provision of those sections is found to be void the legislature would not have enacted the remaining provisions of those sections without the void provision.

Sec. 8. [TRUNK HIGHWAY NO. 280; NOISE BARRIERS.]

Subdivision 1. [DEFINITION.] For purposes of this section "trunk highway No. 280 project" means a department of transportation highway improvement project on marked trunk highway No. 280 that would improve, expand, or reconstruct the highway.

Subd. 2. [REQUIREMENT.] If the commissioner of transportation takes any action between the effective date of this act and June 30, 1997, that would have the effect of delaying the start of the trunk highway No. 280 project beyond June 30, 1997, the commissioner shall, at the earliest feasible date after taking that action, erect noise barriers on the highway between marked interstate highways Nos. 94 and 35-W as provided in the noise barrier component of the project.

Sec. 9. [DEPARTMENT OF TRANSPORTATION; STUDY.]

The commissioner of transportation shall take all necessary steps to establish a direct highway connection between marked interstate highway 35-E and Ayd Mill Road in the city of St. Paul. The city of St. Paul shall cooperate with the commissioner to the extent necessary to carry out the purposes of this section. The commissioner shall permit use of the direct connection by motor vehicles only during the period from June 1, 1994, to November 30, 1994. The commissioner shall study (1) the effects of the direct connection on the flow of traffic within the city of St. Paul and within the metropolitan area, (2) the effects of the direct connection on affected neighborhoods within the city of St. Paul. The commissioner shall report to the legislature by February 1, 1994, on the results of this study.

Sec. 10. [EFFECTIVE DATE.]

Sections 8 and 9 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to transportation; creating a Minnesota mobility trust fund and a surface transportation fund; imposing a tax on motor fuel sales at retail and requiring all proceeds to be deposited in the Minnesota mobility trust fund; amending Minnesota Statutes 1992, section 297A.44, subdivisions 1 and 4; Minnesota Statutes 1993 Supplement, sections 174.32, subdivision 2; and 297A.25, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 174."

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:

H. F. No. 1921, A bill for an act relating to retirement; increasing employee contribution rates and benefit computation formulas for the teachers retirement fund; revising the salary growth assumption for certain public pension funds; amending Minnesota Statutes 1992, sections 354.42, subdivision 2; 354.44, subdivision 6; and 356.215, subdivision 4d; Minnesota Statutes 1993 Supplement, section 356.215, subdivision 4g.

Reported the same back with the following amendments:

Page 1, line 13, delete the new language

Page 1, delete lines 20 to 27

Page 2, delete lines 1 to 15

Page 3, line 8, delete "1.2" and insert "1.13" and delete "2.2" and insert "2.13"

Page 3, line 10, delete "1.7" and insert "1.63" and delete "2.7" and insert "2.63"

Page 4, line 2, delete "2.7" and insert "2.63"

Page 4, line 3, delete "1.7" and insert "1.63"

Pages 4 to 8, delete sections 3 and 4

Page 8, line 8, delete "Sections" and insert "Section" and delete "to 4 are" and insert "is"

Page 8, line 9, after the period, insert "Section 2 is effective on May 15, 1994."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, delete "revising the salary"

Page 1, delete line 5

Page 1, line 7, after "2;" insert "and" and delete "; and 356.215," and insert a period

Page 1, delete lines 8 and 9

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. 2120, A bill for an act relating to occupations and professions; providing that health-related licensing boards may establish a program to protect the public from impaired regulated persons; providing for appointments; providing for rulemaking; appropriating money; amending Minnesota Statutes 1993 Supplement, section 214.06, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 214.

Reported the same back with the following amendments:

Page 2, line 31, after the period, insert "No more than half plus one of the members of the committee may be of one gender."

Page 3, after line 17, insert:

"No more than half plus one of the members of the committee may be of one gender.

The advisory committee expires June 30, 1997."

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.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 2132, A bill for an act relating to commerce; adding labeling requirements for salvaged food; adding licensing requirements for salvaged food distributors; adding record keeping requirements; requiring salvaged food served for compensation to be identified; amending Minnesota Statutes 1992, section 31.495, subdivisions 1, 2, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 31.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 30.49, subdivision 2, is amended to read:

Subd. 2. [NATURAL LAKE OR RIVER WILD RICE.] (a) (i) A package containing only 100 percent natural lake or river wild rice that is offered for sale at wholesale or retail sale in this state must be plainly and conspicuously labeled as "100 percent naturally grown, lake and river wild rice" in letters of a size and form prescribed by the commissioner. A package of wild rice labeled "100 percent naturally grown, lake and river wild rice" must also contain the license number issued under section 84.152 of the last licensed dealer, if any, who handled the wild rice.

(ii) A package containing only 100 percent natural lake or river wild rice that contains a portion of wild rice grown in Canada and offered for wholesale or retail sale in Minnesota must be plainly and conspicuously labeled as "Canadian" wild rice in letters of a size and form prescribed by the commissioner.

(b) A package that does not contain 100 percent natural lake or river wild rice may not contain a label authorized under paragraph (a).

(c) A package containing a portion of 100 percent naturally grown lake and river wild rice that is harvested by use of mechanical harvesting devices and that is offered for sale at wholesale or retail in this state must be plainly and conspicuously labeled as "machine harvested" in letters of a size and form prescribed by the commissioner. In addition, the letters "machine harvested" must be placed near the product's identity on the label. Packages containing 100 percent hand-harvested wild rice may be labeled as "hand harvested."

Sec. 2. Minnesota Statutes 1992, section 31.495, subdivision 1, is amended to read:

Subdivision 1. [APPLICATIONS.] For the purposes of this section, the terms defined in this subdivision have the meanings given them:

(a) "Distressed food" means any food, the label of which has been lost, defaced, or obliterated, or food which has been subjected to possible damage due to accident, fire, flood, adverse weather, or to any other similar cause; or food which is suspected of having been rendered unsafe or unsuitable for food use.

(b) "Reconditionable or salvageable food" is distressed food which it is possible to reclaim for food, feed, or seed use as determined by examination by the commissioner or the commissioner's representatives.

(c) "Reconditioned or salvaged food" is reconditionable or salvageable food which has been reconditioned or salvaged under supervision of the commissioner so as to comply with the standards established under this section.

(d) "Reconditioning" or "salvaging" is the act of cleaning, culling, sorting, scouring, labeling, relabeling, or in any way treating "distressed food" so that it may be deemed to be "reconditioned" or "salvaged food" and therefore is acceptable for sale or use as human food, animal feed, or seed as provided therefor by the commissioner.

(e) "Salvage food processor" is a person who holds a license under section 28A.04 to operate as a salvage food processor and who receives supervision of the salvaging operations from the commissioner.

(f) "Labeling" means any legend or descriptive matter or design appearing upon an article of food or its container, and includes circulars, pamphlets and the like, which are packed and go with the article to the purchaser, and placards which may be allowed to be used to describe the food.

(g) "Salvage food distributor" means a person who engages in the business of selling, distributing, or otherwise trafficking at wholesale in any distressed or salvaged food.

Sec. 3. Minnesota Statutes 1992, section 31.495, subdivision 2, is amended to read:

Subd. 2. [LICENSING; PERMIT.] (a) It is unlawful for any person either to claim to be a salvage food processor, or to engage in the activities of reconditioning or salvaging distressed food, or both, without a license issued under section 28A.04 authorizing that person to operate as a salvage food processor, which license may not be issued absent compliance with all the provisions of this section and all rules promulgated under this section.

(b) Before issuing a license, the commissioner shall determine that the applicant's salvage establishment meets at least the minimum requirements adopted by rule for such an establishment which shall include but not be limited to adequacy of buildings, location, water supply, waste disposal, equipment, hand washing and toilet facilities, and sanitation practices, as the same relate to the protection of the public health and welfare.

(c) The license fee for a salvage food processor or distributor shall cover a maximum of six inspections per year. Costs of additional inspections or reinspections will be charged to the salvage food processor or distributor at the rate of $500 per inspection, plus laboratory costs.

(d) It is unlawful for any person either to claim to be a salvaged food distributor or to engage in the activities of selling, distributing, or otherwise trafficking in any distressed or salvaged food, or both, at wholesale, without a license issued under section 28A.04 authorizing that person to operate as a salvage food distributor, which license may not be issued absent compliance with all the provisions of this section and all rules adopted under this section.

Sec. 4. Minnesota Statutes 1992, section 31.495, is amended by adding a subdivision to read:

Subd. 4a. [LABELING REQUIREMENTS.] (a) Any container of food with the label or mandatory information missing that cannot be identified and relabeled correctly must not be sold. When original labels are missing or illegible, relabeling or overlabeling is required.

(b) All salvaged food, except as described in paragraph (e), shall be identified to indicate that the food has been salvaged by clearly marking the term "salvaged food" on all invoices, bills of lading, shipping invoices, receipts, and inventory records.

(c) All persons selling salvaged food, at retail, except as described in paragraph (e), shall notify the consumer that the food is salvaged either by (1) labeling each retail package or container "salvaged" or "reconditioned" or (2) posting a conspicuous placard at the retail display location stating "salvaged food" or "reconditioned food." Placards must be readable, using letters of not less than 1-1/2 inch type. Placards may also state "This item has been reconditioned and has been determined wholesome for human consumption under applicable state requirements by (name of food seller)."

(d) All salvaged food in containers must be provided with labels that comply with the requirements contained in chapters 29, 30, 31, 31A, 32, 33, and 34. If original labels are removed from containers that are to be resold or redistributed, the replacement labels must show as the distributor the name and address of the salvage food processor and the date of reconditioning for sale or distribution.

(e) Paragraphs (b) and (c) do not apply to food products damaged in the normal course of handling and transportation, where the food is intact in its original container and has not been subject to fire, chemical spills, temperature abuse in perishable food products, immersion in water, or other similar risk of contamination.

Sec. 5. Minnesota Statutes 1992, section 31.495, is amended by adding a subdivision to read:

Subd. 4b. [RECORD KEEPING REQUIREMENTS.] A written record or receipt of distressed, salvageable, and salvaged food must be kept by the salvage food processor and distributor for inspection by the commissioner during business hours. The records must include the name of the product, the source of the distressed food, the date received, the type of damage, the salvage process conducted, and the purchase of the salvaged food. These records must be kept on the premises of the salvage food processor and distributor for a period of one year following the completion of transactions involving the food.

Sec. 6. Minnesota Statutes 1992, section 31.495, subdivision 5, is amended to read:

Subd. 5. [EXCEPTIONS.] This section does not apply to: (a) any food manufacturer, distributor, retailer, or processor who in the normal course of the business of manufacturing, processing, retailing, or distributing of food engages in the activities of reconditioning and salvaging distressed food manufactured, distributed or processed by or for that person and not purchased by that person solely for the purpose of reconditioning, salvaging, and sale; or (b) Any person who reassembles or disposes of undamaged food which is from lots in which food or packaging materials or containers are damaged in the normal course of commerce or while in that person's possession and which is not purchased by that person solely for the purpose of reconditioning, salvaging, and sale, or any common carrier or agent of the common carrier who disposes of or otherwise transfers undamaged or distressed food to a person exempt under this section or to a salvage food processor who holds a valid license under this section; or (c) Any person who stores, handles or processes grain or oil seeds in the normal course of business except when such person purchases for the purpose of reconditioning, salvaging, and sale as human food grain or oil seeds contaminated by bird, rodent or animal excreta or by chemicals poisonous, injurious or detrimental to human life or health.

Sec. 7. [COMMISSIONER'S STUDY.]

The commissioner, in consultation with the commissioner of health and affected industry, shall study the need for further regulation of the purchase, reconditioning, and sale of salvaged food from food service establishments and retailers within the state and those received in interstate commerce. The commissioner shall report to the legislature by January 15, 1996, on the results of the study."

Delete the title and insert:

"A bill for an act relating to commerce; agriculture; adding labeling requirements for salvaged food; adding licensing and permit requirements for salvaged food distributors; adding record keeping requirements; requiring salvaged food served for compensation to be identified; providing for labeling of Canadian wild rice; amending Minnesota Statutes 1992, sections 30.49, subdivision 2; and 31.495, subdivisions 1, 2, 5, and by adding subdivisions."

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

The report was adopted.

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

H. F. No. 2175, A bill for an act relating to the city of Saint Paul; authorizing a program for the replacement of lead pipes and the charging or assessment of costs for the program and the issuance of general or special obligations to pay the costs of the program.

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. 2181, A bill for an act relating to human services; modifying provisions relating to paternity determination and the administration and enforcement of child support; providing penalties; amending Minnesota Statutes 1992, sections 62A.046; 62A.048; 62A.27; 257.62, subdivisions 1, 5, and 6; 257.64, subdivision 3; 257.69, subdivisions 1 and 2; 518.171, subdivision 5; and 518.613, subdivision 7; Minnesota Statutes 1993 Supplement, sections 62A.045; 257.55, subdivision 1; 257.57, subdivision 2; 518.171, subdivisions 1, 3, 4, 7, and 8; 518.611, subdivisions 2 and 4; 518.613, subdivision 2; and 518.615, subdivision 3; repealing Minnesota Statutes 1992, sections 62C.141; 62C.143; 62D.106; and 62E.04 subdivisions 9 and 10.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1993 Supplement, section 62A.045, is amended to read:

62A.045 [PAYMENTS ON BEHALF OF WELFARE RECIPIENTS.]

No ~~policy of accident and sickness insurance regulated under this chapter; vendor of risk management services regulated under section 60A.23; nonprofit health service plan corporation regulated under chapter 62C; health maintenance organization regulated under chapter 62D; or self insured plan regulated under chapter 62E~~ health plan issued or renewed to provide coverage to a Minnesota resident shall contain any provision denying or reducing benefits because services are rendered to a person who is eligible for or receiving medical benefits pursuant to title XIX of the Social Security Act (Medicaid) in this or any other state; chapter 256; 256B; or 256D or services pursuant to section 252.27; 256.9351 to 256.9361; 260.251, subdivision 1a; or 393.07, subdivision 1 or 2. No ~~insurer~~ health carrier providing benefits under ~~policies~~ plans covered by this section shall use eligibility for medical programs named in this section as an underwriting guideline or reason for nonacceptance of the risk.

To the extent that payment for covered expenses has been made under state medical programs for health care items or services furnished to an individual, in any case where a third party has a legal liability to make payments the state is considered to have acquired the rights of the individual to payment by any other party for those health care items or services.

Notwithstanding any law to the contrary, when a person covered ~~under~~ by a ~~policy of accident and sickness insurance, risk management plan, nonprofit health service plan, health maintenance organization, or self insured~~ health plan receives medical benefits according to any statute listed in this section, payment for covered services or notice of denial for services billed by the provider must be issued directly to the provider. If a person was receiving medical benefits through the department of human services at the time a service was provided, the provider must indicate this benefit coverage on any claim forms submitted by the provider to the ~~insurer~~ health carrier for those services. If the commissioner of human services notifies the ~~insurer~~ health carrier that the commissioner has made payments to the provider, payment for benefits or notices of denials issued by the ~~insurer~~ health carrier must be issued directly to the commissioner. Submission by the department to the ~~insurer~~ health carrier of the claim on a department of human services claim form is proper notice and shall be considered proof of payment of the claim to the provider and supersedes any contract requirements of the ~~insurer~~ health carrier relating to the form of submission. Liability to the insured for coverage is satisfied to the extent that payments for those benefits are made by the ~~insurer~~ health carrier to the provider or the commissioner.

A health carrier may not impose requirements on a state agency which has been assigned the rights of an individual eligible for medical programs named in this section, and covered for health benefits from the health carrier, that are different from requirements applicable to an agent or assignee of any other individual so covered.

For the purpose of this section, health plan includes integrated service networks, any plan governed under the federal Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, sections 1001 to 1461, and the following exclusions under section 62A.011, subdivision 3, clauses (2), (6), (9), and (10).

Sec. 2. Minnesota Statutes 1992, section 62A.046, is amended to read:

62A.046 [COORDINATION OF BENEFITS.]

(1) No group contract providing coverage for hospital and medical treatment or expenses issued or renewed after August 1, 1984, which is responsible for secondary coverage for services provided, may deny coverage or payment of the amount it owes as a secondary payor solely on the basis of the failure of another group contract, which is responsible for primary coverage, to pay for those services.

(2) A group contract which provides coverage of a claimant as a dependent of a parent who has legal responsibility for the dependent's medical care pursuant to a court order under section 518.171 must make payments directly to the provider of care, the custodial parent, or the department of human services pursuant to section 62A.045. In such cases, liability to the insured is satisfied to the extent of benefit payments made to the provider.

(3) This section applies to an insurer, a vendor of risk management services regulated under section 60A.23, a nonprofit health service plan corporation regulated under chapter 62C and a health maintenance organization regulated under chapter 62D. Nothing in this section shall require a secondary payor to pay the obligations of the primary payor nor shall it prevent the secondary payor from recovering from the primary payor the amount of any obligation of the primary payor that the secondary payor elects to pay.

(4) Payments made by an enrollee or by the commissioner on behalf of an enrollee in the children's health plan under sections 256.9351 to 256.9361, or a person receiving benefits under chapter 256B or 256D, for services that are covered by the policy or plan of health insurance shall, for purposes of the deductible, be treated as if made by the insured.

(5) The commissioner of human services shall recover payments made by the children's health plan from the responsible insurer, for services provided by the children's health plan and covered by the policy or plan of health insurance.

(6) Insurers, vendors of risk management services, nonprofit health service plan corporations, fraternals, and health maintenance organizations may coordinate benefits to prohibit greater than 100 percent coverage when an insured, subscriber, or enrollee is covered by both an individual and a group contract providing coverage for hospital and medical treatment or expenses. Benefits coordinated under this paragraph must provide for 100 percent coverage of an insured, subscriber, or enrollee. To the extent appropriate, all coordination of benefits provisions currently applicable by law or rule to insurers, vendors of risk management services, nonprofit health service plan corporations, fraternals, and health maintenance organizations, shall apply to coordination of benefits between individual and group contracts, except that the group contract shall always be the primary plan. This paragraph does not apply to specified accident, hospital indemnity, specified disease, or other limited benefit insurance policies.

Sec. 3. Minnesota Statutes 1992, section 62A.048, is amended to read:

62A.048 [DEPENDENT COVERAGE.]

A ~~policy of accident and sickness insurance~~ health plan that covers ~~an employee who is~~ a Minnesota resident must, if it provides dependent coverage, allow dependent children who do not reside with the ~~covered employee~~ participant to be covered on the same basis as if they reside with the ~~covered employee~~ participant. ~~Neither the amount of support provided by the employee to the dependent child nor the residency of the child may be used as an excluding or limiting factor for coverage or payment for health care.~~ Enrollment of a child cannot be denied on the basis that the child was born out of wedlock, the child is not claimed as a dependent on the parent's federal income tax return, or the child does not reside with the parent or in the insurer's service area. Every health plan must provide coverage in accordance with section 518.171 to dependents covered by a qualified court or administrative order meeting the requirements of section 518.171.

For the purpose of this section, health plan includes integrated service networks, coverage designed solely to provide dental or vision care, and any plan governed under the federal Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, sections 1001 to 1461.

Sec. 4. Minnesota Statutes 1992, section 62A.27, is amended to read:

62A.27 [COVERAGE FOR ADOPTED CHILDREN.]

~~An individual or group policy or plan of health and accident insurance regulated under this chapter or chapter 64B, subscriber contract regulated under chapter 62C, or health maintenance contract regulated under chapter 62D,~~ A health plan that provides coverage to a Minnesota resident must cover adopted children of the insured, subscriber, participant, or enrollee on the same basis as other dependents. Consequently, the ~~policy or~~ plan shall not contain any provision concerning preexisting condition limitations, insurability, eligibility, or health underwriting approval concerning ~~adopted~~ children placed for adoption with the participant.

The coverage required by this section is effective from the date of placement for ~~the purpose of~~ adoption ~~and continues unless the placement is disrupted prior to legal adoption and the child is removed from placement.~~ Placement for adoption means the assumption and retention by a person of a legal obligation for total or partial support of a child in anticipation of adoption of the child. The child's placement with a person terminates upon the termination of the legal obligation for total or partial support.

For the purpose of this section, health plan includes integrated service networks, coverage that is designed solely to provide dental or vision care, and any plan under the federal Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, sections 1001 to 1461.

Sec. 5. Minnesota Statutes 1992, section 256.74, is amended by adding a subdivision to read:

Subd. 6. [GOOD CAUSE CLAIMS.] All applications for good cause to not cooperate with child support enforcement are to be reviewed by designees of the county human services board to ensure the validity of good cause determinations.

Sec. 6. Minnesota Statutes 1993 Supplement, section 257.55, subdivision 1, is amended to read:

Subdivision 1. [PRESUMPTION.] A man is presumed to be the biological father of a child if:

(a) He and the child's biological mother are or have been married to each other and the child is born during the marriage, or within 280 days after the marriage is terminated by death, annulment, declaration of invalidity, dissolution, or divorce, or after a decree of legal separation is entered by a court;

(b) Before the child's birth, he and the child's biological mother have attempted to marry each other by a marriage solemnized in apparent compliance with law, although the attempted marriage is or could be declared void, voidable, or otherwise invalid, and,

(1) if the attempted marriage could be declared invalid only by a court, the child is born during the attempted marriage, or within 280 days after its termination by death, annulment, declaration of invalidity, dissolution or divorce; or

(2) if the attempted marriage is invalid without a court order, the child is born within 280 days after the termination of cohabitation;

(c) After the child's birth, he and the child's biological mother have married, or attempted to marry, each other by a marriage solemnized in apparent compliance with law, although the attempted marriage is or could be declared void, voidable, or otherwise invalid, and,

(1) he has acknowledged his paternity of the child in writing filed with the state registrar of vital statistics;

(2) with his consent, he is named as the child's father on the child's birth certificate; or

(3) he is obligated to support the child under a written voluntary promise or by court order;

(d) While the child is under the age of majority, he receives the child into his home and openly holds out the child as his biological child;

(e) He and the child's biological mother acknowledge his paternity of the child in a writing signed by both of them under section 257.34 and filed with the state registrar of vital statistics. If another man is presumed under this paragraph to be the child's father, acknowledgment may be effected only with the written consent of the presumed father or after the presumption has been rebutted;

(f) Evidence of statistical probability of paternity based on blood or genetic testing establishes the likelihood that he is the father of the child, calculated with a prior probability of no more than 0.5 (50 percent), is 99 percent or greater;

(g) He and the child's biological mother have executed a recognition of parentage in accordance with section 257.75 and another man is presumed to be the father under this subdivision; or

(h) He and the child's biological mother have executed a recognition of parentage in accordance with section 257.75 and another man and the child's mother have executed a recognition of parentage in accordance with section 257.75.

Sec. 7. Minnesota Statutes 1993 Supplement, section 257.57, subdivision 2, is amended to read:

Subd. 2. The child, the mother, or personal representative of the child, the public authority chargeable by law with the support of the child, the personal representative or a parent of the mother if the mother has died or is a minor, a man alleged or alleging himself to be the father, or the personal representative or a parent of the alleged father if the alleged father has died or is a minor may bring an action:

(1) at any time for the purpose of declaring the existence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (d), (e), (f), (g), or (h), or the nonexistence of the father and child relationship presumed under clause (d) of that subdivision;

(2) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (e) or (g), only if the action is brought within three years after the date of the execution of the declaration or recognition of parentage; or

(3) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (f), only if the action is brought within three years after the party bringing the action, or the party's attorney of record, has been provided the blood or genetic test results.

Sec. 8. Minnesota Statutes 1992, section 257.62, subdivision 1, is amended to read:

Subdivision 1. [BLOOD OR GENETIC TESTS REQUIRED.] The court may, and upon request of a party shall, require the child, mother, or alleged father to submit to blood or genetic tests. A copy of the test results must be served on the parties as provided in section 543.20. Any objection to the results of blood or genetic tests must be made in writing no later than 15 days prior to a hearing at which those test results may be introduced into evidence. Test results served upon a party must include notice of this right to object. If the alleged father is dead, the court may, and upon request of a party shall, require the decedent's parents or brothers and sisters or both to submit to blood or genetic tests. However, in a case involving these relatives of an alleged father, who is deceased, the court may refuse to order blood or genetic tests if the court makes an express finding that submitting to the tests presents a danger to the health of one or more of these relatives that outweighs the child's interest in having the tests performed. Unless the person gives consent to the use, the results of any blood or genetic tests of the decedent's parents, brothers, or sisters may be used only to establish the right of the child to public assistance including but not limited to social security and veterans' benefits. The tests shall be performed by a qualified expert appointed by the court.

Sec. 9. Minnesota Statutes 1992, section 257.62, subdivision 5, is amended to read:

Subd. 5. [POSITIVE TEST RESULTS.] (a) If the results of blood or genetic tests completed in a laboratory accredited by the American Association of Blood Banks indicate that the likelihood of the alleged father's paternity, calculated with a prior probability of no more than 0.5 (50 percent), is 92 percent or greater, upon motion the court shall order the alleged father to pay temporary child support determined according to chapter 518. The alleged father shall pay the support money into court pursuant to the rules of civil procedure to await the results of the paternity proceedings.

(b) If the results of blood or genetic tests completed in a laboratory accredited by the American Association of Blood Banks indicate that likelihood of the alleged father's paternity, calculated with a prior probability of no more than 0.5 (50 percent), is 99 percent or greater, the alleged father is presumed to be the parent and the party opposing the establishment of the alleged father's paternity has the burden of proving by clear and convincing evidence that the alleged father is not the father of the child.

Sec. 10. Minnesota Statutes 1992, section 257.62, subdivision 6, is amended to read:

Subd. 6. [TESTS, EVIDENCE ADMISSIBLE.] In any hearing brought under subdivision 5, a certified report of the facts and results of a laboratory analysis or examination of blood or genetic tests, that is performed in a laboratory accredited to meet the Standards for Parentage Testing of the American Association of Blood Banks and is prepared and attested by a qualified expert appointed by the court, shall be admissible in evidence without proof of the seal, signature, or official character of the person whose name is signed to it~~, unless a demand is made by a party in a motion or responsive motion made within the time limit for making and filing a responsive motion that the matter be heard on oral testimony before the court~~. If no objection is made, the blood or genetic test results are admissible as evidence without the need for foundation testimony or other proof of authenticity or accuracy.

Sec. 11. Minnesota Statutes 1992, section 257.64, subdivision 3, is amended to read:

Subd. 3. If a party refuses to accept a recommendation made under subdivision 1 and blood or genetic tests have not been taken, the court shall require the parties to submit to blood or genetic tests~~, if practicable~~. Any objection to blood or genetic testing results must be made in writing no later than 15 days before any hearing at which the results may be introduced into evidence. Test results served upon a party must include a notice of this right to object. Thereafter the court shall make an appropriate final recommendation. If a party refuses to accept the final recommendation the action shall be set for trial.

Sec. 12. Minnesota Statutes 1992, section 257.69, subdivision 1, is amended to read:

Subdivision 1. [COUNSEL; APPOINTMENT.] In all proceedings under sections 257.51 to 257.74, any party may be represented by counsel. ~~If the public authority charged by law with support of a child is a party,~~ The county attorney shall represent the public authority. ~~If the child receives public assistance and no conflict of interest exists, the county attorney shall also represent the custodial parent. If a conflict of interest exists, the court shall appoint counsel for the custodial parent at no cost to the parent. If the child does not receive public assistance, the county attorney may represent the custodial parent at the parent's request.~~ The court shall appoint counsel for a party who is unable to pay timely for counsel in proceedings under sections 257.51 to 257.74.

Sec. 13. Minnesota Statutes 1992, section 257.69, subdivision 2, is amended to read:

Subd. 2. [GUARDIAN; LEGAL FEES.] The court may order expert witness and guardian ad litem fees and other costs of the trial and pretrial proceedings, including appropriate tests, to be paid by the parties in proportions and at times determined by the court. The court shall require a party to pay part of the fees of court-appointed counsel according to the party's ability to pay, but if counsel has been appointed the appropriate agency shall pay the party's proportion of all other fees and costs. The agency responsible for child support enforcement shall pay the fees and costs for blood or genetic tests in a proceeding in which it is a party, is the real party in interest, or is acting on behalf of the child. However, at the close of a proceeding in which paternity has been established under sections 257.51 to 257.74, the court shall order the adjudicated father to reimburse the public agency, if the court finds he has sufficient resources to pay the costs of the blood or genetic tests. When a party bringing an action is represented by the county attorney, no filing fee shall be paid to the court administrator.

Sec. 14. Minnesota Statutes 1993 Supplement, section 518.171, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] Compliance with this section constitutes compliance with a qualified medical child support order as described in the federal Employee Retirement Income Security Act of 1974 (ERISA) as amended by the federal Omnibus Budget Reconciliation Act of 1993 (OBRA).

(a) Every child support order must:

(1) expressly assign or reserve the responsibility for maintaining medical insurance for the minor children and the division of uninsured medical and dental costs; and

(2) contain the names and last known addresses, if any, of the dependents unless the court prohibits the inclusion of an address and orders the custodial parent to provide the address to the administrator of the health plan. The court shall order the party with the better group dependent health and dental insurance coverage or health insurance plan to name the minor child as beneficiary on any health and dental insurance plan that is ~~comparable to or better than a number two qualified plan and~~ available to the party on:

(i) a group basis; ~~or~~

(ii) through an employer or union; or

(iii) through a group health plan governed under the ERISA and included within the definitions relating to health plans found in section 62A.011, 62A.048, or 62E.06, subdivision 2.

"Health insurance" or "health insurance coverage" as used in this section means coverage that is comparable to or better than a number two qualified plan as defined in section 62E.06, subdivision 2. "Health insurance" or "health insurance coverage" as used in this section does not include medical assistance provided under chapter 256, 256B, or 256D.

(b) If the court finds that dependent health or dental insurance is not available to the obligor or obligee on a group basis or through an employer or union, or that ~~the~~ group ~~insurer~~ insurance is not accessible to the obligee, the court may require the obligor (1) to obtain other dependent health or dental insurance, (2) to be liable for reasonable and necessary medical or dental expenses of the child, or (3) to pay no less than $50 per month to be applied to the medical and dental expenses of the children or to the cost of health insurance dependent coverage.

(c) If the court finds that the available dependent health or dental insurance does not pay all the reasonable and necessary medical or dental expenses of the child, including any existing or anticipated extraordinary medical expenses, and the court finds that the obligor has the financial ability to contribute to the payment of these medical or dental expenses, the court shall require the obligor to be liable for all or a portion of the medical or dental expenses of the child not covered by the required health or dental plan. Medical and dental expenses include, but are not limited to, necessary orthodontia and eye care, including prescription lenses.

(d) ~~If the obligor is employed by a self insured employer subject only to the federal Employee Retirement Income Security Act (ERISA) of 1974, and the insurance benefit plan meets the above requirements, the court shall order the obligor to enroll the dependents within 30 days of the court order effective date or be liable for all medical and dental expenses occurring while coverage is not in effect. If enrollment in the ERISA plan is precluded by exclusionary clauses, the court shall order the obligor to obtain other coverage or make payments as provided in paragraph (b) or (c).~~

~~(e)~~ Unless otherwise agreed by the parties and approved by the court, if the court finds that the obligee is not receiving public assistance for the child and has the financial ability to contribute to the cost of medical and dental expenses for the child, including the cost of insurance, the court shall order the obligee and obligor to each assume a portion of these expenses based on their proportionate share of their total net income as defined in section 518.54, subdivision 6.

~~(f)~~ (e) Payments ordered under this section are subject to section 518.611. An obligee who fails to apply payments received to the medical expenses of the dependents may be found in contempt of this order.

Sec. 15. Minnesota Statutes 1993 Supplement, section 518.171, subdivision 3, is amended to read:

Subd. 3. [IMPLEMENTATION.] A copy of the court order for insurance coverage shall be forwarded to the obligor's employer or union and to the health or dental insurance plan by the obligee or the public authority responsible for support enforcement only when ordered by the court or when the following conditions are met:

(1) the obligor fails to provide written proof to the obligee or the public authority, within 30 days of the effective date of the court order, that the insurance has been obtained ~~or that application for insurability has been made~~;

(2) the obligee or the public authority serves written notice of its intent to enforce medical support on the obligor by mail at the obligor's last known post office address; and

(3) the obligor fails within 15 days after the mailing of the notice to provide written proof to the obligee or the public authority that the insurance coverage existed as of the date of mailing.

The employer or union shall forward a copy of the order to the health and dental insurance plan offered by the employer.

Sec. 16. Minnesota Statutes 1993 Supplement, section 518.171, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] (a) The order is binding on the employer or union and the health and dental insurance plan when service under subdivision 3 has been made. An employer or union that is included under ERISA may not deny enrollment based on exclusionary clauses described in section 62A.048. Upon receipt of the order, or upon application of the obligor pursuant to the order, the employer or union and its health and dental insurance plan shall enroll the minor child as a beneficiary in the group insurance plan and withhold any required premium from the obligor's income or wages. If more than one plan is offered by the employer or union, the child shall be enrolled in ~~the insurance plan in which the obligor is enrolled or~~ the least costly health insurance plan ~~otherwise~~ available to the obligor that is comparable to a number two qualified plan. If the obligor is not enrolled in a health insurance plan, the employer or union shall also enroll the obligor in the chosen plan if enrollment of the obligor is necessary in order to obtain dependent coverage under the plan. Enrollment of dependents and the obligor must be immediate and not dependent upon open enrollment periods. Enrollment is not subject to underwriting policies described in section 62A.048.

(b) An employer or union that willfully fails to comply with the order is liable for any health or dental expenses incurred by the dependents during the period of time the dependents were eligible to be enrolled in the insurance program, and for any other premium costs incurred because the employer or union willfully failed to comply with the order. An employer or union that fails to comply with the order is subject to contempt under section 518.615 and is also subject to a fine of $500 to be paid to the obligee or public authority. Fines paid to the public authority are designated for child support enforcement services.

(c) Failure of the obligor to execute any documents necessary to enroll the dependent in the group health and dental insurance plan will not affect the obligation of the employer or union and group health and dental insurance plan to enroll the dependent in a plan ~~for which other eligibility requirements are met~~. Information and authorization provided by the public authority responsible for child support enforcement, or by the custodial parent or guardian, is valid for the purposes of meeting enrollment requirements of the health plan. The insurance coverage for a child eligible under subdivision 5 shall not be terminated except as authorized in subdivision 5.

Sec. 17. Minnesota Statutes 1992, section 518.171, subdivision 5, is amended to read:

Subd. 5. [ELIGIBLE CHILD.] A minor child that an obligor is required to cover as a beneficiary pursuant to this section is eligible for insurance coverage as a dependent of the obligor until the child is emancipated or until further order of the court. The health or dental insurance plan may not disenroll or eliminate coverage of the child unless the health or dental insurance plan is provided satisfactory written evidence that the court order is no longer in effect, or the child is or will be enrolled in comparable health coverage through another health or dental insurance plan that will take effect not later than the effective date of the disenrollment, or the employer has eliminated family health and dental coverage for all of its employees.

Sec. 18. Minnesota Statutes 1993 Supplement, section 518.171, subdivision 7, is amended to read:

Subd. 7. [RELEASE OF INFORMATION.] When an order for dependent insurance coverage is in effect, the obligor's employer, union, or insurance agent shall release to the obligee or the public authority, upon request, information on the dependent coverage, including the name of the ~~insurer~~ health or dental insurance plan. The employer, union, health or dental insurance plan, or insurance agent must provide the obligee with insurance identification cards and all necessary written information to enable the obligee to utilize the insurance benefits for the covered dependents. Notwithstanding any other law, information reported pursuant to section 268.121 shall be released to the public agency responsible for support enforcement that is enforcing an order for ~~medical~~ health or dental insurance coverage under this section. The public agency responsible for support enforcement is authorized to release to the obligor's ~~insurer~~ health or dental insurance plan or employer information necessary to obtain or enforce medical support.

Sec. 19. Minnesota Statutes 1993 Supplement, section 518.171, subdivision 8, is amended to read:

Subd. 8. [OBLIGOR LIABILITY.] (a) An obligor who fails to maintain medical or dental insurance for the benefit of the children as ordered or fails to provide other medical support as ordered is liable to the obligee for any medical or dental expenses incurred from the effective date of the court order, including health and dental insurance premiums paid by the obligee because of the obligor's failure to obtain coverage as ordered. Proof of failure to maintain insurance or noncompliance with an order to provide other medical support constitutes a showing of increased need by the obligee pursuant to section 518.64 and provides a basis for a modification of the obligor's child support order.

(b) Payments for services rendered to the dependents that are directed to the obligor, in the form of reimbursement by the ~~insurer~~ health or dental insurance plan, must be endorsed over to and forwarded to the vendor or custodial parent or public authority when the reimbursement is not owed to the obligor. An obligor retaining insurance reimbursement not owed to the obligor may be found in contempt of this order and held liable for the amount of the reimbursement. Upon written verification by the ~~insurer~~ health or dental insurance plan of the amounts paid to the obligor, the reimbursement amount is subject to all enforcement remedies available under subdivision 10, including income withholding pursuant to section 518.611. The monthly amount to be withheld until the obligation is satisfied is 20 percent of the original debt or $50, whichever is greater.

Sec. 20. Minnesota Statutes 1993 Supplement, section 518.611, subdivision 2, is amended to read:

Subd. 2. [CONDITIONS OF INCOME WITHHOLDING.] (a) Withholding shall result when:

(1) the obligor requests it in writing to the public authority;

(2) the custodial parent requests it by making a motion to the court and the court finds that previous support has not been paid on a timely or consistent basis or that the obligor has threatened expressly or otherwise to stop or reduce payments; or

(3) the obligor fails to make the maintenance or support payments, and the following conditions are met:

(i) the obligor is at least 30 days in arrears;

(ii) the obligee or the public authority serves written notice of income withholding, showing arrearage, on the obligor at least 15 days before service of the notice of income withholding and a copy of the court's order on the payor of funds;

(iii) within the 15-day period, the obligor fails to move the court to deny withholding on the grounds that an arrearage of at least 30 days does not exist as of the date of the notice of income withholding, or on other grounds limited to mistakes of fact, and, ex parte, to stay service on the payor of funds until the motion to deny withholding is heard;

(iv) the obligee or the public authority serves a copy of the notice of income withholding, a copy of the court's order or notice of order, and the provisions of this section on the payor of funds; and

(v) the obligee serves on the public authority a copy of the notice of income withholding, a copy of the court's order, an application, and the fee to use the public authority's collection services.

For those persons not applying for the public authority's IV-D services, a monthly service fee of $15 must be charged to the obligor in addition to the amount of child support ordered by the court and withheld through automatic income withholding, or for persons applying for the public authority's IV-D services, the service fee under section 518.551, subdivision 7, applies. The county agency shall explain to affected persons the services available and encourage the applicant to apply for IV-D services.

(b) To pay the arrearage specified in the notice of income withholding, the employer or payor of funds shall withhold from the obligor's income an additional amount equal to 20 percent of the monthly child support or maintenance obligation until the arrearage is paid.

(c) The obligor may move the court, under section 518.64, to modify the order respecting the amount of maintenance or support.

(d) Every order for support or maintenance shall provide for a conspicuous notice of the provisions of this subdivision that complies with section 518.68, subdivision 2. An order without this notice remains subject to this subdivision.

(e) Absent a court order to the contrary, if an arrearage exists at the time an order for ongoing support or maintenance would otherwise terminate, income withholding shall continue in effect in an amount equal to the former support or maintenance obligation plus an additional amount equal to 20 percent of the monthly child support obligation, until all arrears have been paid in full.

Sec. 21. Minnesota Statutes 1993 Supplement, section 518.611, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] (a) Notwithstanding any law to the contrary, the order is binding on the employer, trustee, payor of the funds, or financial institution when service under subdivision 2 has been made. Withholding must begin no later than the first pay period that occurs after 14 days following the date of the notice. In the case of a financial institution, preauthorized transfers must occur in accordance with a court-ordered payment schedule. An employer, payor of funds, or financial institution in this state is required to withhold income according to court orders for withholding issued by other states or territories. The payor shall withhold from the income payable to the obligor the amount specified in the order and amounts required under subdivision 2 and section 518.613 and shall remit, within ten days of the date the obligor is paid the remainder of the income, the amounts withheld to the public authority. The payor shall identify on the remittance information the date the obligor is paid the remainder of the income. The obligor is considered to have paid the amount withheld as of the date the obligor received the remainder of the income. The financial institution shall execute preauthorized transfers from the deposit accounts of the obligor in the amount specified in the order and amounts required under subdivision 2 as directed by the public authority responsible for child support enforcement.

(b) Employers may combine all amounts withheld from one pay period into one payment to each public authority, but shall separately identify each obligor making payment. Amounts received by the public authority which are in excess of public assistance expended for the party or for a child shall be remitted to the party.

(c) An employer shall not discharge, or refuse to hire, or otherwise discipline an employee as a result of a wage or salary withholding authorized by this section. The employer or other payor of funds shall be liable to the obligee for any amounts required to be withheld. A financial institution is liable to the obligee if funds in any of the obligor's deposit accounts identified in the court order equal the amount stated in the preauthorization agreement but are not transferred by the financial institution in accordance with the agreement. An employer or other payor of funds that fails to withhold or transfer funds in accordance with this section is also liable to the obligee for interest on the funds at the rate applicable to judgments under section 549.09, computed from the date the funds were required to be withheld or transferred. An employer or other payor of funds is liable for reasonable attorney fees of the obligee or public authority incurred in enforcing the liability under this paragraph. An employer or other payor of funds that has failed to comply with the requirements of this section is subject to contempt sanctions under section 518.615. If an employer violates this subdivision, a court may award the employee twice the wages lost as a result of this violation. If a court finds the employer violates this subdivision, the court shall impose a civil fine of not less than $500.

Sec. 22. Minnesota Statutes 1993 Supplement, section 518.613, subdivision 2, is amended to read:

Subd. 2. [ORDER; COLLECTION SERVICES.] Every order for child support must include the obligor's social security number and date of birth and the name and address of the obligor's employer or other payor of funds. In addition, every order must contain provisions requiring the obligor to keep the public authority informed of the name and address of the obligor's current employer, or other payor of funds and whether the obligor has access to employment-related health insurance coverage and, if so, the health insurance policy information. Upon entry of the order for support or maintenance, the court shall mail, within five working days of entering the order, a copy of the court's automatic income withholding order and the provisions of section 518.611 and this section to the obligor's employer or other payor of funds and to the public authority responsible for child support enforcement. If the employer is unknown, the order must be forwarded to the public authority responsible for child support enforcement. Upon locating a payor of funds, the public authority responsible for child support enforcement shall mail a copy of the court's automatic income withholding order within five working days of locating the address of the payor of funds. An obligee who is not a recipient of public assistance must decide to either apply for the IV-D collection services of the public authority or obtain income withholding only services when an order for support is entered unless the requirements of this section have been waived under subdivision 7. The supreme court shall develop a standard automatic income withholding form to be used by all Minnesota courts. This form shall be made a part of any order for support or decree by reference.

Sec. 23. Minnesota Statutes 1992, section 518.613, subdivision 7, is amended to read:

Subd. 7. [WAIVER.] (a) The court may waive the requirements of this section if the court finds that there is no arrearage in child support or maintenance as of the date of the hearing~~, that it would not be contrary to the best interests of the child~~, and: (1) one party demonstrates and the court finds that there is good cause to waive the requirements of this section or to terminate automatic income withholding on an order previously entered under this section; or (2) all parties reach a written agreement that provides for an alternative payment arrangement and the

agreement is approved by the court after a finding that the agreement is likely to result in regular and timely payments. The court's findings waiving the requirements of this section must include a written explanation of the reasons why automatic withholding would not be in the best interests of the child and, in the case that involves modification of support, that past support has been timely made. If the court waives the requirements of this section:

(1) in all cases where the obligor is at least 30 days in arrears, withholding must be carried out pursuant to section 518.611;

(2) the obligee may at any time and without cause request the court to issue an order for automatic income withholding under this section; and

(3) the obligor may at any time request the public authority to begin withholding pursuant to this section, by serving upon the public authority the request and a copy of the order for child support or maintenance. Upon receipt of the request, the public authority shall serve a copy of the court's order and the provisions of section 518.611 and this section on the obligor's employer or other payor of funds. The public authority shall notify the court that withholding has begun at the request of the obligor pursuant to this clause.

(b) For purposes of this subdivision, "parties" includes the public authority in cases when it is a party pursuant to section 518.551, subdivision 9.

Sec. 24. Minnesota Statutes 1993 Supplement, section 518.615, subdivision 3, is amended to read:

Subd. 3. [LIABILITY.] The employer, trustee, or payor of funds is liable to the obligee or the agency responsible for child support enforcement for any amounts required to be withheld that were not paid. The court may enter judgment against the employer, trustee, or payor of funds for support not withheld or remitted. An employer, trustee, or payor of funds found guilty of contempt shall be punished by a fine of not more than $250 as provided in chapter 588. The court may also impose other contempt sanctions authorized under chapter 588.

Sec. 25. [REPEALER.]

Minnesota Statutes 1992, sections 62C.141; 62C.143; 62D.106; and 62E.04, subdivisions 9 and 10, are repealed.

Sec. 26. [EFFECTIVE DATE.]

Sections 1 to 4 and 14 to 19 are effective retroactively to August 10, 1993."

Delete the title and insert:

"A bill for an act relating to human services; modifying provisions relating to paternity determination and the administration and enforcement of child support; providing penalties; amending Minnesota Statutes 1992, sections 62A.046; 62A.048; 62A.27; 256.74, by adding a subdivision; 257.62, subdivisions 1, 5, and 6; 257.64, subdivision 3; 257.69, subdivisions 1 and 2; 518.171, subdivision 5; and 518.613, subdivision 7; Minnesota Statutes 1993 Supplement, sections 62A.045; 257.55, subdivision 1; 257.57, subdivision 2; 518.171, subdivisions 1, 3, 4, 7, and 8; 518.611, subdivisions 2 and 4; 518.613, subdivision 2; and 518.615, subdivision 3; repealing Minnesota Statutes 1992, sections 62C.141; 62C.143; 62D.106; and 62E.04, subdivisions 9 and 10."

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

The report was adopted.

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

H. F. No. 2192, A bill for an act relating to retirement; correctional employees retirement plan of the Minnesota state retirement system; transferring various employment positions in the departments of corrections and human services from coverage by the general state employees retirement plan or the teachers retirement association to the correctional employees retirement plan; amending Minnesota Statutes 1992, sections 352.91, by adding subdivisions; and 352.92, subdivision 2.

Reported the same back with the following amendments:

Page 2, delete lines 8 to 11

Page 2, line 12, delete "(6)" and insert "(2)"

Page 2, delete lines 13 to 16

Page 2, line 17, delete "(11)" and insert "(3)" and after the semicolon, insert "and"

Page 2, delete lines 18 to 21, and insert:

"(4) clinical nurse specialist."

Page 2, delete lines 34 to 36

Page 3, delete lines 1 and 14

Page 3, line 23, delete "and"

Page 3, line 24, delete the period, and insert a semicolon

Page 3, after line 24, insert:

"(23) library information research services specialist senior;

(24) psychologist supervisor; and

(25) psychological services director."

Renumber the clauses in sequence

Page 3, line 30, delete "7.55" and insert "6.99"

Page 7, delete lines 5 to 9, and insert:

"(c) As a corresponding employer contribution transfer amount, an amount equal to employee contributions plus interest, as determined in paragraph (a), must be"

Page 7, line 11, after "fund" insert ", as applicable,"

Page 7, line 12, delete everything after the period

Page 7, delete line 13

Page 7, line 14, delete everything before "Additional"

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

The report was adopted.

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

H. F. No. 2405, A bill for an act relating to retirement; making various administrative and minor substantive changes in the laws governing the Minnesota state retirement system, the public employees retirement association, and the teachers retirement association; amending Minnesota Statutes 1992, sections 176.021, subdivision 7; 352.01, subdivisions 11 and 13; 352.04, subdivisions 2 and 3; 352.119, by adding a subdivision; 352D.04, subdivision 2; 353.03,

subdivisions 1 and 3a; 353.33, subdivisions 5 and 7; 353.656, subdivisions 2 and 4; 354.05, subdivisions 2, 21, 22, 35, and by adding subdivisions; 354.06, subdivisions 2a and 4; 354.071, subdivision 5; 354.091; 354.10, subdivisions 1 and 2; 354.42, subdivisions 3 and 5; 354.44, subdivisions 1a, 4, 5, and 5a; 354.47; 354.48, subdivision 2; 354.49, subdivision 1; 354.50, subdivision 1; 354.52, subdivisions 2, 2a, 4, and by adding subdivisions; 354.66, subdivisions 2, 3, and by adding a subdivision; and 356.30, subdivision 1; Minnesota Statutes 1993 Supplement, sections 3A.02, subdivision 5; 352.22, subdivision 2; 352.93, subdivision 2a; 352.96, subdivision 4; 352B.08, subdivision 2a; 352D.02, subdivision 1a; 353.01, subdivisions 10, 12a, 16, and 28; 353.017, by adding a subdivision; 353.27, subdivision 7; 353.33, subdivisions 11 and 12; 353.37, subdivisions 1, 2, and 4; 353.65, subdivision 3a; 353.656, subdivision 6a; 353A.08, subdivision 3; 354.05, subdivision 8; and 354.46, subdivisions 1 and 5; proposing coding for new law in Minnesota Statutes, chapter 354; repealing Minnesota Statutes 1992, sections 352.15, subdivision 2; 352D.09, subdivision 6; 354.05, subdivisions 15 and 29; 354.43, subdivision 3; 354.57; 354.65; and 356.18.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

PUBLIC PENSION ADMINISTRATION

Section 1. [356.88] [PUBLIC PENSION ADMINISTRATION LEGISLATION.]

Subdivision 1. [DUE DATES.] (a) Proposed administrative legislation recommended by or on behalf of the Minnesota state retirement system, the public employees retirement association, the teachers retirement association, the Minneapolis employees retirement fund, or a first class city teacher retirement fund association must be presented to the legislative commission on pensions and retirement, the governmental operations and reform committee of the senate, and the governmental operations and gambling committee of the house of representatives on or before October 1 of each year in order for the proposed administrative legislation to be acted upon during the upcoming legislation session. The executive director or the deputy executive director of the legislative commission on pensions and retirement shall provide written comments on the proposed provisions to the public pension plans by November 15 of each year.

(b) Proposed administrative legislation recommended by or on behalf of a public employee pension plan or system under paragraph (a) must address provisions:

(1) authorizing allowable service credit for leaves of absence and related circumstances;

(2) governing offsets or deductions from the amount of disability benefits;

(3) authorizing the purchase of allowable service credit for prior uncredited periods;

(4) governing subsequent employment earnings by reemployed annuitants; and

(5) authorizing retroactive effect for retirement annuity or benefit applications.

(c) Where possible and desirable, taking into account the differences among the public pension plans in existing law and the unique characteristics of the individual public pension fund memberships, uniform provisions relating to paragraph (b) for all applicable public pension plans must be presented for consideration during the legislative session. Supporting documentation setting forth the policy rationale for each set of uniform provisions must accompany the proposed administrative legislation.

Subd. 2. [SALARY STUDY ADVISORY COMMITTEE.] In an effort to treat public employees in a fair and equitable manner and to protect the financial integrity of the public pension plans, the legislative commission on pensions and retirement shall establish an advisory committee to study the definitions of salary in chapters 353, 354, and 354A to determine the high-five average consecutive years of salary component for the formula used to calculate retirement annuities and disability benefits.

The advisory committee must be composed of at least three executive directors and executive secretaries of the seven public pension plans, and the chair, vice-chair, and executive director of the pension commission.

The advisory committee shall report its findings and recommendations to the pension commission by February 15, 1995, and shall cease to exist at that time.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 2

MINNESOTA STATE RETIREMENT SYSTEM

Section 1. Minnesota Statutes 1993 Supplement, section 3A.02, subdivision 5, is amended to read:

Subd. 5. [OPTIONAL ANNUITIES.] (a) The board of directors shall establish an optional retirement annuity in the form of a joint and survivor annuity and an optional retirement annuity in the form of a period certain and life thereafter. ~~These optional annuities are to be available only to legislators who elect to receive retirement annuities under section 356.30 and who do not meet the legislative length of service requirements under subdivision 1, paragraph (a), clause (1).~~ Except as provided in paragraph (b), these optional annuity forms must be actuarially equivalent to the normal annuity computed under this section, ~~without the automatic survivor coverage under section 3A.04~~ plus the actuarial value of any surviving spouse benefit otherwise potentially payable at time of retirement under section 3A.04, subdivision 1. An individual selecting the optional annuity under this subdivision waives any rights to surviving spouse benefits under section 3A.04, subdivision 1.

(b) If a retired legislator selects the joint and survivor annuity option, the retired legislator must receive a normal single-life annuity if the designated optional annuity beneficiary dies before the retired legislator and no reduction may be made in the annuity to provide for restoration of the normal single-life annuity in the event of the death of the designated optional annuity beneficiary.

Sec. 2. Minnesota Statutes 1992, section 352.01, subdivision 11, is amended to read:

Subd. 11. [ALLOWABLE SERVICE.] "Allowable service" means:

(1) Service by an employee for which on or before July 1, 1957, the employee was entitled to allowable service credit on the records of the system by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, chapter 352, as amended by Laws 1955, chapter 239.

(2) Service by an employee for which on or before July 1, 1961, the employee chose to obtain credit for service by making payments to the fund under Minnesota Statutes 1961, section 352.24.

(3) Except as provided in clauses ~~(9)~~ (8) and ~~(10)~~ (9), service by an employee after July 1, 1957, for any calendar month in which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041.

(4) Except as provided in clauses ~~(9)~~ (8) and ~~(10)~~ (9), service by an employee after July 1, 1957, for any calendar month for which payments in lieu of salary deductions are made, deposited, and credited in the fund, as provided in section 352.27 and Minnesota Statutes 1957, section 352.021, subdivision 4.

For purposes of clauses (3) and (4), except as provided in clauses ~~(9)~~ (8) and ~~(10)~~ (9), any salary paid for a fractional part of any calendar month, including the month of separation from state service, is deemed the compensation for the entire calendar month.

(5) The period of absence from their duties by employees who are temporarily disabled because of injuries incurred in the performance of duties and for which disability the state is liable under the workers' compensation law until the date authorized by the director for the commencement of payments of a total and permanent disability benefit from the retirement fund.

(6) ~~The unused part of an employee's annual leave allowance for which the employee is paid salary.~~

~~(7) Any~~ Service covered by a refund repaid as provided in section 352.23 or 352D.05, subdivision 4, except service rendered as an employee of the adjutant general for which the person has credit with the federal civil service retirement system.

~~(8) Any~~ (7) Service before July 1, 1978, by an employee of the transit operating division of the metropolitan transit commission or by an employee on an authorized leave of absence from the transit operating division of the metropolitan transit commission who is employed by the labor organization which is the exclusive bargaining agent representing employees of the transit operating division, which was credited by the metropolitan transit commission-transit operating division employees retirement fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or allowable service as defined in the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on December 31, 1977.

~~(9)~~ (8) Service after July 1, 1983, by an employee who is employed on a part-time basis for less than 50 percent of full time, for which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041 or for which payments in lieu of salary deductions are made, deposited, and credited in the fund as provided in section 352.27 shall be credited on a fractional basis either by pay period, monthly, or annually based on the relationship that the percentage of salary earned bears to a full-time salary, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time pay period, month, or a full-time year. For periods of part-time service that is duplicated service credit, section 356.30, subdivision 1, clauses (i) and (j), govern.

~~The~~ Allowable service determined and credited on a fractional basis shall be used in calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.

~~(10)~~ (9) Any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtained credit by payment to the fund in lieu of salary deductions. To obtain credit, the employee shall pay an amount equal to the employee and employer contribution rate in section 352.04, subdivisions 2 and 3, multiplied by the employee's hourly rate of salary on the date of return from leave of absence and by the days and months of the leave of absence without pay for which the employee wants allowable service credit. The employing department, at its option, may pay the employer amount on behalf of its employees. Payments made under this clause ~~shall~~ must include interest at an annual rate of 8.5 percent compounded annually from the date of termination of the leave of absence to the date payment is made unless payment is completed within one year of the return from leave of absence.

Sec. 3. Minnesota Statutes 1992, section 352.01, subdivision 13, is amended to read:

Subd. 13. [SALARY.] "Salary" means the periodical compensation paid to any employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs. It also means wages and includes net income from fees. Lump sum sick leave payments, severance payments, ~~and all~~ lump sum annual leave payments and overtime payments made at the time of separation from state service, payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to an employee with single coverage, and payments made as an employer-paid fringe benefit and workers' compensation payments are not ~~deemed to be~~ salary. ~~Workers' compensation payments are not considered salary.~~

Sec. 4. Minnesota Statutes 1992, section 352.04, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund must be equal to ~~3.99~~ 4.07 percent of salary. These contributions must be made by deduction from salary as provided in subdivision 4.

Sec. 5. Minnesota Statutes 1992, section 352.04, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTIONS.] (a) The employer contribution to the fund must be equal to ~~4.12~~ 4.2 percent of salary.

(b) By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the employer and employee contribution rates in effect and whether the total amount is less than, the same as, or more than the actuarial requirement determined under section 356.215.

(c) If the legislative commission on pensions and retirement, based on the most recent valuation performed by its actuary, determines that the total amount raised by the employer and employee contributions under subdivision 2 and paragraph (b) is less than the actuarial requirements determined under section 356.215, the employer and employee rates must be increased by equal amounts as necessary to meet the actuarial requirements. The employee rate may not exceed 4.15 percent of salary and the employer rate may not exceed 4.29 percent of salary. The increases are effective on the next January 1 following the determination by the commission. The executive director of the Minnesota state retirement system shall notify employing units of any increases under this paragraph.

Sec. 6. Minnesota Statutes 1992, section 352.119, is amended by adding a subdivision to read:

Subd. 4. [DETERMINING APPLICABLE LAW.] The annuity is computed under the law in effect as of the last day for which the employee receives pay, or if on medical leave, the day the leave terminates. However, if the employee has returned to covered employment following a termination, the employee must have earned at least six months of allowable service following their return to qualify for improved benefits resulting from any law change enacted subsequent to that termination.

Sec. 7. Minnesota Statutes 1993 Supplement, section 352.22, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF REFUND.] Except as provided in subdivision 3, ~~any~~ the refund payable to a person who ceased to be a state employee by reason of termination of state service ~~shall receive a refund~~ is in an amount equal to employee accumulated contributions plus interest at the rate of six percent per year compounded annually. Included with the refund is any interest paid as part of repayment of a past refund, plus interest thereon from the date of repayment. Interest must be computed to the first day of the month in which the refund is processed and must be based on fiscal year or monthly balances, whichever applies.

Sec. 8. Minnesota Statutes 1993 Supplement, section 352.93, subdivision 2a, is amended to read:

Subd. 2a. [EARLY RETIREMENT.] Any covered correctional employee, or former employee if service ended after June 30, 1989, who becomes at least 50 years old and who has at least three years of allowable service is entitled upon application to a reduced retirement annuity equal to the ~~normal~~ annuity calculated under subdivision 2, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the employee deferred receipt of the annuity from the day the annuity begins to accrue to age 55.

Sec. 9. Minnesota Statutes 1993 Supplement, section 352.96, subdivision 4, is amended to read:

Subd. 4. [EXECUTIVE DIRECTOR TO ESTABLISH RULES.] The executive director of the system with the advice and consent of the board of directors shall establish rules and procedures to carry out this section including allocation of administrative costs against the assets accumulated under this section. Funds to pay these costs are appropriated from the fund or account in which the assets accumulated under this section are placed. The rules established by the executive director must conform to federal and state tax laws, regulations, and rulings, and are not subject to the administrative procedure act. Except for the marketing rules, rules relating to the options provided under subdivision 2, clauses (2) and (3), must be approved by the state board of investment. ~~A state employee must not make payments under a plan until the plan or applicable component of the plan has been approved for tax deferred status by the Internal Revenue Service.~~

Sec. 10. Minnesota Statutes 1993 Supplement, section 352B.08, subdivision 2a, is amended to read:

Subd. 2a. [EARLY RETIREMENT.] Any member who has become at least 50 years old, or former member if service ended after June 30, 1989, and who has at least three years of allowable service is entitled upon application to a reduced retirement annuity equal to the ~~normal~~ annuity calculated under subdivision 2, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the member deferred receipt of the annuity from the day the annuity begins to accrue to age 55.

Sec. 11. Minnesota Statutes 1992, section 352B.265, is amended to read:

352B.265 [PRE-1973 INCREASE.]

Total benefits payable to a retiree or surviving spouse whose benefits were computed under the law in effect before June 1, 1973, are increased by six percent on July 1, 1982, and on July 1 of each year ~~thereafter~~ until July 1, 1994. Funds sufficient to pay the increases provided by this section are appropriated annually until June 30, 1995, to the executive director from the state patrol retirement fund. On June 30, 1995, amounts paid under this section must be added to and considered a portion of the annuity otherwise payable to the recipient. Assets required to fund these benefits must be transferred in accordance with section 352B.26.

Sec. 12. Minnesota Statutes 1992, section 352D.04, subdivision 2, is amended to read:

Subd. 2. The moneys used to purchase shares under this section shall be the employee and employer contributions provided in this subdivision.

(a) The employee contribution shall be an amount equal to ~~four percent of salary~~ the employee contribution specified in section 352.04, subdivision 2.

(b) The employer contribution shall be an amount equal to six percent of salary.

These contributions shall be made by deduction from salary in the manner provided in section 352.04, subdivisions 4, 5, and 6.

Sec. 13. [FISCAL YEAR 1995 ACTUARIAL VALUATIONS.]

For the fiscal year 1995 actuarial valuation period, the legislative commission on pensions and retirement may authorize an alternative set of salary increase assumptions or other assumptions defined under Minnesota Statutes, section 356.215. The actuary retained by the legislative commission on pensions and retirement shall make recommendations for change based on an experience study completed in fiscal year 1994 or 1995.

Sec. 14. [REPEALER.]

Minnesota Statutes 1992, sections 352.15, subdivision 2; and 352D.09, subdivision 6, are repealed.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 and 4 to 14 are effective the day following final enactment. Sections 2 and 3 are effective January 1, 1995.

ARTICLE 3

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 1993 Supplement, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] (a) "Salary" means ~~the periodical~~:

(1) periodic compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees; and

(2) for a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retirement association and who has elected coverage under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation, "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation.

(b) Salary does not mean:

(1) fees paid to district court reporters, unused annual or sick leave payments, in lump-sum or periodic payments, severance payments, reimbursement of expenses, lump-sum settlements not attached to a specific earnings period, or workers' compensation payments~~.~~;

~~Salary does not mean~~ (2) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage~~.~~ and certain amounts determined by the executive director to be ineligible;

(3) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:

(i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;

(ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverages under a group plan offered by the employer; and

(iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages; and

~~(c)~~ (4) except as provided in ~~sections~~ section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivisions 35 and 36~~, is not salary~~.

~~(d) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retirement association and who has elected coverage under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation, "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodical compensation of the public employee after the effective date of the consolidation.~~

Sec. 2. Minnesota Statutes 1993 Supplement, section 353.01, subdivision 12a, is amended to read:

Subd. 12a. [TEMPORARY POSITION.] (1) "Temporary position" means an employment position predetermined by the employer at the time of hiring to be a period of six months or less ~~in which a person is a public employee under subdivision 2, but not~~ or an employment position occupied by a person hired by the employer for a predetermined period of six months or less.

(2) "Temporary position" does not mean an employment position for an unlimited period in which a person serves a probationary period or works an irregular schedule.

Sec. 3. Minnesota Statutes 1993 Supplement, section 353.01, subdivision 16, is amended to read:

Subd. 16. [ALLOWABLE SERVICE.] (a) "Allowable service" means service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35, and service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect.

(b) "Allowable service" also means a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund.

(c) "Allowable service" also means a period of authorized leave of absence without pay that does not exceed one year, and during or for which a member obtained credit by payments to the fund made in place of salary deductions, provided that the payments are made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or for that portion of the last six months while the member was in public service, to apply to the period in either case immediately preceding commencement of the leave of absence. If the employee elects to pay employee contributions for the period of any leave of absence without pay, or for any portion of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to both the required employer and additional employer contributions for the employee. The payment must be made within one year from the expiration of the leave of absence or within 20 days after termination of public service under subdivision 11a. The employer by appropriate action of its governing body, made a part of its official records, before the date of the first payment of the employee contribution, may certify to the association in writing its commitment to pay the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at an annual rate of 8.5 percent compounded annually from the date of the termination of the leave of absence to the date payment is made. An

employee shall return to public service ~~for~~ and receive a minimum of ~~90 calendar days~~ three months of allowable service to be eligible to pay employee and employer contributions for a subsequent authorized leave of absence without pay.

(d) "Allowable service" also means a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of ~~six~~ 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus ~~six~~ 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The association shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave.

(e) "Allowable service" also means a period during which a member is on an authorized sick leave of absence, without pay, limited to one year. An employee who has received one year of allowable service shall return to public service ~~for~~ and receive a minimum of ~~90 calendar days~~ three months of allowable service to receive allowable service for a subsequent authorized sick leave of absence.

(f) "Allowable service" also means an authorized temporary layoff under subdivision 12. ~~The association shall grant a maximum of,~~ limited to three months allowable service per authorized temporary layoff in one calendar year. An employee who has received the maximum service allowed for an authorized temporary layoff shall return to public service ~~for~~ and receive a minimum of ~~90 calendar days~~ three months of allowable service to receive allowable service for a subsequent authorized temporary layoff.

(g) Notwithstanding any law to the contrary, "allowable service" also means a parental leave. The association shall grant a maximum of two months service credit for a parental leave, within six months after the birth or adoption, upon documentation from the member's governmental subdivision or presentation of a birth certificate or other evidence of birth or adoption to the association.

(h) "Allowable service" also means a period during which a member is on an authorized leave of absence to enter military service, provided that the member returns to public service upon discharge from military service under section 192.262 and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. Payment must be made within five years of the date of discharge from the military service. The amount of these contributions must be in accord with the contribution rates and salary limitations, if any, in effect during the leave, plus interest at an annual rate of 8.5 percent compounded annually from the date of return to public service to the date payment is made. The matching employer contribution and additional employer contribution under section 353.27, subdivisions 3 and 3a, must be paid by the governmental subdivision employing the member upon return to public service if the member makes the employee contributions. The governmental subdivision involved may appropriate money for those payments. A member may not receive credit for a voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty.

(i) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the community corrections act, chapter 401, and transferred into county service under section 401.04, "allowable service" means combined years of allowable service as defined in paragraphs (a) to ~~(h)~~ (i) and section 352.01, subdivision 11.

(j) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retirement association, and who has elected the type of benefit coverage provided by the public employees police and fire fund under section 353A.08 following the consolidation, "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

Sec. 4. Minnesota Statutes 1993 Supplement, section 353.01, subdivision 28, is amended to read:

Subd. 28. [RETIREMENT.] (a) "Retirement" means the commencement of payment of an annuity based on a date designated by the board of trustees. This date determines the rights under this chapter which occur either before or after retirement. A right to retirement is subject to termination of public service under subdivision 11a ~~and~~ or termination of membership under subdivision 11b, the earlier of which will determine the date membership and coverage cease. A right to retirement must not accrue without a complete and continuous separation for 30 days from employment as a public employee under subdivision 2.

A former member of the basic or police and fire fund who becomes a coordinated member upon returning to eligible, nontemporary public service, terminates employment before obtaining six months' allowable service under subdivision 16, paragraph (a), in the coordinated fund, and is eligible to receive an annuity the first day of the month after the most recent termination date shall not accrue a right to a retirement annuity under the coordinated fund. An annuity otherwise payable to the former member must be based on the laws in effect on the date of termination of the most recent service under the basic or police and fire fund and shall be retroactive to the first day of the month following that termination date or one year preceding the filing of an application for retirement annuity as provided by section 353.29, subdivision 7, whichever is later. The annuity payment must be suspended or reduced under the provisions of section 353.37, if earned compensation for the reemployment equals or exceeds the amounts indicated under that section. The association will refund the employee deductions made to the coordinated fund, with interest under section 353.34, subdivision 2, return the accompanying employer contributions, and remove the allowable service credits covering the deductions refunded.

(b) Notwithstanding the 30-day separation requirement, a member of the defined benefit plan under this chapter, who also participates in the public employees defined contribution plan under chapter 353D for other public service, may be paid, if eligible, a retirement annuity from the defined benefit plan while participating in the defined contribution plan.

Sec. 5. Minnesota Statutes 1993 Supplement, section 353.017, is amended by adding a subdivision to read:

Subd. 6. [REEMPLOYMENT OF ANNUITANT.] The annuity of a person otherwise eligible for an annuity under this chapter is subject to the provisions of section 353.37.

Sec. 6. Minnesota Statutes 1992, section 353.03, subdivision 1, is amended to read:

Subdivision 1. [MANAGEMENT; COMPOSITION; ELECTION.] The management of the public employees retirement fund is vested in a an eleven member board of trustees consisting of ~~the state auditor and nine~~ ten members and the state auditor who may designate a deputy auditor with expertise in pension matters as the auditor's representative on the board. The governor shall appoint ~~six~~ five trustees to four-year terms, one of whom shall be designated to represent school boards, one to represent cities, one to represent counties, ~~one who is a member of the police and fire fund,~~ one who is a retired annuitant, and one who is a public member knowledgeable in pension matters. The membership of the association, including recipients of retirement annuities and disability and survivor benefits, shall elect ~~three~~ five trustees, one of whom must be a member of the police and fire fund and one of whom must be a former member who met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at least five years prior to terminating membership or a member who receives a disability benefit, for terms of four years. Except as provided in this subdivision, trustees elected by the membership of the association must be public employees and members of the association. For seven days beginning October 1 of each year preceding a year in which an election is held, the association shall accept at its office filings in person or by mail of candidates for the board of trustees. A candidate shall submit at the time of filing a nominating petition signed by 25 or more members of the fund. No name may be withdrawn from nomination by the nominee after October 15. At the request of a candidate for an elected position on the board of trustees, the board shall mail a statement of up to 300 words prepared by the candidate to all persons eligible to vote in the election of the candidate. The board may adopt policies to govern form and length of these statements, timing of mailings, and deadlines for submitting materials to be mailed. These policies must be approved by the secretary of state. The secretary of state shall resolve disputes between the board and a candidate concerning application of these policies to a particular statement. A candidate who:

(1) receives contributions or makes expenditures in excess of $100; or

(2) has given implicit or explicit consent for any other person to receive contributions or make expenditures in excess of $100 for the purpose of bringing about the candidate's election, shall file a report with the ethical practices board disclosing the source and amount of all contributions to the candidate's campaign. The ethical practices board shall prescribe forms governing these disclosures. Expenditures and contributions have the meaning defined in

section 10A.01. These terms do not include the mailing made by the association board on behalf of the candidate. A candidate shall file a report within 30 days from the day that the results of the election are announced. The ethical practices board shall maintain these reports and make them available for public inspection in the same manner as the board maintains and makes available other reports filed with it. By January 10 of each year in which elections are to be held the board shall distribute by mail to the members ballots listing the candidates. No member may vote for more than one candidate for each board position to be filled. A ballot indicating a vote for more than one person for any position is void. No special marking may be used on the ballot to indicate incumbents. The last day for mailing ballots to the fund is January 31. Terms expire on January 31 of the fourth year, and positions are vacant until newly elected members are qualified. The ballot envelopes must be so designed and the ballots counted in a manner that ensures that each vote is secret.

The secretary of state shall supervise the elections. The board of trustees and the executive director shall undertake their activities consistent with chapter 356A.

Sec. 7. Minnesota Statutes 1992, section 353.03, subdivision 3a, is amended to read:

Subd. 3a. [EXECUTIVE DIRECTOR.] (a) [APPOINTMENT.] The board shall appoint, with the advice and consent of the senate, an executive director on the basis of education, experience in the retirement field, and leadership ability. The executive director shall have had at least five years' experience in an executive level management position, which has included responsibility for pensions, deferred compensation, or employee benefits. The executive director serves at the pleasure of the board. The salary of the executive director is as provided by section 15A.081, subdivision 1.

(b) [DUTIES.] The management of the association is vested in the executive director who shall be the executive and administrative head of the association. The executive director shall act as adviser to the board on all matters pertaining to the association and shall also act as the secretary of the board. The executive director shall:

(1) attend all meetings of the board;

(2) prepare and recommend to the board appropriate rules to carry out the provisions of this chapter;

(3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;

(4) designate ~~an assistant director~~, with the approval of the board, up to two persons who shall serve in the unclassified service and whose salary is set in accordance with section 43A.18, subdivision 3, appoint a confidential secretary in the unclassified service, and appoint employees to carry out this chapter, who are subject to chapters 43A and 179A in the same manner as are executive branch employees;

(5) organize the work of the association as the director deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any powers or duties, subject to the control of, and under such conditions as, the executive director may prescribe;

(6) with the approval of the board, contract for the services of an approved actuary, professional management services, and any other consulting services as necessary to fulfill the purposes of this chapter. All contracts are subject to chapter 16B. The commissioner of administration shall not approve, and the association shall not enter into, any contract to provide lobbying services or legislative advocacy of any kind. Any approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained by the legislative commission on pensions and retirement. Any supplemental actuarial valuations or experience studies shall be filed with the executive director of the legislative commission on pensions and retirement. Copies of professional management survey reports shall be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the legislative reference library as provided by section 3.195, to the executive director of the commission and to the legislative auditor at the same time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems shall be qualified to contract with the director hereunder;

(7) with the approval of the board provide in-service training for the employees of the association;

(8) make refunds of accumulated contributions to former members and to the designated beneficiary, surviving spouse, legal representative or next of kin of deceased members or deceased former members, as provided in this chapter;

(9) determine the amount of the annuities and disability benefits of members covered by the association and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, in accordance with the provisions of this chapter;

(10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the association;

(11) prepare and submit to the board and the legislature an annual financial report covering the operation of the association, as required by section 356.20;

(12) prepare and submit biennial and annual budgets to the board for its approval and submit the approved budgets to the department of finance for approval by the commissioner; ~~and~~

(13) reduce all or part of the accrued interest payable under section 353.27, subdivisions 12, 12a, and 12b or 353.28, subdivision 5, upon receipt of proof by the association of an unreasonable processing delay or other extenuating circumstances of the employing unit. The executive director shall prescribe and submit for approval by the board the conditions under which such interest may be reduced; and

(14) with the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business.

Sec. 8. Minnesota Statutes 1993 Supplement, section 353.27, subdivision 7, is amended to read:

Subd. 7. [ADJUSTMENT FOR ERRONEOUS RECEIPTS OR DISBURSEMENTS.] (a) ~~[DEDUCTIONS TAKEN IN ERROR.]~~ Except as provided in paragraph (b), erroneous employee deductions and erroneous employer contributions and additional employer contributions for a person, who otherwise does not qualify for membership under this chapter, are considered:

(1) valid if the initial erroneous deduction began before January 1, 1990. Upon determination of the error by the association, the person may:

~~(i)~~ continue membership in the association while employed in the same position for which erroneous deductions were taken;, or

~~(ii)~~ file a written election to terminate membership and apply for a refund or defer an annuity under section 353.34; or

(2) invalid, if the initial erroneous employee deduction began on or after January 1, 1990. Upon determination of the error, the association shall require the employer to discontinue erroneous employee deductions and erroneous employer contributions and additional employer contributions. Upon discontinuance, the association shall refund all erroneous employee deductions to the person, with interest, under section 353.34, subdivision 2, and all erroneous employer contributions and additional employer contributions to the employer. No person may claim a right to continued or past membership in the association based on erroneous deductions which began on or after January 1, 1990;.

(b) Erroneous deductions taken from the salary of a person who did not qualify for membership in the association by virtue of concurrent employment before July 1, 1978, which required contributions to another retirement fund or relief association established for the benefit of officers and employees of a governmental subdivision, are invalid. Upon discovery of the error, the association shall remove all service and refund all erroneous employee deductions to the person, with interest under section 353.34, subdivision 2, and all erroneous employer contributions to the employer. This paragraph has both retroactive and prospective application.

~~(3) a refund of~~ (c) Employer contributions and employee deductions taken in error from ~~sick leave, vacation, workers' compensation, and severance pay~~ amounts which are not salary under section 353.01, subdivision 10, are invalid upon discovery by the association and may be ~~made~~ refunded at any time.

~~(b) [ERRONEOUS DISBURSEMENT.]~~ (d) In the event a salary warrant or check from which a deduction for the retirement fund was taken has been canceled or the amount of the warrant or check returned to the funds of the department making the payment, a refund of the sum deducted, or a portion of it that is required to adjust the deductions, must be made to the department or institution.

Sec. 9. Minnesota Statutes 1993 Supplement, section 353.37, subdivision 1, is amended to read:

Subdivision 1. [SALARY MAXIMUMS.] The annuity of a person otherwise eligible for an annuity under this chapter must be suspended under subdivision 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, if the person reenters public service as a nonelective employee of a governmental subdivision in a position covered by this chapter or returns to work as an employee of a labor organization that represents public employees who are association members under this chapter and salary for the reemployment service exceeds the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal Old Age, Survivors and Disability Insurance Program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum salary for the person is equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

Sec. 10. Minnesota Statutes 1993 Supplement, section 353.37, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF ANNUITY.] The association shall suspend the annuity on the first of the month after the month in which the salary of the reemployed annuitant exceeds the maximums set in subdivision 1, based only on those months in which the annuitant is actually employed in nonelective public service in a position covered under this chapter or employment with a labor organization that represents public employees who are association members under this chapter. An annuitant who is elected to public office after retirement may hold office and receive an annuity otherwise payable from the association.

Sec. 11. Minnesota Statutes 1993 Supplement, section 353.37, subdivision 4, is amended to read:

Subd. 4. [RESUMPTION OF ANNUITY.] The association shall resume paying a full annuity to the reemployed annuitant at the start of each calendar year until the salary exceeds the maximums under subdivision 1, or on the first of the month following termination of ~~public service or termination of membership, whichever is sooner~~ employment which resulted in the suspension of the annuity. The executive director may adopt policies regarding the suspension and reduction of annuities under this section.

Sec. 12. Minnesota Statutes 1993 Supplement, section 353.65, subdivision 3a, is amended to read:

Subd. 3a. [CHANGE IN EMPLOYEE AND EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.] (a) If, ~~for three~~ after four consecutive fiscal years beginning July 1, 1994, the regular actuarial valuation of the public employees police and fire fund under section 356.215 indicates that the fund has no unfunded actuarial accrued liability and that there is a sufficiency in excess of 0.5 percent of covered payroll when the total actuarial funding requirements of the fund are compared to the total support, the employee and employer contribution rates must be decreased as determined under paragraph (c) to a level such that the sufficiency equals 0.5 percent of covered payroll based on the most recent actuarial valuation.

(b) If, ~~for three~~ after four consecutive fiscal years beginning July 1, 1994, the regular actuarial valuation of the public employees police and fire fund under section 356.215 indicates that the fund has an unfunded actuarial accrued liability and that there is a deficiency in excess of 0.5 percent of covered payroll when the total actuarial funding requirements of the fund are compared to the total support, the employee and employer contribution rates must be increased as determined under paragraph (c) so that no deficiency exists based on the most recent actuarial valuation.

(c) The increase or decrease in employee and employer contribution rates required under paragraphs (a) and (b) must maintain the current ratio in employer and employee contribution rates of 40 percent employee contribution and 60 percent employer contribution.

(d) The contribution rate increase or decrease must be determined by the executive director of the public employees retirement association.

(e) The contribution rate increase or decrease is effective on the first full payroll period beginning after June 30 ~~next~~ following ~~the third~~ receipt by the association of the fourth consecutive annual actuarial valuation disclosing the deficiency or sufficiency specified in paragraph (a) or (b).

(f) A contribution rate increase or decrease under paragraph (a) or (b) must not occur prior to receipt by the association of the 1997 regular actuarial valuation of the police and fire fund under section 356.215. A contribution rate increase or decrease under paragraph (a) or (b) must not occur within four years of a prior increase or decrease under paragraph (a) or (b).

Sec. 13. Minnesota Statutes 1993 Supplement, section 353A.08, subdivision 3, is amended to read:

Subd. 3. [ELECTION OF COVERAGE BY ACTIVE MEMBERS.] A person who is ~~employed as a police officer or as a firefighter other than a volunteer firefighter, whichever applies, by the municipality and is~~ an active member of ~~the~~ a police or fire relief association, other than a volunteer firefighter, has the option to elect benefit coverage under the relevant provisions of the public employees police and fire fund ~~benefit plan~~ or to retain benefit coverage provided by the relief association benefit plan in effect on the effective date of consolidation. The relevant provisions of the public employee police and fire fund benefit plan for the person electing that benefit coverage are the relevant provisions of the public employee police and fire fund benefit plan applicable to retirement annuities, disability benefits, and survivor benefits, including participation in the Minnesota postretirement investment fund, but excluding any provisions governing the purchase of credit for prior service or making payments in lieu of member contribution deductions applicable to any period which occurred before the effective date of consolidation.

An active member is eligible to make an election at one of the following times:

(a) within six months of the effective date of consolidation;

(b) between the date on which the active member attains the age of 49 years and six months and the date on which the active member attains the age of 50 years; or

(c) on the date on which the active member terminates active employment for purposes of receiving a service pension or disability benefits, or within 90 days of the date the member terminates active employment and defers receipt of a service pension, whichever applies.

Sec. 14. Minnesota Statutes 1992, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement a retirement annuity from each fund in which the person has at least six months allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(a) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated funds; and

(b) ~~the person has at least six months of allowable service with the last such fund earned during the last period of employment; and~~

~~(c)~~ the person has not begun to receive an annuity from any enumerated fund or the person has made application for benefits from all funds the effective dates of the retirement annuity with each fund under which the person chooses to receive an annuity are within a ~~six month~~ one-year period.

(3) The retirement annuity from each fund must be based upon the allowable service in each fund, except that:

(a) The laws governing annuities must be the law in effect on the date of ~~final~~ termination from the last period of public service under a covered fund with which the person earned a minimum of one-half year of allowable service credit during that employment.

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.

(c) The formula percentages to be used by each fund must be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.

(d) Allowable service in all the funds must be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the ~~benefit~~ annuity amount for retirement prior to normal retirement.

(e) The ~~benefit~~ annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing ~~benefits~~ annuities under this section the formula percentages used by any covered fund, except the public employees police and fire fund, must not exceed 2-1/2 percent per year of service for any year of service or fraction thereof. The formula percentage used by the public employees police and fire fund must not exceed 2.65 percent per year of service for any year of service or fraction thereof.

(h) Any period of time for which a person has credit in more than one of the covered funds must be used only once for the purpose of determining total allowable service.

(i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 and 2, 4, 6, and 10 to 12 are effective July 1, 1994. Section 3 is effective May 1, 1994. Sections 5, 8, and 9 are effective January 1, 1994. Sections 7 and 13 are effective retroactive to July 1, 1993.

ARTICLE 4

TEACHERS RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 1992, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] (a) "Teacher" ~~includes any~~ means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, ~~or~~ librarian, nurse, counselor, social worker, therapist, or psychologist in the public schools of the state located outside of the corporate limits of the cities of the first class as those cities were so classified on January 1, 1979, or in the state colleges and universities system, or in any charitable ~~or state institution including~~, penal ~~and corrective~~, or correctional institutions ~~supported, in whole or in part, by public funds~~ of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, including the state colleges and university system ~~and state community college system~~, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members or officers of any general governing or managing board or body ~~connected with the systems, or the officers of common, independent, special, or associated school districts, or unorganized territory. The term shall also include~~;

(2) an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system by virtue of prior employment by the association~~, and any nurse, counselor, social worker, therapist or psychologist who renders service in the public schools as defined above or in state universities. The term shall also include any~~;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a ~~school district~~ single employing unit. In such cases, the ~~teachers retirement association shall have the authority to~~ executive director shall determine whether all or none of the combined ~~employment shall be~~ service is covered by the ~~teachers retirement~~ association, however a person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit.

(b) The term does not ~~include~~ mean:

(1) an employee described in section 352D.02, subdivision 1a, who is hired after the effective date of Laws 1986, chapter 458. ~~The term does not mean any~~;

(2) a person who works for a school or institution as an independent contractor~~. The term shall not include any~~ as defined by the Internal Revenue Service;

(3) a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978 or the date of employment, sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution~~. The term shall not include any~~;

(4) a person holding a part-time adult supplementary technical college license who renders part-time teaching service in a technical college if ~~(1)~~ (i) the service is incidental to the regular nonteaching occupation of the person; and ~~(2)~~ (ii) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and ~~(3)~~ (iii) the part-time teaching service actually does not exceed 300 hours in a fiscal year~~. The term also shall not include~~; or

(5) a person exempt from licensure pursuant to section 125.031 ~~or any person who was excluded from membership prior to January 1, 1981, pursuant to Laws 1978, chapter 556, section 1, and Laws 1980, chapter 342, section 8, if the person annually certifies on a form prescribed by the executive director that the person has established and is contributing to an individual retirement account which is based on nonteaching employment~~.

Sec. 2. Minnesota Statutes 1993 Supplement, section 354.05, subdivision 8, is amended to read:

Subd. 8. [DEPENDENT CHILD.] ~~For the purpose of survivor benefit eligibility under section 354.46, subdivision 1,~~ "Dependent child" means ~~any~~ a biological or adopted child of a deceased member who has not reached the age of 18, or who is under age 22 and is a full-time student throughout the normal school year, unmarried and dependent for more than one-half of support upon the member. It also ~~includes any~~ means a child of the member conceived ~~while living~~ during the member's lifetime and born after the member's death.

Sec. 3. Minnesota Statutes 1992, section 354.05, is amended by adding a subdivision to read:

Subd. 14a. [SURVIVING SPOUSE.] "Surviving spouse" means the spouse of a deceased member or a disabilitant who was legally married to the member at the time of death.

Sec. 4. Minnesota Statutes 1992, section 354.05, subdivision 21, is amended to read:

Subd. 21. [RETIREMENT.] "Retirement" means the withdrawal of a member from active teaching service who is paid a retirement annuity thereafter and commences with the date designated by the retirement board when the retirement annuity ~~shall~~ first ~~accrue~~ accrues to the former member after withdrawal from active teaching service and application for an annuity under section 354.44, subdivisions 3 and 4. The effective date of retirement must occur for an annuity plan selection to take effect. This date ~~shall determine~~ determines any rights specified in this chapter which occur either before or after retirement~~, as the case may be~~.

Sec. 5. Minnesota Statutes 1992, section 354.05, subdivision 22, is amended to read:

Subd. 22. [DESIGNATED BENEFICIARY.] "Designated beneficiary" means the person, trust, or organization designated by a retiree or member to receive the benefits to which a beneficiary is entitled under this chapter. A beneficiary designation is valid only if it is made on an appropriate form provided by the executive director ~~and~~ that is signed by the member and two witnesses to the member's signature. The properly completed form ~~is~~ must be received by the fund ~~postmarked~~ on or before the date of death of the retiree or member. If a retiree or a member does not designate ~~such~~ a person, trust, or organization, or if the person designated predeceases the retiree or the member, or the trust or organization ceases to exist before the death of the retiree or the member, the designated beneficiary ~~in such cases~~ means the estate of the deceased retiree or member.

Sec. 6. Minnesota Statutes 1992, section 354.05, subdivision 35, is amended to read:

Subd. 35. [SALARY.] (a) "Salary" means the compensation, upon which member contributions are required and made, that is paid to a teacher before ~~any allowable reductions permitted under the federal Internal Revenue Code of 1986, as amended through December 31, 1988, for employee selected~~ employee-paid fringe benefits, tax sheltered annuities, deferred compensation, or any combination of these employee-paid items are deducted.

(b) "Salary" does not ~~include~~ mean:

(1) lump sum annual leave payments;

(2) lump sum wellness and sick leave payments;

(3) payments in lieu of any employer-paid group insurance coverage~~, including~~;

(4) payments for the difference between single and family premium rates~~,~~ that may be paid to a member with single coverage;

~~(4)~~ (5) employer-paid fringe benefits including, but not limited to, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or automobile allowances and expenses;

(6) any form of payment made in lieu of any other employer- paid fringe benefit or expense;

~~(5)~~ (7) any form of severance payments;

~~(6)~~ (8) workers' compensation payments;

~~(7)~~ (9) disability insurance payments including self-insured disability payments; ~~or~~

~~(8)~~ (10) payments to school principals and all other administrators for services in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;

(11) payments under section 356.24, subdivision 1, clause (4)(ii); and

(12) payments made under section 125.12, subdivision 7, except for payments for sick leave accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district.

Sec. 7. Minnesota Statutes 1992, section 354.05, is amended by adding a subdivision to read:

Subd. 40. [TIMELY RECEIPT.] An application, payment, return, claim, or other document that is not personally delivered to the association before the applicable due date is considered to be a timely receipt if officially postmarked on or before the due date or delivered or filed under section 645.151.

Sec. 8. Minnesota Statutes 1992, section 354.06, subdivision 2a, is amended to read:

Subd. 2a. [DUTIES OF EXECUTIVE DIRECTOR.] The management of the association is vested in the executive director who shall be the executive and administrative head of the association. The executive director shall act as advisor to the board on all matters pertaining to the association and shall also act as the secretary of the board. The executive director shall:

(1) attend all meetings of the board;

(2) prepare and recommend to the board appropriate rules to carry out the provisions of this chapter;

(3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;

(4) designate an assistant executive director in the unclassified service and two assistant executive directors in the classified service with the approval of the board, and appoint such employees, both permanent and temporary, as are necessary to carry out the provisions of ~~said~~ this chapter;

(5) organize the work of the association as the director deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any powers or duties, subject to the director's control and under such conditions as the director may prescribe;

(6) with the approval of the board, contract and set the compensation for the services of an approved actuary, professional management services, and any other consulting services ~~as may be necessary and fix the compensation therefor. Such~~ These contracts ~~shall~~ are not ~~be~~ subject to the competitive bidding procedure prescribed by chapter 16B. ~~Professional management services may not be contracted for more often than once in every six years. Any~~ An approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained by the legislative commission on pensions and retirement. Any supplemental actuarial valuations or experience studies shall be filed with the executive director of the legislative commission on pensions and retirement. Copies of professional management survey reports ~~shall~~ must be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the legislative reference library as provided by section 3.195, to the executive director of the commission and to the legislative auditor at the same time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems ~~shall be~~ are qualified to contract with the executive director ~~hereunder~~;

(7) with the approval of the board, provide in-service training for the employees of the association;

(8) make refunds of accumulated contributions to former members and to the designated beneficiary, surviving spouse, legal representative, or next of kin of deceased members or deceased former members, ~~as provided in~~ under this chapter;

(9) determine the amount of the annuities and disability benefits of members covered by the association and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, ~~in accordance with the provisions of~~ under this chapter;

(10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the association;

(11) prepare and submit to the board and the legislature an annual financial report covering the operation of the association, as required by section 356.20;

(12) certify funds available for investment to the state board of investment;

(13) with the advice and approval of the board, request the state board of investment to sell securities on determining that funds are needed for the purposes of the association;

(14) prepare and submit biennial and annual budgets to the board and with the approval of the board submit those budgets to the department of finance; and

(15) with the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business. The executive director may:

(i) reduce all or part of the accrued interest and fines payable by an employing unit for reporting requirements under section 354.52, based on an evaluation of any extenuating circumstances of the employing unit;

(ii) assign association employees to conduct field audits of an employing unit to ensure compliance with the provisions of this chapter; and

(iii) recover overpayments, if not repaid to the association, by suspending or reducing the payment of a retirement annuity, refund, disability benefit, survivor benefit, or optional annuity under this chapter until the overpayment, plus interest, has been recovered.

Sec. 9. Minnesota Statutes 1992, section 354.06, subdivision 4, is amended to read:

Subd. 4. [TREASURER; DUTIES.] All members of the board shall serve without compensation ~~but~~. A member shall receive necessary expenses ~~while attending all~~ to attend meetings of the board ~~or meetings of any committee~~ and its committees, and association functions and presentations authorized by the board~~, to~~. The necessary expenses must be paid out of the fund. ~~Necessary expenses may include the salary of any substitute teacher which the employing~~

~~unit is required to hire. The board may reimburse the employing unit for the salary of the substitute teacher.~~ Members of the board shall suffer no loss of compensation from their employing units by reason of service on or for the association, the board, or any committee authorized by the board. Necessary expenses may include the salary of any substitute teacher which the employing unit is required to hire in the absence of the board member. The board may reimburse the employing unit for the cost of the substitute teacher.

Sec. 10. Minnesota Statutes 1992, section 354.071, subdivision 5, is amended to read:

Subd. 5. [PETITION FOR REVIEW HEARING.] The board shall hold a timely hearing on a petition for review. ~~The board shall~~ and make its decision on a petition solely on the proceedings and the relevant documentation ~~as submitted and the proceedings~~ of the hearing. At the hearing, the petitioner, the petitioner's attorney, ~~and~~ the executive director, and an assistant executive director may state and discuss with the board their positions with respect to the petition. The board may allow further documentation to be placed in the record ~~at~~ during or ~~subsequent to~~ after the ~~board meeting at which the petition is considered~~ hearing. If the board allows additional documentation into the record ~~at~~ during or ~~subsequent to~~ after the ~~board meeting~~ hearing, it may make a final determination on the petition at that ~~board meeting~~ hearing only upon the agreement of both the petitioner and the executive director.

Sec. 11. Minnesota Statutes 1992, section 354.091, is amended to read:

354.091 [SERVICE CREDIT.]

In computing the time of service of a teacher, the length of a legal school year in the district or institution where such service was rendered ~~shall~~ must constitute a year under sections 354.05 to 354.10, provided ~~such~~ the year is not less than the legal minimum school year of this state. No person shall ~~be allowed~~ receive credit for more than one year of teaching service for any fiscal year. Commencing July 1, 1961, (1) if a teacher teaches only a fractional part of a day, credit ~~shall~~ must be given for a day of teaching service for each five hours taught, and (2) if a teacher teaches at least 170 full days in any fiscal year, credit ~~shall~~ must be given for a full year of teaching service, and (3) if a teacher teaches for only a fractional part of the year, credit ~~shall~~ must be given for such fractional part of the year as the term of service rendered bears to 170 days. A person who teaches in the state colleges and university system shall receive a full year of service credit based on the number of days in the system's full school year if it is less than 170 days. Teaching service performed prior to July 1, 1961, ~~shall~~ must be computed ~~pursuant to~~ under the law in effect at the time it was rendered.

~~In no event shall any~~ A teacher shall not lose or gain retirement service credit as a result of the employer converting to a four-day work week. If the employer does convert to a four-day work week, the forms for reporting and procedures for determining service credit shall be determined by the executive director with the approval of the board of trustees.

Sec. 12. [354.096] [FAMILY LEAVE.]

Subdivision 1. [CERTIFICATION.] Upon granting a family leave to a member, an employing unit must certify the leave to the association on a form specified by the executive director before the end of the fiscal year during which the leave was granted.

Subd. 2. [PAYMENT.] (a) Notwithstanding any laws to the contrary, a member who is granted a family leave under United States Code, title 42, section 12631, may receive allowable service credit for the leave by making payment of the employee, employer, and additional employer contributions at the rates under section 354.42, during the leave period as applied to the member's average full-time monthly salary rate on the date the leave commenced.

(b) The member may make payment, without interest, to the association by the end of the fiscal year following the fiscal year in which the leave terminated or before the effective date of the member's retirement, whichever is earlier.

Subd. 3. [SUBSEQUENT ELIGIBILITY.] The member shall return to public service after the leave period under United States Code, title 42, section 12631, to receive allowable service for a subsequent authorized family leave.

Sec. 13. Minnesota Statutes 1992, section 354.10, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTION; EXCEPTIONS.] The right of a teacher to take advantage of the benefits provided by this chapter, is a personal right only and is not assignable. All money to the credit of a teacher's account in the fund or any money payable to the teacher from the fund belongs to the state of Minnesota until actually paid to the teacher or a beneficiary ~~pursuant to the provisions of~~ under this chapter. ~~Any power of attorney,~~ The association may

acknowledge a properly completed power of attorney form. An assignment or attempted assignment of a teacher's interest in the fund, or of the beneficiary's interest ~~therein~~ in the fund, by a teacher or a beneficiary is void and ~~is~~ exempt from taxation under chapter 291 and from garnishment or levy under attachment or execution, except as provided in subdivision 2 or 3, or section 518.58, 518.581, or 518.611.

Sec. 14. Minnesota Statutes 1992, section 354.10, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] ~~The board may pay an annuity or benefit to a banking institution, qualified under chapter 48, that is a trustee for a person eligible to receive the annuity or benefit.~~ Upon ~~completion~~ receipt of the ~~proper~~ properly completed forms as provided by the executive director, the annuity or benefit amount may be electronically transferred or the annuity or benefit check may be mailed to a banking institution, savings association, or credit union for deposit to the recipient's individual account or joint account with the recipient's spouse or any other person designated by the recipient. ~~Any~~ An overpayment to a joint account after the death of the annuity or benefit recipient must be repaid to the fund by the joint tenant if the overpayment is not repaid to the fund by the banking institution, savings association, or credit union. The board may prescribe the conditions which govern these procedures.

Sec. 15. Minnesota Statutes 1992, section 354.42, subdivision 3, is amended to read:

Subd. 3. The employer contribution to the fund shall be an amount equal to 4-1/2 percent of the salary of each coordinated member and 8-1/2 percent of the salary of each basic member. ~~This contribution shall be made in the manner provided in section 354.43.~~

Sec. 16. Minnesota Statutes 1992, section 354.42, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL EMPLOYER CONTRIBUTION.] To amortize the unfunded actuarial accrued liability computed under the entry age actuarial cost method and disclosed under the annual actuarial valuations prepared by the commission-retained actuary under section 356.215, an additional employer contribution shall be made in the amount of 3.64 percent of the salary of each member.

This contribution must be made in the manner provided in section ~~354.43~~ 354.52, subdivision 4.

By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the additional employer contribution rate in effect and whether that amount is less than, the same as, or more than the required amortization contribution determined under section 356.215.

Sec. 17. Minnesota Statutes 1992, section 354.44, subdivision 1a, is amended to read:

Subd. 1a. [~~MANDATORY RETIREMENT~~ PROPORTIONATE ANNUITY.] ~~Notwithstanding the provisions of sections 43A.11 or 197.455 to 197.48, a member who is serving as a faculty member or administrator under a contract of unlimited tenure or similar arrangement providing for unlimited tenure at an institution of higher education, as defined in section 1201(a) of the federal Higher Education Act of 1965, as amended through January 1, 1987, shall terminate employment at the end of the academic year in which the member reaches the age of 70. For purposes of this subdivision, an academic year shall be deemed to end August 31. No other member shall be subject to a mandatory retirement age provision.~~ A member who terminates employment at any time during the academic year at the end of which the person is at the normal retirement age or older shall, for the purpose of determining eligibility for a proportionate retirement annuity, be considered to have been required to terminate employment at normal retirement age or older pursuant to section 356.32. ~~Nothing contained in this subdivision shall preclude an employing unit covered by this chapter from employing a retired teacher as a substitute or part time teacher. Any person who has attained normal retirement age, who is employed as a substitute or part time teacher, and who earns an amount equal to the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services pursuant to the provisions of United States Code, title 42, section 403, in any academic year from employment as a substitute or part time teacher, shall terminate employment for the remainder of that academic year. No person who has attained normal retirement age and who has retired under this chapter may resume membership in the retirement association as a result of subsequent employment as a substitute or part time teacher~~ For purposes of this subdivision, an academic year ends August 31.

Sec. 18. Minnesota Statutes 1992, section 354.44, subdivision 4, is amended to read:

Subd. 4. [TIME AND MANNER OF PAYMENTS.] A member may make application to the board for a retirement annuity any time after the member has satisfied the age and service requirements of this chapter for retirement except that ~~no~~ an application for retirement ~~may~~ must not be made more than 60 days before termination of teaching service. The annuity payment ~~shall begin~~ begins to accrue after the termination of teaching service, or after the application for retirement has been filed with the board, whichever is later, as follows:

(a) on the 16th day of the month of termination or filing if the termination or filing occurs on or before the 15th day of the month ~~or~~,

(b) on the first day of the month following the month of termination or filing if the termination or filing occurs on or after the 16th day of the month, or

(c) on July 1 for all school principals and other administrators who receive a full annual contract salary during the fiscal year for performance of a full year's contract duties.

If an application for retirement is filed with the board during the ~~90-day~~ six-month period immediately following the termination of teaching service, the annuity may begin to accrue as if the application for retirement had been filed with the board on the date teaching service terminated or a later date occurring within the six-month period as specified by the member. ~~In no event may~~ An annuity must not begin to accrue more than one month before the date of final salary receipt.

Sec. 19. Minnesota Statutes 1992, section 354.44, subdivision 5a, is amended to read:

Subd. 5a. [EXEMPTION FOR INTERIM SUPERINTENDENT.] A person who performs services as an interim superintendent because of the death, disability, termination, or resignation of the previous superintendent is exempt from the earnings limitations and reductions in annuity payments in subdivision 5 for up to 90 working days of service as an interim superintendent. During this period of up to 90 working days, the school board may pay the interim superintendent at any rate, up to the rate paid to the previous superintendent. This exemption applies only if the school board hiring the interim superintendent submits an application for the exemption ~~to~~ on a form prescribed by the executive director, and the executive director approves the application before the services as interim superintendent begin. The application must certify that the school board has unanimously approved the exemption from the earnings limitations and reductions. The executive director may prescribe a form for the application. A school board ~~may~~ shall not apply for more than one exemption in a fiscal year. No more than three exemptions may be approved for any person. Only one exemption may be approved for any person in a fiscal year. The exemption under this subdivision does not apply to a person who retires from a school district and within one year after retirement returns to the same school district as an interim superintendent.

Sec. 20. Minnesota Statutes 1993 Supplement, section 354.46, subdivision 1, is amended to read:

Subdivision 1. [BASIC PROGRAM; BENEFITS FOR SPOUSE AND CHILDREN OF TEACHER.] If a basic member who has at least 18 months of allowable service credit and who has an average salary as defined in section 354.44, subdivision 6, equal to or greater than $75 dies prior to retirement or if a former basic member who, at the time of death, was totally and permanently disabled and receiving disability benefits pursuant to section 354.48 dies before attaining age 65 or reaching the five-year anniversary of the effective date of the disability benefit, whichever is later, the surviving ~~dependent~~ spouse and dependent children of the basic member or former basic member ~~shall be~~ are entitled to receive a monthly benefit as follows:

(a) Surviving
~~dependent~~
spouse .....50 percent of the basic member's monthly
average salary paid in the last full
fiscal year preceding death
(b) Each
dependent
child .....ten percent of the basic member's
monthly average salary paid in the
last full fiscal year preceding death

Payments for the benefit of any dependent child under the age of 22 years ~~shall~~ must be made to the surviving parent, or if there be none, to the legal guardian of the child. The maximum monthly benefit ~~shall~~ must not exceed $1,000 for any one family, and the minimum benefit per family ~~shall~~ must not be less than 50 percent of the basic member's average salary, subject to the foregoing maximum. The surviving dependent children's benefit ~~shall~~ must be reduced pro tanto when any surviving child is no longer dependent.

If the basic member and the surviving ~~dependent~~ spouse are killed in a common disaster and if the total of all survivors benefits payable pursuant to this subdivision is less than the accumulated deductions plus interest payable, the surviving dependent children shall receive the difference in a lump sum payment.

If the survivor benefits provided in this subdivision exceed in total the monthly average salary of the deceased basic member, these benefits ~~shall~~ must be reduced to an amount equal to the deceased basic member's monthly average salary.

Prior to payment of any survivor benefit pursuant to this subdivision, in lieu of that benefit, the surviving ~~dependent~~ spouse may elect to receive the joint and survivor annuity provided pursuant to subdivision 2, or may elect to receive a refund of accumulated deductions with interest in a lump sum as provided pursuant to section 354.47, subdivision 1. If there are any surviving dependent children, the surviving ~~dependent~~ spouse may elect to receive the refund of accumulated deductions only with the consent of the district court of the district in which the surviving dependent child or children reside.

Sec. 21. Minnesota Statutes 1993 Supplement, section 354.46, subdivision 5, is amended to read:

Subd. 5. [PAYMENT TO DESIGNATED BENEFICIARY.] ~~Any~~ A member and the spouse of the member may make a joint specification in writing on a form prescribed by the executive director that the benefits provided in subdivision 2, or in section 354.47, subdivision 1, ~~shall~~ must be paid only to a designated beneficiary. For purposes of ~~this~~ subdivision 2, a designated beneficiary may only be either a former spouse or a biological or adopted child~~, either biological or adopted,~~ of the member~~, but more than one beneficiary may be designated for the benefit provided in section 354.47, subdivision 1~~.

Sec. 22. Minnesota Statutes 1992, section 354.47, is amended to read:

354.47 [~~REFUND~~ PAYMENT AFTER DEATH.]

Subdivision 1. [DEATH BEFORE RETIREMENT.] (1) If a member dies before retirement and is covered ~~pursuant to the provisions of~~ under section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor a benefit ~~pursuant to~~ under section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, the surviving spouse, or if there is no surviving spouse, the designated beneficiary ~~shall be~~ is entitled to an amount equal to the member's accumulated deductions with interest credited to the account of the member to the date of death.

(2) If a member dies before retirement and is covered ~~pursuant to the provisions of~~ under section 354.44, subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, the surviving spouse, or if there is no surviving spouse, the designated beneficiary ~~shall be~~ is entitled to an amount equal to the member's accumulated deductions credited to the account of the member as of June 30, 1957, and from July 1, 1957, to the date of death the member's accumulated deductions plus interest at the rate of six percent per annum compounded annually.

Subd. 1a. [UNCASHED ANNUITY OR BENEFIT WARRANTS.] Uncashed annuity or benefit warrants issued before the recipient's death are payable to the designated beneficiary, and if none, to the recipient's estate.

Subd. 2. [BENEFITS OF $1,500 OR LESS.] If a member or a former member dies without having a surviving designated beneficiary and the amount to the credit of the decedent is $1,500 or less, the board of trustees may 90 days after the date of death, in the absence of probate proceedings, make payment to the surviving spouse of the decedent. This payment ~~shall be~~ is a bar to recovery of this payment from the association by any other person or persons. Any accrued retirement annuity, disability, or survivor benefit may be paid in the same manner.

Sec. 23. Minnesota Statutes 1992, section 354.48, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS.] ~~Any~~ A person described in subdivision 1, or another person authorized to act on behalf of the person, may make application for a total and permanent disability benefit only within the 18-month period following the termination of teaching service. This benefit accrues from the day following the commencement of disability or the day following the last day for which salary is paid, whichever is later, but ~~may~~ does not begin to

accrue more than ~~90 days~~ six months before the date the application is filed with the executive director. If salary is being received for either annual or sick leave during the period, payments accrue from the day following the last day for which this salary is paid.

Sec. 24. Minnesota Statutes 1992, section 354.49, subdivision 1, is amended to read:

Subdivision 1. ~~Any~~ A person who ceases to render teaching service in any school or institution to which the provisions of this chapter apply ~~shall be~~ is entitled to a refund provided in subdivision 2, or a deferred retirement annuity under section 354.55, subdivision 11. An application for a refund ~~may~~ must not be made ~~no~~ sooner than 30 days after termination of teaching service if the applicant has not again become a teacher. This payment ~~will~~ must be made within 90 days after receipt of application for refund or upon completion of processing the report made pursuant to section 354.52, subdivision 2 whichever is later.

Sec. 25. Minnesota Statutes 1992, section 354.52, subdivision 2, is amended to read:

Subd. 2. [ANNUAL SUMMARY REPORTS.] On or before August 1 each year, ~~each school board or managing body~~ a representative authorized by an employing unit must report to the executive director giving an itemized summary of the total amount withheld from the salaries of teachers for ~~teachers retirement~~ deductions and all other information required by the executive director ~~requires~~. ~~If the itemized summary is received after August 1 in any year, there is a penalty not to exceed $50 for each month or portion thereof which the summary is delinquent, as determined by the executive director. The penalty must be paid by the school board or the managing body.~~

Sec. 26. Minnesota Statutes 1992, section 354.52, subdivision 2a, is amended to read:

Subd. 2a. [ANNUAL POSTRETIREMENT INCOME REPORTS.] On or before each February 15, ~~each school board or managing body~~ a representative authorized by an employing unit must report to the executive director the amount of income earned during the previous calendar year by each retiree for teaching service performed after retirement. This annual report must be based on reemployment income as defined in section 354.44, subdivision 5, and it must be made on a form provided by the executive director. Signing the report has the force and effect of an oath as to the correctness of the amount of postretirement reemployment income earned. ~~If the required report is received after February 15 in any year there is a penalty not to exceed $50 for each month or portion thereof which the report is late, as determined by the executive director. The penalty must be paid by the school board or managing body.~~

Sec. 27. Minnesota Statutes 1992, section 354.52, subdivision 4, is amended to read:

Subd. 4. [REPORTING AND REMITTANCE REQUIREMENTS.] At least once each month, ~~the chief administrative officer of each~~ a representative authorized by an employing ~~school district or managing body of schools and institutions to which the provisions of this chapter apply~~ unit shall transmit all amounts due to the association and furnish a signed statement indicating the amount due and transmitted~~, and shall transmit a statement containing such~~ with other information ~~as~~ required by the executive director ~~shall require~~. Signing the statement ~~shall have~~ has the force and effect of an oath as to the correctness of the amount due and transmitted. ~~Any~~ An amount ~~thus~~ due and not transmitted ~~shall accrue~~ accrues interest at an annual rate of 8.5 percent compounded annually commencing 15 days after the date first due until the amount is transmitted and ~~shall~~ must be paid by the employing ~~school district or other managing body~~ unit. ~~The state treasurer shall credit all money received or withheld pursuant to the provisions of this chapter to the fund and the reports and date received by the state treasurer from each reporting agency shall be available for the board. Any person willfully failing to perform any of the duties imposed by this section shall be guilty of a misdemeanor.~~ These payments and other employing unit obligations not remitted within 60 days of notification by the association must be certified to the commissioner of finance who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

Sec. 28. Minnesota Statutes 1992, section 354.52, is amended by adding a subdivision to read:

Subd. 4a. [MEMBER DATA REPORTING REQUIREMENTS.] (a) An employing unit shall initially provide the following member data or any of that data not previously provided to the association for payroll warrants dated after June 30, 1995, in a format prescribed by the executive director. Data changes and the dates of those changes must be reported to the association on an ongoing basis for the payroll cycle in which they occur with the data under subdivision 4b. Data on the member includes:

(1) legal name, address, association member number, employer-assigned employee number, and social security number;

(2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, and exempt independent contractor or consultant;

(3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;

(4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;

(5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;

(6) leaves of absence;

(7) county district number assigned by the association for the employing unit;

(8) data center identification number, if applicable; and

(9) other information as may be required by the executive director.

Sec. 29. Minnesota Statutes 1992, section 354.52, is amended by adding a subdivision to read:

Subd. 4b. [PAYROLL CYCLE REPORTING REQUIREMENTS.] An employing unit shall provide the following data to the association for payroll warrants dated after June 30, 1995, for each payroll cycle in a format prescribed by the executive director:

(1) association member number;

(2) employer-assigned employee number;

(3) social security number;

(4) amount of each salary deduction;

(5) amount of salary as defined in section 354.05, subdivision 35, from which each deduction was made;

(6) reason for payment;

(7) service credit;

(8) the beginning and ending dates of the payroll period covered and the date of actual payment;

(9) fiscal year of salary earnings;

(10) total remittance amount including employee, employer, and additional employer contributions; and

(11) other information as may be required by the executive director.

Sec. 30. Minnesota Statutes 1992, section 354.52, is amended by adding a subdivision to read:

Subd. 6. [NONCOMPLIANCE CONSEQUENCES.] An employing unit that does not comply with the reporting requirements under this section shall pay a fine of $5 per calendar day until the association receives the required data.

Sec. 31. Minnesota Statutes 1992, section 354.66, is amended by adding a subdivision to read:

Subd. 1c. [PARTICIPATION.] Participation in the part-time mobility program must be based on a full fiscal year and the employment pattern of the teacher during the most recent fiscal year.

Sec. 32. Minnesota Statutes 1992, section 354.66, subdivision 2, is amended to read:

Subd. 2. A teacher in the public elementary schools, secondary schools, or technical colleges or in the community college system or the state university system of the state who has 20 years or more of allowable service in the fund or 20 years or more of full-time teaching service in Minnesota public elementary schools, secondary schools, or technical colleges or in the community college system or the state university system, or a teacher in the community

college system or state university system who ~~has attained~~ attains at least age 55 and has ten years or more of allowable service in the fund or ten years or more of full-time teaching service as described in this subdivision, may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part-time teaching position. The association must receive a copy of the agreement before October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4.

Sec. 33. Minnesota Statutes 1992, section 354.66, subdivision 3, is amended to read:

Subd. 3. For purposes of this section, the term "part-time teaching position" shall mean a teaching position within the district in which the teacher is employed for at least 50 full days or a fractional equivalent thereof as prescribed in section 354.091, and for which the teacher is compensated in an amount not exceeding 67 percent of the compensation established by the board for a full-time teacher with identical education and experience ~~within~~ with the ~~district~~ employing unit. The compensation of a teacher in the state colleges and university system may exceed the 67 percent limit if the teacher does not teach just one of the three quarters in the system's full school year, provided no additional services are performed while the teacher participates in the program.

Sec. 34. [REPEALER.]

Minnesota Statutes 1992, sections 354.05, subdivisions 15 and 29; 354.43, subdivision 3; 354.57; 354.65; and 356.18, are repealed.

Sec. 35. [EFFECTIVE DATE.]

Sections 1 to 27 and 30 to 34 are effective the day following final enactment. Sections 28 and 29 are effective July 1, 1995.

ARTICLE 5

RESTRICTIONS ON CERTAIN PUBLIC PENSION
PLAN MEMBERSHIP AUTHORIZATIONS

Section 1. Minnesota Statutes 1992, section 352.029, subdivision 1, is amended to read:

Subdivision 1. [QUALIFICATIONS.] ~~An employee of a labor organization that is an exclusive bargaining agent representing state employees or~~ Unless specifically excluded under section 352.01, subdivision 2b, a state employee on leave of absence without pay to provide service as an employee or officer of a labor organization that is an exclusive bargaining agent representing state employees~~,~~ may ~~choose~~ elect under subdivision 2 to be covered by the general state employees retirement plan of the Minnesota state retirement system for service with the labor organization ~~unless specifically excluded under section 352.01, subdivision 2b~~, subject to the limitations set forth in subdivisions 2a and 2b.

Sec. 2. Minnesota Statutes 1992, section 352.029, is amended by adding a subdivision to read:

Subd. 2a. [LIMITATIONS ON SALARY FOR BENEFITS AND CONTRIBUTIONS.] (a) The covered salary for a labor organization employee who qualifies for membership under this section or section 352.75 is limited to the lesser of:

(1) the employee's actual salary as defined under section 352.01, subdivision 13; or

(2) 75 percent of the salary of the governor as set under section 15A.082.

(b) The limited covered salary determined under this subdivision must be used in determining employee, employer, and employer additional contributions under section 352.04, subdivisions 2 and 3, and in determining retirement annuities and other benefits under this chapter and chapter 356.

Sec. 3. Minnesota Statutes 1992, section 352.029, is amended by adding a subdivision to read:

Subd. 2b. [EARNING RESTRICTIONS APPLY.] A retirement annuity is only payable, if the person has met any other applicable requirements, upon the termination by the person who elected coverage under subdivision 1 of employment by the labor organization. The reemployed annuitant earnings limitation set forth in section 352.115, subdivision 10, applies in the event that the person who elected coverage under subdivision 1 retirees and is subsequently reemployed while an annuitant by the labor organization or by any other entity employing persons who are covered by the Minnesota state retirement system by virtue of that employment.

Sec. 4. Minnesota Statutes 1993 Supplement, section 353.017, subdivision 1, is amended to read:

Subdivision 1. [QUALIFICATIONS.] Unless specifically exempt under section 353.01, subdivision 2b, a ~~former member of the association, or a current~~ coordinated member of the association who is on an authorized leave of absence, and who is an employee of a labor organization that represents public employees who are association members may elect, under subdivision 2, to continue to be a coordinated member with respect to ~~service with~~ employment by the labor organization ~~unless specifically exempt under section 353.01, subdivision 2b~~ subject to the limitations set forth in subdivisions 4 and 6.

Sec. 5. Minnesota Statutes 1993 Supplement, section 353.017, subdivision 3, is amended to read:

Subd. 3. [CONTRIBUTIONS.] The employee, employer and additional employer contributions ~~shall be~~ are the obligation of the employee who elects coverage herein in accord with this chapter; provided, however, the employer, labor organization, may pay the employer and additional employer contributions. The employer shall, in any event, deduct the necessary contributions from the employee's salary, subject to the limitations under subdivision 6, and remit all contributions to the public employees retirement association ~~pursuant to~~ under section 353.27, subdivisions 4, 7, 10, 11, and 12.

Sec. 6. Minnesota Statutes 1993 Supplement, section 353.017, is amended by adding a subdivision to read:

Subd. 6. [TERMINATION OF MEMBERSHIP FOR RETIREMENT ELIGIBILITY.] A retirement annuity is only payable, if the person has met any other applicable requirements, upon the termination by the person who elected coverage under subdivision 1 of employment by the labor organization. The reemployed annuitant earnings limitation set forth in section 353.37, subdivision 1, applies in the event that the person who elected coverage under subdivision 1 retires and is subsequently reemployed while an annuitant by the labor organization or by any other entity employing persons who ar covered by the public employees retirement association by virtue of that employment.

Sec. 7. Minnesota Statutes 1993 Supplement, section 353.017, is amended by adding a subdivision to read:

Subd. 7. [LIMITATIONS ON SALARY AND CONTRIBUTIONS.] The covered salary for a labor organization employee who qualifies for membership under this section is limited to the lesser of:

(1) the employee's actual salary as defined under section 353.01, subdivision 10; or

(2) 75 percent of the salary of the governor as set under section 15A.082.

The limited covered salary determined under this subdivision must be used in determining employer and employer contributions under section 353.27, subdivisions 2, 3 and 3a, and in determining retirement annuities and other benefits under this chapter and chapter 356.

Sec. 8. Minnesota Statutes 1992, section 354.41, subdivision 4, is amended to read:

Subd. 4. ~~Any~~ (a) A person who is a ~~former~~ member on an authorized leave of absence and is ~~presently~~ employed by the Minnesota federation of teachers or its affiliated branches within the state, the Minnesota education association, the Minnesota association of school principals, the Minnesota association of secondary school principals or the Minnesota association of school administrators may elect to be a coordinated member in the fund based on ~~such~~ that employment~~; provided~~, subject to the limitations set forth in subdivisions 4a and 4b. However, ~~that~~ no person ~~shall also be~~ is entitled to ~~such~~ membership under this section if the person also is a member of a teachers retirement association in a city of the first class organized ~~pursuant to~~ under chapter 354A for the same period of service. ~~For such persons so employed on June 30, 1975, the election must be made prior to July 1, 1976. For such persons so employed after June 30, 1975,~~

(b) The election must be made ~~upon~~ within 90 days of commencing employment by the labor organization.

Sec. 9. Minnesota Statutes 1992, section 354.41, is amended by adding a subdivision to read:

Subd. 4a. [LIMITATIONS ON SALARY AND CONTRIBUTIONS.] (a) The covered salary for a labor organization employee who qualifies for membership under this section is limited to the lesser of:

(1) the employee's actual salary as defined under section 354.05, subdivision 35; or

(2) 75 percent of the salary of the governor as set under section 15A.081.

The limited covered salary determined under this subdivision must be used in determining employee, employer, and employer additional contributions under section 354.42, subdivisions 2, 3, and 5, and in determining retirement annuities and other benefits under this chapter and chapter 356.

Sec. 10. Minnesota Statutes 1992, section 354.41, is amended by adding a subdivision to read:

Subd. 4b. [EARNING RESTRICTIONS APPLY.] A retirement annuity is only payable, if the person has met any other applicable requirements, upon the termination by the person who elected coverage under subdivision 4 of employment by the labor organization. The reemployed annuitant earnings limitation set forth in section 354.44, subdivision 5, applies in the event that the person who elected coverage under subdivision 4 retires and is subsequently reemployed while an annuitant by the labor organization or by any other entity employing persons who are covered by the Minnesota teachers retirement association by virtue of that employment.

Sec. 11. [356.611] [LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.]

(a) Notwithstanding any provision of law, bylaws, articles or incorporation, retirement and disability allowance plan agreements or retirement plan contracts to the contrary, the covered salary for pension purposes for a plan participant of a covered retirement fund under section 356.30, subdivision 3, may not exceed 95 percent of the salary established for the governor under section 15A.082 at the time the person received the salary.

(b) This section does not apply to a salary paid:

(1) to the governor;

(2) to an employee of a political subdivision in a position that is excluded from the limit as specified under section 43A.17, subdivision 9; or

(3) to a state employee in a position for which the commissioner of employee relations has approved a salary rate that exceeds 95 percent of the governor's salary.

(c) The limited covered salary determined under this section must be used in determining employee and employer contributions and in determining retirement annuities and other benefits under the respective covered retirement fund and under this chapter.

Sec. 12. [EFFECTIVE DATE.]

(a) Sections 1 to 11 are effective the day following final enactment.

(b) Sections 1, 4, and 8 apply to labor organization employees initially employed in that employment position after the effective date specified in paragraph (a). Sections 2, 5, 7, 9, and 11 apply to the plan salary and contributions after July 1, 1994, for labor organization employees who were employees in that employment position before the effective date specified in paragraph (a).

ARTICLE 6

INFORMATION REPORTING

Section 1. [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 nonpayroll 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. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 7

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. [CONSOLIDATED LOCAL RELIEF ASSOCIATIONS; RETIREMENT COVERAGE OPTION.]

Notwithstanding the 180-day limitation contained in Minnesota Statutes, section 353A.08, subdivision 3, an active member of a former local relief association that consolidated with the public employees retirement association before July 1, 1993, may make an election to have retirement benefit coverage provided by the public employees police and fire fund as authorized by the cited law. An election under this section must be made within six months after the effective date of this section, and shall in all other respects be governed by Minnesota Statutes, section 353A.08, and other applicable laws.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on July 1, 1994."

Delete the title and insert:

"A bill for an act relating to retirement; making various administrative and minor substantive changes in the laws governing the Minnesota state retirement system, the public employees retirement association, and the teachers retirement association; requiring disclosure of certain investment information; amending Minnesota Statutes 1992, sections 352.01, subdivisions 11 and 13; 352.029, subdivision 1, and by adding subdivisions; 352.04, subdivisions 2

and 3; 352.119, by adding a subdivision; 352B.265; 352D.04, subdivision 2; 353.03, subdivisions 1 and 3a; 354.05, subdivisions 2, 21, 22, 35, and by adding subdivisions; 354.06, subdivisions 2a and 4; 354.071, subdivision 5; 354.091; 354.10, subdivisions 1 and 2; 354.41, subdivision 4, and by adding subdivisions; 354.42, subdivisions 3 and 5; 354.44, subdivisions 1a, 4, and 5a; 354.47; 354.48, subdivision 2; 354.49, subdivision 1; 354.52, subdivisions 2, 2a, 4, and by adding subdivisions; 354.66, subdivisions 2, 3, and by adding a subdivision; and 356.30, subdivision 1; Minnesota Statutes 1993 Supplement, sections 3A.02, subdivision 5; 352.22, subdivision 2; 352.93, subdivision 2a; 352.96, subdivision 4; 352B.08, subdivision 2a; 353.01, subdivisions 10, 12a, 16, and 28; 353.017, subdivisions 1, 3, and by adding subdivisions; 353.27, subdivision 7; 353.37, subdivisions 1, 2, and 4; 353.65, subdivision 3a; 353A.08, subdivision 3; 354.05, subdivision 8; and 354.46, subdivisions 1 and 5; proposing coding for new law in Minnesota Statutes, chapters 354; and 356; repealing Minnesota Statutes 1992, sections 352.15, subdivision 2; 352D.09, subdivision 6; 354.05, subdivisions 15 and 29; 354.43, subdivision 3; 354.57; 354.65; and 356.18."

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. 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; 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.

Reported the same back with the following amendments:

Page 2, line 27, delete "2000" and insert "1997"

Page 4, line 26, delete "2000" and insert "1997"

Page 17, delete lines 8 to 22

Page 17, line 23, delete "(e)" and insert "(b)"

Page 17, line 26, delete "(f)" and insert "(c)"

Page 17, delete lines 31 to 35

Page 17, line 36, delete "(h)" and insert "(d)"

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

The report was adopted.

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

H. F. No. 2503, A bill for an act relating to capital improvements; appropriating money for educational demonstration grants for wind energy conversion facilities; authorizing the sale and issuance of state bonds.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1992, section 216C.05, is amended to read:

216C.05 [FINDINGS AND PURPOSE.]

The legislature finds and declares that continued growth in demand for energy will cause severe social and economic dislocations, and that the state has a vital interest in providing for: increased efficiency in energy consumption, the development and use of ~~renewable~~ preferred energy resources wherever possible, and the creation of an effective energy forecasting, planning and education program.

The legislature further finds and declares that the protection of life, safety and financial security for citizens during an energy crisis is of paramount importance.

Therefore, the legislature finds that it is in the public interest to review, analyze and encourage those energy programs that will minimize the need for annual increases in fossil fuel consumption by 1990 and the need for additional electrical generating plants, and provide for an optimum combination of energy sources consistent with environmental protection and the protection of citizens.

The legislature intends to monitor, through energy policy planning and implementation, the transition from historic growth in energy demand to a period when demand for ~~traditional fuels~~ subordinate energy sources becomes stable and the supply of ~~renewable~~ preferred energy resources is readily available and adequately utilized.

Sec. 2. [216C.051] [ELECTRIC ENERGY; GENERATION AND USE.]

Subdivision 1. [FINDINGS AND POLICY.] (a) The legislature finds that:

(1) the purposes of section 216C.05 have not been realized;

(2) the consumption of electric energy in the state remains inefficient and excessive;

(3) the supply of preferred energy sources has not been developed, is not readily available, and is inadequately utilized; and

(4) the demand for energy from subordinate energy sources has not stabilized.

(b) Further, the legislature finds that the generation of electric energy distributed for consumption in the state continues to place unnecessary and unfunded or underfunded burdens on environmental, social, and economic resources without accruing sufficient benefits in preserving local economies and developing energy-related jobs and other energy-related income for citizens of the state to balance those burdens.

(c) It is the policy of the state that the legislature; public utilities commission; executive agencies; generators, transmitters, and distributors of electric energy; business and industry; citizens groups; and other interested persons work together to ensure an efficient, beneficial, and sustainable system for generating, transmitting, distributing, and using electric energy. That system must minimize environmental, social, and economic burdens and maximize environmental, social, and economic efficiency and sustainability, including increasing the number and quality of energy-related jobs and increasing other energy-related income for the citizens of the state, while ensuring the viability and stability of entities that generate, transmit, distribute, and consume electric energy. Further, it is in the public interest that present energy consumers pay for the environmental costs, specifically the pollution costs, of providing the energy they consume. It is not in the public interest for future consumers or for present or future taxpayers to pay for those costs.

Subd. 2. [GOALS.] The specific electric energy goals of the state are to:

(1) reduce demand for electric energy and increase environmental and economic efficiency in generating, transmitting, distributing, and using electricity;

(2) reduce, to the greatest extent feasible, reliance on electric generation methods that utilize subordinate energy sources that are not available or producible in the state and that result in generation of wastes, including radioactive waste, hazardous waste, solid waste, and air pollutants, whose management impose risks and both quantifiable and unquantifiable costs to the economy, the physical and social environment, and human health of the state; and

(3) increase, to the greatest extent feasible, reliance on electric generation methods: (i) that utilize preferred energy sources that are available or producible in the state; (ii) that generate no, or minimal, wastes that pose risks and costs to the state or its citizens; (iii) that do not otherwise negatively affect the physical or social environment; and (iv) whose production or use provide significant environmental, social, and economic benefits to the state and its citizens, including increasing the number and quality of energy-related jobs and increasing other energy-related income for the citizens of the state.

Subd. 3. [PREFERRED PRACTICES; DEFINITIONS.] (a) The highest priority in electric energy production and consumption is conservation of electric energy and management of demand by all segments of the community.

(b) The following energy sources for generating electric power distributed in the state, listed in their descending order of preference, based on minimizing long-term negative environmental, social, and economic burdens imposed by the specific energy sources, are:

(1) wind and solar;

(2) biomass and low-head or refurbished hydropower;

(3) decomposition gases produced by solid waste management facilities, natural gas-fired cogeneration, and waste materials or byproducts combined with natural gas;

(4) natural gas, hydropower that is not low-head or refurbished hydropower, and solid waste as a direct fuel or refuse-derived fuel; and

(5) coal and nuclear power.

(c) For the purposes of paragraph (b) within each clause, the more efficient an energy source is in generating electricity or the more efficient a technology is that utilizes an energy source, the more preferred it is for use in generating electricity for distribution and consumption in the state.

(d) For the purposes of paragraph (b), clauses (3) and (4), the use of waste materials and byproducts for generating electric power must be limited to those waste materials and byproducts that are necessarily generated or produced by efficient processes and systems. Preventing and minimizing waste and byproducts are preferred in every situation to relying on the continued generation or production of waste materials and byproducts.

(e) For the purposes of chapters 216B and 216C, "preferred energy sources" are those described in paragraph (b), clauses (1) to (3), and "subordinate energy sources" are those described in paragraph (b), clauses (4) and (5).

(f) For the purposes of this section:

(1) "biomass" means herbaceous crops, trees, agricultural waste, and aquatic plant matter, excluding mixed municipal solid waste, as defined in section 115A.03, used to generate electricity; and

(2) "low-head hydropower" means a hydropower facility that has a head of less than 66 feet.

Sec. 3. [LEGISLATIVE TASK FORCE; ENERGY POLICY.]

Subdivision 1. [ESTABLISHMENT; MEMBERS.] (a) The legislative task force on energy policy is established to investigate, in light of existing statutes and rules related to energy policy, the energy-related activities of the department of public service, the public utilities commission, public utilities, and other persons who provide electric or natural gas service in the state, political subdivisions, and other persons engaged in the business of generating, transmitting, or distributing electric power for consumption in the state or transporting or distributing natural gas in the state.

(b) The task force consists of three members, including at least one member of the minority party, of the house of representatives to be appointed by the speaker of the house and three members, to include at least one member of the minority party, of the senate to be appointed by the senate subcommittee on committees. The task force shall elect cochairs, one member of the house and one member of the senate. Members of the task force must be appointed by July 1, 1994.

(c) The task force expires June 30, 1997.

Subd. 2. [STAFF; EXPENSES.] The task force may employ staff and purchase services and supplies as needed to carry out its duties. The director of the legislative coordinating commission shall assist the task force in hiring staff and in securing office space and supplies. On request by the cochairs and the director of the legislative coordinating commission, the commissioner of the department of public service shall assess, under Minnesota Statutes, section 216B.62, the amount requested for operation of the task force, not to include reimbursement to members of the task force and not to exceed $..... annually, on all public utilities, cooperative electric associations, and municipalities that provide natural gas or electric service to consumers in the state, and shall remit the amount collected to the director of the commission for payment of the expenses of the task force.

Subd. 3. [DUTIES.] The task force shall:

(1) gather information on the extent to which statutory and regulatory requirements related to the development and implementation of energy policy contained in Minnesota Statutes, chapters 216A, 216B, and 216C, and other applicable statutes and rules are being followed and on whether and to what extent those requirements should be modified, strengthened, or abandoned;

(2) require and receive copies of all reports, plans, forecasts, studies, and other reportable undertakings related to developing and implementing energy policy required under Minnesota Statutes, chapters 216A, 216B, and 216C, or other applicable law;

(3) determine the extent to which the department of public service, the public utilities commission, and public utilities and other persons who provide natural gas or electric service to consumers in the state have complied and are planning to comply with the energy policies in Minnesota Statutes, chapters 216A, 216B, and 216C, particularly those policies related to developing and implementing effective and efficient energy conservation approaches that result in quantifiable energy conservation and policies related to the development of indigenous preferred energy resources that minimize environmental and long-term economic burdens;

(4) determine the extent to which regulatory rate structures have been adjusted to:

(i) provide financial capabilities and incentives for conservation, load management, and utilization of preferred energy sources;

(ii) provide disincentives for inefficient consumption and continued reliance on subordinate energy sources; and

(iii) acknowledge the long-term environmental, social, and economic costs of nonrenewable and subordinate energy sources;

(5) survey other states' applicable law and regulatory programs to determine whether approaches in effect in other states may be advisable for implementation in Minnesota; and

(6) review the federal Energy Policy Act of 1992, Public Law Number 102-486, 106 Statute 2776 (1992), and any resultant actions taken by state agencies.

Subd. 4. [PUBLIC HEARINGS; RECOMMENDATIONS.] The task force shall hold hearings to take testimony from the public, including hearings in locations reasonably convenient for attendance by all residents of the state. After completing its investigations and receiving public testimony, the task force shall make recommendations for legislation and implementation of legislation that will achieve an energy generation, transmission, and delivery system that promotes efficient consumption of energy and that relies, to the greatest extent feasible, on preferred energy sources that minimize present and future environmental, social, and economic burdens and maximize environmental, social, and economic benefits, including creation of energy-related jobs and increasing other energy-related income for the state and its citizens.

Subd. 5. [COOPERATION.] The commissioner of the department of public service; the public utilities commission; public utilities and other persons engaged in generating, transmitting, or distributing electricity for consumption in the state or transporting or distributing natural gas in the state; political subdivisions; and any other agency or person shall submit information requested by the task force and shall respond to any other inquiry undertaken by the task force in performance of its duties. The task force shall keep confidential any information it receives that is designated confidential by the provider of the information, provided that the information is not otherwise available as public information or would not be public information if reported to an executive agency under Minnesota Statutes, chapter 13.

Subd. 6. [COMMISSIONER OF PUBLIC SERVICE; REPORT.] (a) By December 15, 1994, the commissioner of the department of public service shall prepare and submit to the task force a report that includes:

(1) an explanation of how the energy issues intervention office established in 1983 in Minnesota Statutes, section 216A.085, has promoted energy conservation, energy efficiency, and use of renewable or preferred energy sources;

(2) preliminary or final copies of the reports required in Minnesota Statutes, sections 216B.162, subdivision 9, and 216B.163, subdivision 8, evaluating the impact of competitive electric rates on cogeneration and small power production and the impact of flexible natural gas tariffs on alternative energy sources;

(3) a summary of the investments, expenditures, and contributions made for energy conservation under the requirements of Minnesota Statutes, section 216B.241, by public utilities, cooperative electric associations, and municipalities that provide electric service; a copy of any rules adopted by the department under that section; and a discussion of resultant conservation programs, including data on actual conservation achieved and the resultant decrease in demand for energy;

(4) an explanation of the operation of the energy and conservation account established in Minnesota Statutes, section 216B.241, subdivision 2a;

(5) a summary of the information collected by the commissioner under Minnesota Statutes, section 216C.02, subdivision 1, paragraph (b), on conservation and other energy-related programs in the state and the effect of those programs in reducing demand;

(6) a discussion of the implementation of the purposes enumerated in Minnesota Statutes, section 216C.05, including how demand for traditional energy fuels has been stabilized and how the supply of renewable or preferred resources has been made readily available and how those resources are being adequately utilized;

(7) a discussion of the commissioner's performance of the duties listed in Minnesota Statutes, section 216C.09, specifically including explanations of:

(i) the recommendations the commissioner has made for changes in energy-pricing policies and rate schedules in light of the energy policies in the statutes and how the public utilities commission has acted on those recommendations;

(ii) the state program for energy conservation developed and implemented by the commissioner and the extent to which the program has achieved energy conservation;

(iii) the comprehensive program for developing indigenous energy resources, including a list of which specific indigenous energy resources have been developed and how they are being utilized; and

(iv) the extent of public education and information about energy issues provided by the commissioner;

(8) a discussion of implementation of the authorities listed in Minnesota Statutes, section 216C.10, specifically including information on:

(i) developing a state energy investment plan with yearly conservation and alternative energy development goals; and

(ii) preparing proposals for innovative conservation, renewable, alternative, or energy-recovery projects;

(9) an explanation of the operation of the energy conservation information center and an analysis of the effectiveness of the center in achieving energy efficiency and conservation;

(10) examples of the energy conservation publicity pieces developed and distributed by the commissioner under Minnesota Statutes, section 216C.12;

(11) a summary of the community energy planning grants program in Minnesota Statutes, section 216C.14, and its operation in assisting local communities to effectively plan for energy needs;

(12) a copy of the most recent state energy policy and conservation report required under Minnesota Statutes, section 216C.18;

(13) citations to rules adopted under Minnesota Statutes, sections 216C.19 and 216C.195, relating to energy conservation in specific products and circumstances, and the history of enforcement of those rules;

(14) an explanation of the operation of the alternative energy engineering activity required in Minnesota Statutes, section 216C.261, including examples of specific projects to develop indigenous energy resources and energy conservation facilitated by the activity;

(15) citations to rules adopted under Minnesota Statutes, section 216C.27, relating to minimum energy efficiency standards in existing residences, including a discussion of the history of enforcement of the rules;

(16) an explanation of energy audit programs required under Minnesota Statutes, section 216C.31, and how they have promoted energy conservation;

(17) an explanation of the operation of the commissioner's training program for persons who influence the energy efficiency of new buildings required under Minnesota Statutes, section 216C.32, and how the program has resulted in greater efficiency in new buildings;

(18) information on operation of the Minnesota biomass center authorized under Minnesota Statutes, section 216C.33, and the extent to which biomass is being utilized as an energy source in the state;

(19) a discussion and evaluation of the energy conservation investment loan program established in Minnesota Statutes, section 216C.37, and the level of conservation achieved through the program;

(20) an explanation and evaluation of the building energy research center required under Minnesota Statutes, section 216C.38; and

(21) an explanation and evaluation of the community energy program authorized under Minnesota Statutes, section 216C.381.

(b) By December 15, 1994, the commissioner also shall submit to the legislative task force:

(1) a report that identifies barriers to managing demand by residential, commercial, and industrial consumers of energy and by utilities to achieve energy conservation and stabilization of demand for subordinate energy sources and recommendations for overcoming those barriers; and

(2) a report detailing how the commissioner and department will meet the goals and responsibilities of existing law and implement the goals and directives of this act.

(c) By September 1, 1996, the commissioner shall prepare and submit to the legislative task force a report detailing how the commissioner has implemented and is promoting the policies and goals in Minnesota Statutes, sections 216C.05 and 216C.051, including a discussion of progress made in implementing the hierarchy of energy sources in Minnesota Statutes, section 216C.051, subdivision 3.

Subd. 7. [PUBLIC UTILITIES COMMISSION.] (a) By December 15, 1994, the public utilities commission shall prepare and submit to the task force a report that includes:

(1) a discussion of the use of the commission's authority in Minnesota Statutes, section 216B.16, subdivision 6c, to require incentive plans for energy conservation improvement, including information on how the commission has set rates to encourage the vigorous and effective implementation of utility conservation programs;

(2) a discussion of the commission's experience in giving the maximum possible encouragement to cogeneration and small power production in compliance with Minnesota Statutes, section 216B.164;

(3) a discussion of the commission's experience under Minnesota Statutes, section 216B.242, in initiating a program designed to demonstrate the effect of inverted rates on promoting conservation;

(4) an explanation of how the commission weights the criteria in Minnesota Statutes, section 216B.243, subdivision 3, when evaluating the need for a large energy facility and what evidence the commission requires under section 216B.243, subdivision 4, to show that an applicant for a certificate of need has sufficiently explored the possibility of generating power by means of a renewable or preferred energy source and has sufficiently demonstrated that, when environmental costs are factored in, the nonrenewable source is less expensive; and

(5) how the commission plans to implement the goals and policies in Minnesota Statutes, sections 216C.05 and 216C.051 and this act, including strategies for ensuring that utilities will achieve reliance on preferred energy sources, will reduce reliance on subordinate energy sources, and, over time, will eliminate reliance on the nonrenewable and environmentally, socially, and economically harmful energy sources described in Minnesota Statutes, section 216C.051, subdivision 3, paragraph (b), clause (5).

(b) By September 1, 1996, the commission shall prepare and submit to the legislative task force a report that includes:

(1) a description of the progress made by the commission in achieving electric energy goals set in Minnesota Statutes, sections 216C.05 and 216C.051, including a discussion of the method or methods used by the commission to measure progress in terms of improved efficiency, reduction in waste from energy production, and greater reliance on preferred energy sources; and

(2) an explanation of how the commission has applied the energy source hierarchy in Minnesota Statutes, section 216C.051, subdivision 3, in decisions on rates, resource plans, and requests for certificates of need for large energy facilities, and the quantifiable results of those decisions in developing and utilizing preferred energy sources.

ARTICLE 2

Section 1. Minnesota Statutes 1992, section 216B.02, is amended by adding a subdivision to read:

Subd. 10. [ECONOMIC.] (a) "Economic," when used to modify costs related to energy sources for electric generation, means:

(1) the exportation from the state of dollars for producing, transporting, and consuming energy sources;

(2) the lack of energy-related jobs and other income from in-state production, transportation, and consumption of energy sources; and

(3) the lack of research and development activities and jobs in the state related to producing, transporting, and consuming indigenous preferred energy sources for electric generation.

(b) When "economic" is used to modify the benefits of energy sources, it means the opposite of the meanings listed in paragraph (a). Economic, when used to modify the costs or benefits of energy sources for electric generation, does not mean the level of rates charged retail or wholesale consumers of electricity.

Sec. 2. Minnesota Statutes 1992, section 216B.02, is amended by adding a subdivision to read:

Subd. 11. [PREFERRED ENERGY.] "Preferred energy" means electricity generated through use of energy sources described in section 216C.051, subdivision 3, paragraph (b), clauses (1) to (3).

Sec. 3. Minnesota Statutes 1992, section 216B.02, is amended by adding a subdivision to read:

Subd. 12. [SUBORDINATE ENERGY.] "Subordinate energy" means electricity generated through use of energy sources described in section 216C.051, subdivision 3, paragraph (b), clauses (4) and (5).

Sec. 4. [216B.035] [INTERVENOR COMPENSATION.]

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

(1) "administrative law judge" means the administrative law judge assigned to a proceeding before the public utilities commission or, when a proceeding has not been assigned to the office of administrative hearings, the chief administrative law judge; and

(2) "intervenor" means a participant in any proceeding related to gas or electric utilities or service before the public utilities commission or in any proceeding reviewing a commission decision or order related to gas or electric utilities or service, excluding a participant that provides gas or electric services.

Subd. 2. [ACCOUNT; ASSESSMENT; APPROPRIATION.] (a) A separate account in the state treasury is established for the purpose of compensating intervenors as provided in this section. The commissioner, under section 216B.62, shall annually assess gas and electric utilities an amount that, in aggregate, provides not less than $100,000 nor more than $200,000 per year in revenue for the account, based on the commissioner's evaluation of potential claims against the account.

(b) One-half of the annual amount assessed under paragraph (a) must be apportioned among all public utilities in proportion to their respective gross operating revenues under section 216B.62, subdivision 3. The remaining one-half of the assessment must be apportioned among each of the gas and electric utilities, including cooperatively and municipally owned utilities, who were primary parties during the most recent calendar year in proportion to the amount of intervenor compensation disbursed from the account for proceedings in which each of the utilities were primary parties.

(c) The amount assessed each year by the commissioner must be deposited in the account and is appropriated to the commissioner for the purposes of this section.

Subd. 3. [COMPENSATION.] The commissioner shall remit from the intervenor compensation account payment to an intervenor to reimburse the intervenor for reasonable attorney fees, expert witness fees, transcript fees, and other reasonable costs, including fees and costs of obtaining judicial review, provided:

(1) the administrative law judge determines that the intervenor's participation is necessary to provide for the record an adequate presentation of a significant position in which the intervenor has a substantial interest; and

(2) the administrative law judge determines that the intervenor cannot without undue hardship afford to pay the costs of participation or that, in the case of a group or organization, the economic interest of the individual members of the group or organization is small in comparison to the costs of effective participation in the proceeding.

Subd. 4. [PROCEDURE; SUPPLEMENTAL COMPENSATION; PAYMENT.] (a) An intervenor seeking compensation under this section shall file an application for compensation with the administrative law judge within 14 days after a notice of hearing is issued or 30 days before initial comments are due in a noncontested matter. The judge may grant leave to file a late application if the applicant provides a reasonable justification for delay.

(b) The administrative law judge shall decide whether and in what amount to authorize compensation within 14 days of receipt of an application for compensation and shall notify the commissioner of the authorization. The administrative law judge may authorize partial payments to be disbursed as an intervenor's work progresses.

(c) The administrative law judge may authorize supplemental compensation for an intervenor for whom compensation is authorized if, for legitimate reasons, the costs of participation were underestimated or if additional funds would substantially improve the ability of the intervenor to contribute to the proceeding.

(d) Within 30 days of receipt of notice from the administrative law judge of an approved application for compensation, the commissioner shall provide the authorized compensation to the intervenor.

Subd. 5. [ACCOUNTING; REPORT.] Within 30 days of issuance of the final order in the proceeding for which compensation was paid under this section, the intervenor who received the compensation shall file with the administrative law judge and the commissioner a report itemizing the fees paid and expenses actually incurred by the intervenor. The report must include full documentation of fees and expenses, including the cost of studies,

engineering reports, tests, or projects related to the proceeding. Documentation must also include an affidavit from each attorney, agent, or expert witness that represented or appeared on behalf of the intervenor that states the specific services rendered, the actual time spent for each service, and the rate at which fees were computed for providing each service.

Subd. 6. [REIMBURSEMENT.] The administrative law judge shall review each report filed under subdivision 5, along with any other relevant material submitted. An intervenor shall reimburse the commissioner for any amount the administrative law judge determines was not compensable under this section. Reimbursement received by the commissioner under this section must be deposited in the intervenor compensation account.

Sec. 5. Minnesota Statutes 1992, section 216B.11, is amended to read:

216B.11 [DEPRECIATION RATES AND PRACTICES.]

The commission shall fix proper and adequate rates and methods of depreciation, amortization, or depletion in respect of utility property to encourage utilization of preferred energy sources, and every public utility shall conform its depreciation, amortization or depletion accounts to the rates and methods fixed by the commission.

Sec. 6. Minnesota Statutes 1993 Supplement, section 216B.16, subdivision 1, is amended to read:

Subdivision 1. [NOTICE.] (a) Unless the commission otherwise orders, no public utility shall change a rate which has been duly established under this chapter, except upon 60 days notice to the commission. The notice shall include statements of facts, expert opinions, substantiating documents, and exhibits, supporting the change requested, and state the change proposed to be made in the rates then in force and the time when the modified rates will go into effect. ~~If the filing utility does not have an approved conservation improvement plan on file with the department of public service, it shall also include in its notice an energy conservation plan pursuant to section 216B.241.~~

(b) A utility may not notify the commission of a rate change unless the utility has an approved conservation improvement plan on file with the department of public service under section 216B.241 and has a current resource plan in effect under section 216B.2422. In its notification, the utility shall demonstrate and certify that it is in compliance with the requirements of section 216B.241 and the provisions of its own resource plan, including the timetable for meeting the specific goals for conservation and development of preferred energy resources. The commission may not accept notification without the demonstration and certification required in this paragraph.

(c) The filing utility shall give written notice, as approved by the commission, of the proposed change to the governing body of each municipality and county in the area affected. All proposed changes shall be shown by filing new schedules or shall be plainly indicated upon schedules on file and in force at the time.

Sec. 7. Minnesota Statutes 1992, section 216B.16, is amended by adding a subdivision to read:

Subd. 14. [LOW-INCOME CONSIDERATIONS IN SETTING RATES.] (a) The commission may consider ability to pay as a factor in setting rates under this section and shall establish discounts for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility consumers unless the commission finds that discounted rates are not in the public interest. In setting discounted rates, the commission shall consider:

(1) the effect of rate levels and rate increases on customers who comprise the working poor;

(2) the impact of rate levels and rate increases as a percentage of the total income of a low-income residential customer;

(3) the potential for the discounted rate to provide savings to the utility for collection costs, the costs of carrying and collecting arrearages, disconnection and reconnection costs, regulatory expenses, working capital costs, bad debt expenses, and any other administrative costs related to inability to pay programs;

(4) how rate levels and rate increases affect the income available to low-income customers to purchase other basic necessities; and

(5) the potential for using discounted rates for low-income residential customers to leverage federal dollars for the state.

(b) In determining the need for and structure of discounted rates under this subdivision, the commission shall:

(1) consult with advocates for and representatives of low-income utility consumers, administrators of energy assistance and conservation programs, and representatives of utilities;

(2) coordinate discounted rates with the state and federal energy assistance programs and low-income residential energy conservation programs, including weatherization programs;

(3) evaluate discount rates offered by utilities in other states;

(4) evaluate the impact of discount rates on disconnections and the costs to utilities of carrying, disconnecting, reconnecting, and otherwise managing delinquent or unpaid accounts;

(5) set discounted rates in relation to the percentage of income paid by low-income customers for utility service to ensure a meaningful discount and to ensure a minimal effect on ineligible ratepayers;

(6) evaluate the leveraging potential of various levels of discounted rates for low-income customers; and

(7) establish a discount rate oversight board for each public utility that includes representatives of the utility company, the energy programs division of the department of jobs and training, energy assistance program providers, senior citizens' groups, consumer advocates, and low-income taxpayers.

Sec. 8. Minnesota Statutes 1992, section 216B.162, subdivision 2, is amended to read:

Subd. 2. [COMPETITIVE RATE SCHEDULE PERMITTED.] (a) Notwithstanding section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16, the commission shall approve a competitive rate schedule when:

(1) the provision of service to a customer or a class of customers is subject to effective competition; ~~and~~

(2) the schedule applies only to customers requiring electric service with a connected load of at least 2,000 kilowatts; and

(3) the electric utility offering the competitive rate has an approved conservation improvement plan on file with the department of public service and is in compliance with the requirements of section 216B.241, subdivision 1a, has in effect a resource plan required under section 216B.2422, and is in compliance with the timetable in its resource plan for meeting the goals specified in the plan for conservation and increased utilization of preferred energy sources.

(b) The commission may approve a competitive rate schedule that applies to customers subject to effective competition and requiring electric service with a connected load less than 2,000 kilowatts.

(c) The commission shall make a final determination in a proceeding begun under this section within 90 days of a miscellaneous rate filing by the electric utility.

Sec. 9. Minnesota Statutes 1992, section 216B.162, subdivision 4, is amended to read:

Subd. 4. [RATES AND TERMS OF COMPETITIVE RATE SCHEDULE.] When the commission authorizes a competitive rate schedule for a customer class, it shall set the terms and conditions of service for that schedule, which must include:

(1) that the minimum rate for the schedule recover at least the incremental cost of providing the service, including the cost of additional capacity that is to be added while the rate is in effect and any applicable on-peak or off-peak differential;

(2) that the maximum possible rate reduction under a competitive rate schedule does not exceed the difference between the electric utility's applicable standard tariff and the cost to the customer of the lowest cost competitive energy supply;

(3) that the term of a contract for a customer who elects to take service under a competitive rate must be no less than one year and no longer than five years;

(4) that the electric utility~~, within a general rate case, be allowed to seek~~ is prohibited from recovery of the difference between the standard tariff and the competitive rate ~~times the usage level during the test year period~~ in the rates charged other customers;

(5) a determination that a rate within a competitive rate schedule meets the conditions of section 216B.03, for other customers in the same customer class;

(6) that the rate does not compete with district heating or cooling provided by a district heating utility as defined by section 216B.166, subdivision 2, paragraph (c); ~~and~~

(7) that the rate may not be offered to a customer in which the utility has a financial interest greater than 50 percent; and

(8) that the utility must provide discounted rates for low-income residential customers and that the utility may recover the amount of revenue lost due to provision of discounted rates for low-income customers in a general rate case based on the test year period.

Sec. 10. Minnesota Statutes 1993 Supplement, section 216B.162, subdivision 7, is amended to read:

Subd. 7. [COMMISSION DETERMINATION.] (a) Except as provided under subdivision 6, competitive rates offered by electric utilities under this section must be filed with the commission and must be approved, modified, or rejected by the commission within 90 days. The utility's filing must include statements of fact demonstrating that the proposed rates meet the standards of this subdivision and that the utility is in compliance with sections 216B.241 and 216B.2422. The filing must be served on the department of public service and the office of the attorney general at the same time as it is served on the commission.

(b) In reviewing a specific rate proposal, the commission shall determine:

(1) that the rate meets the terms and conditions in subdivision 4, unless the commission determines that waiver of one or more terms and conditions would be in the public interest;

(2) that the consumer can obtain its energy requirements from an energy supplier not rate-regulated by the commission under section 216B.16;

(3) that the customer is not likely to take service from the electric utility seeking to offer the competitive rate if the customer was charged the electric utility's standard tariffed rate; ~~and~~

(4) that after consideration of environmental and socioeconomic impacts it is in the best interest of all other customers to offer the competitive rate to the customer subject to effective competition; and

(5) that the energy source used by the utility to provide the electricity under the competitive rate is as preferred as or more preferred than the energy source that otherwise would be used to provide the electricity under the preferred energy source hierarchy in section 216C.051, subdivision 3, paragraph (b).

(c) If the commission approves the competitive rate, it becomes effective as agreed to by the electric utility and the customer. If the competitive rate is modified by the commission, the commission shall issue an order modifying the competitive rate subject to the approval of the electric utility and the customer. Each party has ten days in which to reject the proposed modification. If no party rejects the proposed modification, the commissioner's order becomes final. If either party rejects the commission's proposed modification, the electric utility, on its behalf or on the behalf of the customer, may submit to the commission a modified version of the commission's proposal. The commission shall accept or reject the modified version within 30 days. If the commission rejects the competitive rate, it shall issue an order indicating the reasons for the rejection.

Sec. 11. Minnesota Statutes 1992, section 216B.162, subdivision 8, is amended to read:

Subd. 8. [ENERGY EFFICIENCY MEASURES.] If the commission approves a competitive rate or the parties agree to a modified rate, the commission ~~may~~ shall require the electric utility to provide the customer with an energy audit and assist in implementing cost-effective energy efficiency improvements to assure that the customer's use of electricity is efficient. An investment in cost-effective energy conservation improvements required under this section must be treated as an energy conservation improvement program and included in the department's determination

of significant investments under section 216B.241. The utility shall recover energy conservation improvement expenses in a rate proceeding under section 216B.16 or 216B.17 in the same manner as the commission authorizes for the recovery of conservation expenditures made under section 216B.241.

Sec. 12. Minnesota Statutes 1992, section 216B.164, subdivision 1, is amended to read:

Subdivision 1. [SCOPE AND PURPOSE.] ~~This section~~ The commission, the commissioner, and any other person shall at all times ~~be construed~~ construe this section in accordance with its intent to give the maximum possible encouragement to cogeneration and small power production consistent with protection of the ratepayers and the public interest.

Sec. 13. Minnesota Statutes 1992, section 216B.164, subdivision 3, is amended to read:

Subd. 3. [PURCHASES; SMALL FACILITIES.] (a) For a qualifying facility having less than ~~40~~ 80-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility according to the applicable rate schedule for sales to that class of customer. In the case of net input into the utility system by a qualifying facility having less than ~~40~~ 80-kilowatt capacity, compensation to the customer shall be at a per kilowatt hour rate determined under paragraph (b) or (c) of this subdivision.

(b) In setting rates, the commission shall consider the fixed distribution costs to the utility not otherwise accounted for in the basic monthly charge and shall ensure that the costs charged to the qualifying facility are not discriminatory in relation to the costs charged to other customers of the utility. The commission shall set the rates for net input into the utility system based on avoided costs as defined in the Code of Federal Regulations, title 18, section 292.101(b)(6), the factors listed in Code of Federal Regulations, title 18, section 292.304, and all other relevant factors.

(c) Notwithstanding any provision in this chapter to the contrary, a qualifying facility having less than ~~40~~ 80-kilowatt capacity may elect that the compensation for net input by the qualifying facility into the utility system shall be at the average retail utility energy rate. "Average retail utility energy rate" is defined as the average of the retail energy rates, exclusive of special rates based on income, age, or energy conservation, according to the applicable rate schedule of the utility for sales to that class of customer.

(d) If the qualifying facility is interconnected with a nongenerating utility which has a sole source contract with a municipal power agency or a generation and transmission utility, the nongenerating utility may elect to treat its purchase of any net input under this subdivision as being made on behalf of its supplier and shall be reimbursed by its supplier for any additional costs incurred in making the purchase. Qualifying facilities having less than ~~40~~ 80-kilowatt capacity may, at the customer's option, elect to be governed by the provisions of subdivision 4.

Sec. 14. Minnesota Statutes 1993 Supplement, section 216B.164, subdivision 4, is amended to read:

Subd. 4. [PURCHASES; WHEELING; COSTS.] (a) Except as otherwise provided in paragraph ~~(e)~~ (f), this subdivision ~~shall apply~~ applies to all qualifying facilities ~~having 40 kilowatt capacity or more~~ with a capacity of no more than 500 kilowatts as well as qualifying facilities as defined in subdivision 3 which elect to be governed by its provisions.

(b) The utility to which the qualifying facility is interconnected shall purchase all energy and capacity made available by the qualifying facility.

(c) Except as provided in paragraphs (d) and (e), the owner or operator of a qualifying facility shall be paid the utility's full avoided capacity and energy costs as negotiated by the parties, as set by the commission, or as determined through competitive bidding approved by the commission. The full avoided capacity and energy costs to be paid the owner or operator of a qualifying facility that generates electric power by means of a ~~renewable~~ preferred energy source are the utility's least cost ~~renewable~~ preferred energy facility or the bid of a competing supplier of a least cost ~~renewable~~ preferred energy facility, whichever is lower, unless the commission's resource plan order, under section 216B.2422, subdivision 2, provides that the use of a ~~renewable~~ preferred resource to meet the identified capacity need is not in the public interest. The comparison of costs under this paragraph must be between the qualifying facility and an energy source or facility that is as preferred as or more preferred than the qualifying facility under section 216C.051, subdivision 3, paragraph (b).

(d) The owner or operator of a qualifying facility of no more than 80 kilowatts that begins operation by January 1, 2005, shall be paid 100 percent of the purchasing utility's average retail utility rate. The owner or operator of a qualifying facility of more than 80 but no more than 500 kilowatts that begins operation by January 1, 2005, shall be paid:

(1) for a facility that utilizes an energy source that is described in section 216C.051, subdivision 3, paragraph (b), clause (1), 90 percent of the purchasing utility's average retail utility rate;

(2) for a facility that utilizes an energy source that is described in section 216B.051, subdivision 3, paragraph (b), clause (2), 80 percent of the purchasing utility's average retail utility rate; and

(3) for a facility that utilizes an energy source that is described in section 216C.051, subdivision 3, paragraph (b), clause (3), 70 percent of the purchasing utility's average utility rate.

(e) An owner or operator, and any interest affiliated with the owner or operator for any energy purpose, of a qualifying facility may receive payment under paragraph (d) for one qualifying facility. The owner or operator, or any interest affiliated with the owner or operator for an energy purpose, of a qualifying facility that has received payment under paragraph (d) will receive payment under paragraph (c) for any other qualifying facility.

~~(e)~~ (f) For all qualifying facilities having 30-kilowatt capacity or more, the utility shall, at the qualifying facility's or the utility's request, provide wheeling or exchange agreements wherever practicable to sell the qualifying facility's output to any other Minnesota utility having generation expansion anticipated or planned for the ensuing ten years. The commission shall establish the methods and procedures to insure that except for reasonable wheeling charges and line losses, the qualifying facility receives the full avoided energy and capacity costs of the utility ultimately receiving the output.

~~(d)~~ (g) The commission shall set rates for electricity generated by ~~renewable~~ preferred energy sources.

Sec. 15. Minnesota Statutes 1992, section 216B.164, subdivision 6, is amended to read:

Subd. 6. [RULES AND UNIFORM CONTRACT.] (a) The commission shall ~~promulgate~~ adopt rules to implement the provisions of this section. The commission shall also establish ~~a~~ uniform statewide ~~form of~~ contract forms for use between utilities and ~~a~~ qualifying ~~facility having less than 40 kilowatt capacity~~ facilities.

(b) The commission shall require the qualifying facility to provide the utility with reasonable access to the premises and equipment of the qualifying facility if the particular configuration of the qualifying facility precludes disconnection or testing of the qualifying facility from the utility side of the interconnection with the utility remaining responsible for its personnel.

(c) The uniform statewide ~~form of~~ contract ~~shall be applied~~ forms apply to all new and existing interconnections ~~established between a utility and a qualifying facility having less than 40 kilowatt capacity, except that~~ with a capacity of no more than 500 kilowatts. Existing contracts ~~may~~ remain in force until written notice of election that ~~the~~ a uniform statewide contract form applies is ~~given~~ made by either party to the other~~, with the~~. Notice ~~being of the shortest time period permitted under the existing contract for termination of the existing contract by either party, but~~ must be made not less than ten nor ~~longer~~ more than 30 days prior to the application date of the uniform contract or as required for termination of the existing contract, if it is shorter.

(d) The commission may ~~promulgate~~ adopt emergency rules for the purpose of implementing this section or amendments to this section. The emergency rules are subject to sections 14.29 to 14.36.

Sec. 16. Minnesota Statutes 1992, section 216B.164, subdivision 7, is amended to read:

Subd. 7. [REPORTS.] ~~On January 1, 1983~~ By July 1, 1996, the commission shall submit a report to the ~~legislature~~ legislative task force established in article 1, section 3. The report shall describe:

~~(a)~~ (1) the location, type and output of cogenerators and small power producers in the state;

~~(b)~~ (2) whether cogeneration and small power production has resulted in any major impacts on the utility system; ~~and~~

~~(c)~~ (3) how the commission has implemented and enforced this section; and

(4) the effectiveness of the provisions of this section and the commission's rules in encouraging cogeneration and small power production that utilize preferred energy sources.

Sec. 17. Minnesota Statutes 1993 Supplement, section 216B.2422, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota. Utility does not include federal power agencies.

(c) "~~Renewable~~ Preferred energy" means electricity generated through use of any of the ~~following resources~~ energy sources listed in section 216C.051, subdivision 3, paragraph (b), clauses (1) to (3):

~~(1) wind;~~

~~(2) solar;~~

~~(3) geothermal;~~

~~(4) hydro;~~

~~(5) trees or other vegetation; or~~

~~(6) landfill gas~~.

(d) "Resource plan" means a set of resource options that a utility could use to meet the service needs of its customers over a forecast period, including an explanation of the supply and demand circumstances under which, and the extent to which, each resource option would be used to meet those service needs. These resource options include using, refurbishing, and constructing utility plant and equipment, buying power generated by other entities, controlling customer loads, and implementing customer energy conservation.

(e) "Refurbish" means to rebuild or substantially modify an existing electricity generating resource of 30 megawatts or greater.

(f) "Subordinate energy" means electricity generated through use of any of the energy sources listed in section 216C.051, subdivision 3, paragraph (b), clauses (4) and (5).

Sec. 18. Minnesota Statutes 1993 Supplement, section 216B.2422, subdivision 2, is amended to read:

Subd. 2. [RESOURCE PLAN FILING AND APPROVAL.] A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest. In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction. As a part of its resource plan filing, a utility shall include the least cost plan for meeting 50 and 75 percent of all new and refurbished capacity needs through a combination of conservation and ~~renewable~~ preferred energy resources.

Sec. 19. Minnesota Statutes 1993 Supplement, section 216B.2422, subdivision 4, is amended to read:

Subd. 4. [PREFERENCE FOR ~~RENEWABLE~~ PREFERRED ENERGY FACILITY.] The commission shall not approve a new or refurbished ~~nonrenewable~~ subordinate energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate recovery pursuant to section 216B.16 for such a ~~nonrenewable~~ subordinate energy facility, unless the utility has demonstrated that a ~~renewable~~ preferred energy facility is not in the public interest. For the purposes of this section, "subordinate energy facility" means a facility that utilizes energy sources listed in section 216C.051, subdivision 3, paragraph (b), clauses (3) to (5), and "preferred energy facility" means a facility that utilizes energy sources listed in section 216C.051, subdivision 3, paragraph (b), clauses (1) and (2).

Sec. 20. Minnesota Statutes 1993 Supplement, section 216B.2422, is amended by adding a subdivision to read:

Subd. 4a. [EXCEPTION.] Notwithstanding subdivision 4, a utility that must replace before January 1, 1998, up to 500 megawatts of electric capacity it has generated using a subordinate energy source may include in its integrated resource plan replacement of the capacity with electricity generated by an existing facility that utilizes a subordinate energy source as long as the utility demonstrates that it has made reasonable efforts to replace the lost capacity with electricity generated utilizing preferred sources. The commission may approve the replacement with subordinate energy and may allow rate recovery for the replacement under section 216B.16 for up to the actual amount of capacity replaced unless the commission finds that the utility has not made reasonable efforts to replace the lost capacity with preferred energy.

Sec. 21. Minnesota Statutes 1992, section 216B.243, subdivision 3, is amended to read:

Subd. 3. [SHOWING REQUIRED FOR CONSTRUCTION.] No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost effectively through energy conservation and load-management measures and unless the applicant has otherwise justified its need. In assessing need, the commission shall evaluate:

(1) the accuracy of the long-range energy demand forecasts on which the necessity for the facility is based;

(2) the effect of existing or possible energy conservation programs under sections 216B.241, 216C.05 to 216C.30, and this section or other federal or state legislation on long-term energy demand;

(3) the relationship of the proposed facility to overall state energy needs, as described in the most recent state energy policy and conservation report prepared under section 216C.18;

(4) promotional activities that may have given rise to the demand for this facility;

(5) socially beneficial uses of the output of this facility, including its uses to protect or enhance environmental quality and its ability to create and sustain energy-related jobs in the state and other energy related income for citizens of the state;

(6) the effects of the facility in inducing future development;

(7) possible alternatives for satisfying the energy demand including but not limited to potential for increased efficiency of existing energy generation facilities and the potential for increased utilization of preferred energy sources;

(8) the policies, rules, and regulations of other state and federal agencies and local governments; and

(9) any feasible combination of energy conservation improvements, required under section 216B.241, that can (i) replace part or all of the energy to be provided by the proposed facility, and (ii) compete with it economically.

Sec. 22. Minnesota Statutes 1992, section 216B.243, subdivision 4, is amended to read:

Subd. 4. [APPLICATION FOR CERTIFICATE; HEARING.] (a) Any person proposing to construct a large energy facility shall apply for a certificate of need prior to construction of the facility. The application shall be on forms and in a manner established by the commission and must include, if applicable to the applicant, demonstration and certification that the applicant is in compliance with section 216B.241 and the applicant's most recently submitted resource plan required under section 216B.2422, including compliance with the timetable in its resource plan for meeting the specific goals in the plan for conservation and development of preferred energy resources. The commission may not accept an application for a certificate of need that is not accompanied by the demonstration and certification required under this subdivision.

(b) In reviewing each application the commission shall hold at least one public hearing pursuant to chapter 14. The public hearing shall be held at a location and hour reasonably calculated to be convenient for the public. An objective of the public hearing shall be to obtain public opinion on the necessity of granting a certificate of need. The commission shall designate a commission employee whose duty shall be to facilitate citizen participation in the hearing process.

Sec. 23. Minnesota Statutes 1992, section 216C.38, is amended by adding a subdivision to read:

Subd. 3. [FUNDING; ASSESSMENT; APPROPRIATION.] The commissioner shall assess, under section 216B.62, all utilities that provide gas or electric service at retail, including cooperative electric associations and municipalities, an annual amount of at least $..... and not to exceed $..... for the operation of the building energy research center and the energy center at the Red Wing campus of the Red Wing/Winona technical college. Each utility must be assessed in proportion that its gross operating revenues for the sale of gas and electric service in the state for the last calendar year bears to the total of those revenues for all utilities. Upon collection, the amount assessed is appropriated to the commissioner to be granted 75 percent to the building energy research center and 25 percent to the energy center at the Red Wing campus of the Red Wing/Winona technical college.

Sec. 24. [SURVEY OF ELECTRIC GENERATION FACILITIES; REPORT.]

By June 1, 1995, the commissioner of the pollution control agency shall survey all electric generation facilities in the state and shall submit a report to the legislative task force on energy policy established in article 1, section 3, that lists the facilities by the extent to which each facility actually and potentially negatively affects human health and the environment. The commissioner shall include in the list, if possible, or shall separately list electric generation facilities located outside the state that generate electricity that is distributed for consumption within the state, based on information the commissioner is able to gather on those facilities. The owner or operator of an electric generation facility shall cooperate with the commissioner and agency staff, shall provide access for agency staff to the physical property and operational records of the facility, and shall respond in a timely manner to reasonable requests for information made by the commissioner.

Sec. 25. [EDUCATIONAL DEMONSTRATION GRANTS; WIND ENERGY.]

(a) The commissioner of the department of public service shall make four demonstration grants, not to exceed $250,000 per grant, for constructing advanced wind energy conversion facilities in areas of the state with average wind speeds of 11.5 miles per hour or greater.

(b) An applicant for a grant must be a public post-secondary institution that has in place or will have in place a program to train persons in the design, construction, and operation of preferred energy technologies. The institution shall commit to indefinitely continuing the preferred energy technologies program required for purposes of receiving the grant.

(c) A wind energy conversion facility constructed under this section must receive payment from an interconnecting utility under Minnesota Statutes, section 216B.164, subdivision 4, paragraph (d). Payment received by an institution from a utility must be used for operating and maintaining the wind energy conversion facility and for providing instruction to increase the availability of persons trained and skilled in design, construction, and operation of preferred energy source generation facilities.

(d) For the purposes of this section, "preferred energy sources" means the energy sources described in Minnesota Statutes, section 216C.051, subdivision 3, paragraph (b), clauses (1) and (2).

Sec. 26. [REPEALER.]

Minnesota Statutes 1992, section 216B.16, subdivision 10, is repealed.

Sec. 27. [APPROPRIATION.]

$1,000,000 is appropriated to the commissioner of the department of public service from the bond proceeds fund for the purpose of making the grants authorized under section 25.

Sec. 28. [BOND SALE; DEBT SERVICE.]

To provide the money appropriated in section 27 from the bond proceeds fund, the commissioner of finance upon request of the governor shall sell and issue bonds of the state in an amount up to $1,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

ARTICLE 3

Section 1. Minnesota Statutes 1992, section 216A.07, subdivision 3, is amended to read:

Subd. 3. [INTERVENTION IN PROCEEDINGS.] The commissioner may intervene as a party in all proceedings before the commission. When intervening in gas or electric hearings, the commissioner shall prepare and defend testimony designed to encourage energy conservation improvements as defined in section 216B.241 and the energy policies, energy source preference hierarchy, and goals specified in chapter 216C. The attorney general shall act as counsel in the proceedings.

Sec. 2. Minnesota Statutes 1992, section 216A.085, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] There is created within the department of public service an intervention office to represent the interests of Minnesota residents, businesses, and governments, with particular emphasis on the public interest in the energy policies, goals, and preferences specified in chapter 216C, before bodies and agencies outside the state that make, interpret, or implement national and international energy policy.

Sec. 3. Minnesota Statutes 1992, section 216B.01, is amended to read:

216B.01 [LEGISLATIVE FINDING.]

It is hereby declared to be in the public interest that public utilities be regulated as hereinafter provided in order to provide the retail consumers of natural gas and electric service in this state with adequate, energy efficient, and reliable services at reasonable rates, consistent with the financial and economic requirements of public utilities and their need to construct facilities to provide such services or to otherwise obtain energy supplies utilizing preferred energy sources because they minimize unfunded or underfunded environmental, social, and economic costs and maximize energy-related jobs and other energy-related income in the state through development and maintenance of indigenous, preferred energy sources, to avoid unnecessary duplication of facilities which increase the cost of service to the consumer and to minimize disputes between public utilities which may result in inconvenience or diminish efficiency in service to the consumers. It is also in the public interest that present consumers pay the costs of providing the energy they consume, including costs related to pollution caused by the generation and provision of the energy so that future consumers or present or future taxpayers are not required to pay the costs incurred by present consumers. Because municipal utilities are presently effectively regulated by the residents of the municipalities which own and operate them, and cooperative electric associations are presently effectively regulated and controlled by the membership under the provisions of chapter 308A, it is deemed unnecessary to subject such utilities to regulation under this chapter except as specifically provided herein.

Sec. 4. Minnesota Statutes 1992, section 216B.03, is amended to read:

216B.03 [REASONABLE RATE.]

Every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably preferential, unreasonably prejudicial, or unreasonably discriminatory, but shall be sufficient, equitable, and consistent in application to a class of consumers. To the maximum reasonable extent, the commission shall set rates to encourage energy conservation and ~~renewable~~ preferred energy use and to further the goals of sections 216B.164, and 216B.241, and ~~216C.05~~ chapter 216C. Any doubt as to reasonableness should be resolved in favor of the consumer. For rate making purposes a public utility may treat two or more municipalities served by it as a single class wherever the populations are comparable in size or the conditions of service are similar.

Sec. 5. Minnesota Statutes 1992, section 216B.16, subdivision 6, is amended to read:

Subd. 6. [FACTORS CONSIDERED, GENERALLY.] The commission, in the exercise of its powers under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, and reasonable service and to the need of the public utility for revenue sufficient to enable it to meet the cost of furnishing the service, including adequate provision for depreciation of its utility property used and useful in rendering service to the public, ~~and~~ to earn a fair and reasonable return upon the investment in such property, and to research and develop utilization of preferred energy sources specified in section 216C.051. In determining the rate base upon which the utility is to be allowed to earn a fair rate of return, the commission shall give due consideration to evidence of the cost of the property when first devoted to public use, to prudent acquisition

cost to the public utility less appropriate depreciation on each, ~~to construction work in progress,~~ to offsets in the nature of capital provided by sources other than the investors, and to other expenses of a capital nature. For purposes of determining rate base, the commission shall consider the original cost of utility property included in the base and shall make no allowance for its estimated current replacement value, except for property wholly related to generation of electricity using the energy sources listed in section 216C.051, subdivision 3, paragraph (b), clauses (1) and (2).

Sec. 6. Minnesota Statutes 1992, section 216B.17, subdivision 1, is amended to read:

Subdivision 1. [INVESTIGATION.] On its own motion or upon a complaint made against any public utility, by the governing body of any political subdivision, by another public utility, by the department, or by any 50 consumers of the particular utility that any of the rates, tolls, tariffs, charges, or schedules or any joint rate or any regulation, measurement, practice, act or omission affecting or relating to the production, transmission, delivery or furnishing of natural gas or electricity or any service in connection therewith is in any respect unreasonable, insufficient ~~or~~, unjustly discriminatory, or not in compliance with the requirements of section 216B.241 or 216B.2422, or that any service is inadequate or cannot be obtained, the commission shall proceed, with notice, to make such investigation as it may deem necessary. The commission may dismiss any complaint without a hearing if in its opinion a hearing is not in the public interest.

Sec. 7. Minnesota Statutes 1992, section 216B.17, subdivision 6, is amended to read:

Subd. 6. [COMPLAINT PETITION.] The commission shall have the power to hear, determine and adjust complaints made against any municipally owned gas or electric utility with respect to:

(1) rates and services upon petition of ten percent of the nonresident consumers of the municipally owned utility or 25 such nonresident consumers whichever is less; or

(2) compliance with section 216B.241 or 216B.2422 upon petition of ten percent of the consumers of the municipally owned utility or 25 of the consumers, whichever is less. The hearing of the complaints ~~shall be~~ is governed by this section.

Sec. 8. Minnesota Statutes 1992, section 216B.17, subdivision 6a, is amended to read:

Subd. 6a. [COOPERATIVE ELECTRIC ASSOCIATIONS.] For the purposes of this section, public utility shall include cooperative electric associations with respect to service standards and practices and compliance with section 216B.241 or 216B.2422 only.

Sec. 9. Minnesota Statutes 1992, section 216B.243, subdivision 3a, is amended to read:

Subd. 3a. [USE OF ~~RENEWABLE~~ PREFERRED RESOURCES.] The commission may not issue a certificate of need under this section for a large energy facility that generates electric power by means of a ~~nonrenewable~~ subordinate energy source, or that transmits electric power generated by means of a ~~nonrenewable~~ subordinate energy source, unless the applicant for the certificate has demonstrated to the commission's satisfaction that it has explored the possibility of generating power by means of ~~renewable~~ preferred energy sources and has demonstrated that the alternative selected is less expensive, ~~(~~including environmental, social, and economic costs~~)~~, than power generated by a ~~renewable~~ preferred energy source. For purposes of this subdivision, "~~renewable~~ preferred energy source" ~~includes hydro, wind, solar, and geothermal energy and the use of trees or other vegetation as fuel~~ means the energy sources listed in section 216C.051, subdivision 3, paragraph (b), clauses (1) to (3), and "subordinate energy source" means the energy sources listed in section 216C.051, subdivision 3, paragraph (b), clauses (4) and (5).

Sec. 10. Minnesota Statutes 1992, section 216C.01, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] The definitions in this section and section 216B.02 apply to ~~section 216C.02 and those sections renumbered by Laws 1987, chapter 312, article 1, section 10~~ this chapter.

Sec. 11. Minnesota Statutes 1992, section 216C.09, is amended to read:

216C.09 [DUTIES.]

The commissioner shall:

(a) manage the department as the central repository within the state government for the collection of data on energy;

(b) prepare and adopt an emergency allocation plan specifying actions to be taken in the event of an impending serious shortage of energy, or a threat to public health, safety, or welfare;

(c) undertake a continuing assessment of trends in the consumption of all forms of energy and analyze the social, economic, and environmental consequences of these trends;

(d) carry out energy conservation measures as specified by the legislature and recommend to the governor and the legislature additional energy policies and conservation measures as required to meet the objectives of sections 216C.05 to 216C.30;

(e) collect and analyze data relating to present and future demands and resources for all sources of energy;

(f) evaluate policies governing the establishment of rates and prices for energy as related to energy conservation, and other goals and policies of sections 216C.05 to 216C.30, and make recommendations for changes in energy pricing policies and rate schedules;

(g) study the impact and relationship of the state energy policies to international, national, and regional energy policies;

(h) design and implement a state program for the conservation of energy; this program shall include but not be limited to, general commercial, industrial, and residential, and transportation areas; such program shall also provide for the evaluation of energy systems as they relate to lighting, heating, refrigeration, air conditioning, building design and operation, and appliance manufacturing and operation;

(i) inform and educate the public about the sources and uses of energy and the ways in which persons can conserve energy;

(j) dispense funds made available for the purpose of research studies and projects of professional and civic orientation, which are related to either energy conservation, resource recovery, or the development of alternative energy technologies which conserve ~~nonrenewable~~ subordinate energy ~~resources~~ sources while creating minimum environmental impact;

(k) charge other governmental departments and agencies involved in energy related activities with specific information gathering goals and require that those goals be met;

(l) design a comprehensive program for the development of indigenous energy resources. The program shall include, but not be limited to, providing technical, informational, educational, and financial services and materials to persons, businesses, municipalities, and organizations involved in the development of ~~solar, wind, hydropower, peat, fiber fuels, biomass, and other alternative~~ preferred energy ~~resources~~ sources. The program shall be evaluated by the alternative energy technical activity; and

(m) dispense loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations made available to the department for that purpose. The commissioner shall adopt rules under chapter 14 for this purpose. Money dispersed under this clause must not include money received as a result of the settlement of the parties and order of the United States District Court for the District of Kansas in the case of In Re Department of Energy Stripper Well Exemption Litigation, 578 F. Supp. 586 (D.Kan. 1983) and all money received after August 1, 1988, by the governor, the commissioner of finance, or any other state agency resulting from overcharges by oil companies in violation of federal law.

Further, the commissioner may participate fully in hearings before the public utilities commission on matters pertaining to rate design, cost allocation, efficient resource utilization, utility conservation investments, small power production, cogeneration, and other rate issues. The commissioner shall support the policies stated in section 216C.05 and shall prepare and defend testimony proposed to encourage energy conservation improvements as defined in section 216B.241.

Sec. 12. Minnesota Statutes 1992, section 216C.10, is amended to read:

216C.10 [POWERS.]

The commissioner may:

(1) adopt rules under chapter 14 as necessary to carry out the purposes of sections 216C.05 to 216C.30 and, when necessary for the purposes of section 216C.15, adopt emergency rules under sections 14.29 to 14.36;

(2) make all contracts under sections 216C.05 to 216C.30 and do all things necessary to cooperate with the United States government, and to qualify for, accept, and disburse any grant intended for the administration of sections 216C.05 to 216C.30;

(3) provide on-site technical assistance to units of local government in order to enhance local capabilities for dealing with energy problems;

(4) administer for the state, energy programs under federal law, regulations, or guidelines, except for the low-income home energy assistance program and low-income weatherization programs administered by the department of jobs and training, and coordinate the programs and activities with other state agencies, units of local government, and educational institutions;

(5) develop a state energy investment plan with yearly energy conservation and alternative energy development goals, investment targets, and marketing strategies;

(6) perform market analysis studies relating to conservation, ~~alternative and renewable~~ preferred energy ~~resources~~ sources, and energy recovery;

(7) assist with the preparation of proposals for innovative conservation~~, renewable, alternative,~~ or preferred energy ~~recovery~~ projects;

(8) manage and disburse funds made available for the purpose of research studies or demonstration projects related to energy conservation or other activities deemed appropriate by the commissioner;

(9) intervene in certificate of need proceedings before the public utilities commission;

(10) collect fees from recipients of loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations, which fees must be used to pay the department's costs in administering those financial aids; and

(11) collect fees from proposers and operators of conservation and other energy-related programs that are reviewed, evaluated, or approved by the department, other than proposers that are political subdivisions or community or nonprofit organizations, to cover the department's cost in making the reviewal, evaluation, or approval and in developing additional programs for others to operate.

Notwithstanding any other law, the commissioner is designated the state agent to apply for, receive, and accept federal or other funds made available to the state for the purposes of sections 216C.05 to 216C.30.

Sec. 13. Minnesota Statutes 1992, section 216C.14, subdivision 2, is amended to read:

Subd. 2. [QUALIFYING EXPENDITURES.] Community energy planning grants may be used for the following purposes:

(a) to gather, monitor, and analyze local energy supply, demand, and cost information;

(b) to prepare comprehensive community energy plans;

(c) to implement comprehensive energy plans that the unit of government is authorized to undertake for the management of problems resulting from:

(1) rising energy cost;

(2) lack of efficient public and private transportation;

(3) lack of community conservation efforts;

(4) lack of widespread ~~renewable~~ preferred energy sources; and

(5) lack of energy components in comprehensive plans and local ordinances;

(d) to assist neighborhood organizations in counties and cities to do energy planning by making grants to the local unit of government; and

(e) any other purposes deemed appropriate by the commissioner.

Sec. 14. Minnesota Statutes 1992, section 216C.17, subdivision 5, is amended to read:

Subd. 5. [EVALUATION.] The commissioner shall review and evaluate forecasts of energy demands and resources as they relate to the most current population growth and development estimates~~,~~; statewide and regional land use, transportation, and economic development programs and forecasts; and energy policies, goals, and preferred electric energy sources specified in this chapter and chapter 216B.

Sec. 15. Minnesota Statutes 1992, section 216C.18, subdivision 1, is amended to read:

Subdivision 1. [REPORT.] By July 1 of 1988 and every four years thereafter, the commissioner shall issue a comprehensive report designed to identify major emerging trends and issues in energy sources, supply, consumption, conservation, and costs. The report shall include the following:

(1) projections of the level and composition of statewide energy consumption under current government policies and an evaluation of the ability of existing and anticipated facilities to supply the necessary energy for that consumption;

(2) projections of how the level and the composition of energy consumption would be affected by new programs or new policies;

(3) projections of energy costs to consumers, businesses, and government;

(4) identification and discussion of key social, economic, and environmental issues in energy;

(5) explanations of the department's current energy programs and studies; and

(6) recommendations.

Sec. 16. Minnesota Statutes 1992, section 216C.18, subdivision 1a, is amended to read:

Subd. 1a. [RATE PLAN.] The energy policy and conservation report shall include a section prepared by the public utilities commission. The commission's section shall be prepared in consultation with the commissioner and shall include, but not be limited to, all of the following:

(a) a description and analysis of the commission's rate design policy as it pertains to the goals stated in sections 216B.164, 216B.241, ~~and~~ 216C.05, and 216C.051, including a description of all energy conservation improvements ordered by the commission; and

(b) recommendations to the governor and the legislature for administrative and legislative actions to accomplish the purposes of sections 216B.164, 216B.241, ~~and~~ 216C.05, and 216C.051.

Sec. 17. Minnesota Statutes 1992, section 216C.315, is amended to read:

216C.315 [~~ALTERNATIVE~~ PREFERRED ENERGY ECONOMIC ANALYSIS.]

The commissioner shall carry out the following energy economic analysis duties:

(a) provide continued analysis of ~~alternative~~ preferred energy issues for the ~~biennial~~ periodic report required under section 216C.18, certificates of need, and legislative requests;

(b) provide ~~alternative~~ preferred energy information to consumers and business;

(c) assist in the maintenance and improvement of ~~alternative~~ preferred energy input-output multipliers and market penetration models;

(d) provide analysis of ~~alternative~~ preferred energy data.

Sec. 18. Minnesota Statutes 1992, section 216C.381, subdivision 1, is amended to read:

Subdivision 1. [FINDINGS.] The legislature finds that community-based energy programs are an effective means of implementing improved energy practices including conservation, greater efficiency in energy use, and the use of ~~alternative resources~~ preferred energy sources. Further, community-based energy programs are found to be a public purpose for which public money may be spent.

Sec. 19. [REPEALER.]

Minnesota Statutes 1993 Supplement, section 216B.242, is repealed.

Sec. 20. [INSTRUCTION TO REVISOR.]

The revisor of statutes is directed to change the word "renewable" to "preferred" in the heading in Minnesota Statutes, section 216B.2422, in Minnesota Statutes 1994, and subsequent editions of the statutes."

Delete the title and insert:

"A bill for an act relating to energy; reestablishing electric energy policy; establishing a hierarchy of preferred electric energy sources; establishing a legislative task force to oversee implementation of energy policy; establishing intervenor compensation account with revenues from utility assessments; clarifying the availability of intervenor compensation in proceedings before the public utilities commission; authorizing the public utilities commission to set discounted rates for low-income customers; establishing specific guidelines for payment to small power producers and cogenerators under certain circumstances; requiring compliance by a utility with a conservation improvement and resource planning requirements prior to the utility seeking a certificate of need for new or expanded facilities and rate increases; amending various statutes to conform with the reestablished energy policy; providing funding for the building energy research center and the energy center at the Red Wing/Winona technical college; providing demonstration grants for wind energy conversion facilities at public post-secondary institutions; providing for state bonding; appropriating money; amending Minnesota Statutes 1992, sections 216A.07, subdivision 3; 216A.085, subdivision 1; 216B.01; 216B.02, by adding subdivisions; 216B.03; 216B.11; 216B.16, subdivision 6, and by adding a subdivision; 216B.162, subdivisions 2, 4, and 8; 216B.164, subdivisions 1, 3, 6, and 7; 216B.17, subdivisions 1, 6, and 6a; 216B.243, subdivisions 3, 3a, and 4; 216C.01, subdivision 1; 216C.05; 216C.09; 216C.10; 216C.14, subdivision 2; 216C.17, subdivision 5; 216C.18, subdivisions 1 and 1a; 216C.315; 216C.38, by adding a subdivision; and 216C.381, subdivision 1; Minnesota Statutes 1993 Supplement, sections 216B.16, subdivision 1; 216B.162, subdivision 7; 216B.164, subdivision 4; and 216B.2422, subdivisions 1, 2, 4, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 216B; and 216C; repealing Minnesota Statutes 1992, sections 216B.16, subdivision 10; Minnesota Statutes 1993 Supplement, section 216B.242."

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. 2512, A bill for an act relating to retirement; providing for level benefits for the Minneapolis police relief association; changing the definition of surviving spouses eligible for benefits; amending Minnesota Statutes 1992, section 423B.09, subdivision 1; Minnesota Statutes 1993 Supplement, section 423B.10, subdivision 1.

Reported the same back with the following amendments:

Page 1, after line 8, insert:

"ARTICLE 1

MINNEAPOLIS POLICE RELIEF ASSOCIATION
BENEFIT MODIFICATIONS"

Page 2, line 26, strike "one year" and insert "five years"

Page 3, after line 34, insert:

"ARTICLE 2

CONFORMING CHANGES

Section 1. Minnesota Statutes 1993 Supplement, section 353B.07, subdivision 3, is amended to read:

Subd. 3. [FORMULA PERCENTAGE RATE.] (a) The formula percentage rate shall be 2.333 percent per year of allowable service for each of the first 20 years of allowable service, 1.333 percent per year of allowable service for each year of allowable service in excess of 20 years but not in excess of 27 years, and .5 percent for each year of allowable service in excess of 25 years for the former members of the following consolidating relief associations:

(1) Rochester fire department relief association;

(2) Rochester police relief association;

(3) St. Cloud fire department relief association;

(4) St. Cloud police relief association;

(5) St. Louis Park police relief association; and

(6) Winona police relief association.

(b) The formula percentage rate shall be 2.5 percent per year of allowable service for each of the first 20 years of allowable service for the former members of the following consolidating relief associations:

(1) Albert Lea police relief association;

(2) Anoka police relief association;

(3) Faribault fire department relief association;

(4) Faribault police benefit association;

(5) Mankato police benefit association;

(6) Red Wing police relief association; and

(7) West St. Paul police relief association.

(c) The formula percentage rate shall be 2.5 percent per year of allowable service for each of the first 20 years of allowable service and .5 percent per year of allowable service for each year of service in excess of 25 years of allowable service for the former members of the following consolidating relief associations:

(1) Austin firefighters relief association;

(2) Austin police relief association;

(3) South St. Paul firefighters relief association;

(4) South St. Paul police relief association; and

(5) Virginia police relief association.

(d) The formula percentage rate shall be 2.1875 percent per year of allowable service for each of the first 20 years of allowable service and 1.25 percent per year of allowable service for each year of allowable service in excess of 20 years of allowable service but not in excess of 27 years of allowable service for the former members of the Columbia Heights police relief association.

(e) The formula percentage rate shall be 2.65 percent per year of allowable service for each of the first 20 years of allowable service and an additional annual benefit of $120 per year of allowable service in excess of 20 years of allowable service but not in excess of 25 years of allowable service for the former members of the following consolidating relief associations:

(1) Hibbing firefighters relief association; and

(2) Hibbing police relief association.

(f) The formula percentage rate or rates shall be the following for the former members of the consolidating relief associations as indicated:

(1) 2.5 percent per year of allowable service for each of the first 20 years of allowable service, one percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, and 1.5 percent per year of allowable service in excess of 25 years of allowable service, Albert Lea firefighters relief association;

(2) 2.5333 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of allowable service, but not in excess of 27 years of allowable service, if service as an active member terminated before January 31, 1994, and 2.3333 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service for each year of allowable service in excess of 20 years of allowable service, but not in excess of 27 years of allowable service if service as an active member terminated on or after January 31, 1994, Bloomington police relief association;

(3) the greater of 2.5 percent per year of allowable service for each of the first 20 years of allowable service applied to the final salary base, or two percent per year of allowable service for each of the first 20 years of allowable service applied to top grade patrol officer's salary base, Brainerd police relief association;

(4) 4.25 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of $10 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, Buhl police relief association;

(5) 2.5 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of $5 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, Chisholm firefighters relief association;

(6) 2.5 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of $5 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years of allowable service, Chisholm police relief association;

(7) 2.1875 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service and 1.75 percent per year of allowable service in excess of 25 years of allowable service, Columbia Heights fire department relief association, paid division;

(8) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service and 1.5 percent per year of allowable service rendered after attaining the age of 60 years, Crookston fire department relief association;

(9) 2.5 percent per year of allowable service for each year of the first 30 years of allowable service, Crookston police relief association;

(10) 2.25 percent per year of allowable service for each year of the first 20 years of allowable service and 1.25 percent per year of allowable service in excess of 20 years of allowable service, but not more than 27 years of service, Crystal police relief association;

(11) 1.99063 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent for the 21st year of allowable service, and 2.5 percent per year of allowable service in excess of 21 years of allowable service but not more than 25 years of allowable service, Duluth firefighters relief association;

(12) 1.9875 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent for the 21st year of allowable service, and 2.5 percent per year of allowable service in excess of 21 years of allowable service but not more than 25 years of allowable service, Duluth police relief association;

(13) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service, and two percent per year of allowable service in excess of 20 years but not more than 25 years of allowable service and not to include any year of allowable service rendered after attaining the age of 55 years, Fairmont police benefit association;

(14) two percent per year of allowable service for each year of the first ten years of allowable service, 2.67 percent per year of allowable service in excess of ten years of allowable service but not more than 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of service but not more than 27 years of allowable service, Fridley police pension association;

(15) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service and an additional annual amount of $30 per year of allowable service in excess of 20 years of allowable service but not more than 30 years of allowable service, Mankato fire department relief association;

(16) for members who terminated active service as a Minneapolis firefighter before June 1, 1993, 2.0625 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 24 years of allowable service and five percent for the 25th year of allowable service, and for members who terminated active service as a Minneapolis firefighter after May 31, 1993, two percent for each year of the first 19 years of allowable service, 3.25 percent for the 20th year of allowable service, and two percent per year of allowable service in excess of 20 years of service, but not more than 25 years of allowable service, Minneapolis fire department relief association;

(17) ~~2.125~~ two percent per year of allowable service for each year of the first ~~20~~ 25 years of allowable service, ~~1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 24 years of allowable service, and five percent for the 25th year of allowable service,~~ Minneapolis police relief association;

(18) the greater of 2.5 percent per year of allowable service for each of the first 20 years of allowable service applied to the final salary base, or two percent per year of allowable service for each of the first 20 years of allowable service applied to highest patrol officer's salary base plus .5 percent of the final salary base per year of allowable service for each of the first three years of allowable service in excess of 20 years of allowable service, New Ulm police relief association;

(19) two percent per year of allowable service for each of the first 25 years of allowable service and 1.5 percent per year of allowable service in excess of 25 years of allowable service, Red Wing fire department relief association;

(20) 2.55 percent per year of allowable service for each of the first 20 years of allowable service, Richfield fire department relief association;

(21) 2.4 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of allowable service but not more than 27 years of allowable service, Richfield police relief association;

(22) for a former member with less than 20 years of allowable service on June 16, 1985, 2.6 percent, and for a former member with 20 or more years of allowable service on June 16, 1985, 2.6175 percent for each of the first 20 years of allowable service and, for each former member, one percent for each year of allowable service in excess of 20 years, but no more than 30 years, St. Louis Park fire department relief association;

(23) 1.9375 percent per year of allowable service for each of the first 20 years of allowable service, 2.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, and .5 percent per year of allowable service in excess of 25 years of allowable service, St. Paul fire department relief association;

(24) two percent per year of allowable service for each of the first 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years of allowable service, St. Paul police relief association;

(25) 2.25 percent per year of allowable service for each of the first 20 years of allowable service and one percent per year of allowable service in excess of 20 years but not more than 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years, Virginia fire department relief association;

(26) two percent per year of allowable service for each of the first 20 years of allowable service, one percent per year of allowable service in excess of 20 years but not more than 24 years of allowable service, three percent for the 25th year of allowable service and one percent per year of allowable service in excess of 25 years of allowable service but not more than 30 years of allowable service, West St. Paul firefighters relief association; and

(27) 2.333 percent for each of the first 20 years of allowable service, 1.333 percent for each year of allowable service in excess of 20 years but no more than 28 years, and .5 percent for each year of allowable service in excess of 25 years, Winona fire department relief association.

Sec. 2. Minnesota Statutes 1992, section 353B.11, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; SURVIVING SPOUSE BENEFIT.] (a) Except as specified in paragraph (b), (c), (d), (e), or (f), the person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least one year before the separation from active service if the deceased member was a deceased, deferred, or retired member and who was residing with the member at the time of the death of the deceased member shall be entitled to receive a surviving spouse benefit.

(b) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member at the time of separation from active service if the deceased member was a deceased deferred or retired member and who was residing with the member at the time of the death of the member shall be entitled to receive a surviving spouse benefit in the case of former members of the following consolidating relief associations:

(1) Albert Lea police relief association;

(2) Anoka police relief association;

(3) Austin firefighters relief association;

(4) Austin police relief association;

(5) Brainerd police benefit association;

(6) Columbia Heights police relief association;

(7) Crookston fire department relief association;

(8) Crookston police relief association;

(9) Fairmont police benefit association;

(10) Faribault police benefit association;

(11) Mankato fire department relief association;

(12) Red Wing police relief association;

(13) South St. Paul police relief association;

(14) Virginia fire department relief association;

(15) Virginia police relief association; and

(16) West St. Paul police relief association.

(c) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, and who was legally married to the member at the time of separation from active service if the deceased member was a deceased deferred or retired member shall be entitled to receive a surviving spouse benefit in the case of former members of the following consolidating relief associations:

(1) Chisholm police relief association;

(2) Hibbing police relief association;

(3) Mankato police benefit association; and

(4) New Ulm police relief association.

(d) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least one year before the separation from active service if the deceased member was the recipient of a service pension or was entitled to a deferred service pension and who was residing with the member at the time of the death of the deceased member in the case of former members of the Minneapolis fire department relief association.

(e) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was residing with the member at the time of the death of the decedent, and, if the deceased member was the recipient of a service pension or was entitled to a deferred service pension at the time of death, who was legally married to the member for at least five years before the member's death, in the case of former members of the Minneapolis police relief association.

(f) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least three years before the separation from active service if the deceased member was a deceased, retired, or deferred member and who was residing with the member at the time of the death of the member shall be entitled to receive a surviving spouse benefit in the case of former members of the South St. Paul firefighters relief association.

~~(f)~~ (g) The person who survives a deceased active, deferred, or retired member who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least one year before the separation from active service if the deceased member was a deceased, deferred, or retired member and who had not deserted the member at the time of the death of the deceased member shall be entitled to receive a surviving spouse benefit in the case of former members of the St. Paul police relief association.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective on the effective date of article 1, section 1."

Amend the title as follows:

Page 1, line 6, delete "section" and insert "sections 353B.11, subdivision 1; and"

Page 1, line 7, delete "section" and insert "sections 353B.07, subdivision 3; and"

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. 2520, A bill for an act relating to the environment; authorizing a person who wishes to construct or expand an air emission facility to reimburse certain costs of the pollution control agency; amending Minnesota Statutes 1992, section 116.07, subdivision 4d.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Environment and Natural Resources Finance.

The report was adopted.

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

H. F. No. 2525, A bill for an act relating to health; MinnesotaCare; establishing and regulating community integrated service networks; defining terms; creating a reinsurance and risk adjustment association; classifying data; requiring reports; mandating studies; modifying provisions relating to the regulated all-payer option; requiring administrative rulemaking; setting timelines and requiring plans for implementation; designating essential community providers; establishing an expedited fact finding and dispute resolution process; requiring proposed legislation; establishing task forces; providing for demonstration models; mandating universal coverage; requiring insurance reforms; providing grant programs; establishing the Minnesota health care administrative simplification act; implementing electronic data interchange standards; creating the Minnesota center for health care electronic data interchange; providing standards for the Minnesota health care identification card; appropriating money; providing penalties; amending Minnesota Statutes 1992, sections 60A.15, subdivision 1; 62A.303; 62D.04, by adding a subdivision; 62E.02, subdivisions 10, 18, 20, and 23; 62E.10, subdivisions 1, 2, and 3; 62E.141; 62E.16; 62J.03, by adding a subdivision; 62L.02, subdivisions 9, 13, 16, 17, 24, and by adding subdivisions; 62L.03, subdivision 1; 62L.05, subdivisions 1, 5, and 8; 62L.08, subdivisions 2, 5, 6, and 7; 62L.12; 62L.21, subdivision 2; 62M.02, subdivisions 5 and 21; 62M.03, subdivisions 1, 2, and 3; 62M.05, subdivision 3; 62M.06, subdivision 3; 62M.09, subdivision 5; 65B.49, subdivision 2; and 295.50, by adding subdivisions; Minnesota Statutes 1993 Supplement, sections 43A.317, by adding a subdivision; 60K.14, subdivision 7; 61B.20, subdivision 13; 62A.011, subdivision 3; 62A.65, subdivisions 2, 3, 4, 5, and by adding subdivisions; 62D.12, subdivision 17; 62J.03, subdivision 6; 62J.04, subdivisions 1 and 1a; 62J.09, subdivision 2; 62J.33, by adding subdivisions; 62J.35, subdivisions 2 and 3; 62J.38; 62J.41, subdivision 2; 62J.45, by adding subdivisions; 62L.02, subdivisions 8, 11, 15, 19, and 26; 62L.03, subdivisions 3, 4, and 5; 62L.04, subdivision 1; 62L.08, subdivisions 4 and 8; 62N.01; 62N.02, subdivisions 1, 8, and by adding a subdivision; 62N.06, subdivision 1; 62N.065, subdivision 1; 62N.10, subdivisions 1 and 2; 62N.22; 62N.23; 62P.01; 62P.03; 62P.04; 62P.05; 144.1486; 151.21, subdivisions 7 and 8; 256.9352, subdivision 3; 256.9356, subdivision 3; 256.9657, subdivision 3; 295.50, subdivisions 3, 4, and 12b; 295.53, subdivisions 1, 2, and 5; 295.54; 295.58; and 295.582; proposing coding for new law in Minnesota Statutes, chapters 62A; 62J; 62N; and 62P; proposing coding for new law as Minnesota Statutes, chapter 62Q; repealing Minnesota Statutes 1992, sections 62A.02, subdivision 5; 62E.51; 62E.52; 62E.53; 62E.531; 62E.54; 62E.55; and 256.362, subdivision 5; Minnesota Statutes 1993 Supplement, sections 62J.04, subdivision 8; 62N.07; 62N.075; 62N.08; 62N.085; and 62N.16.

Reported the same back with the following amendments:

Page 3, lines 5 and 6, delete "after rules have been adopted" and insert "January 1, 1996"

Page 3, line 6, delete "and rules"

Page 3, line 7, delete "or adopted"

Page 6, line 5, delete "may" and insert "shall"

Page 7, after line 1, insert:

"Subd. 5. [EXEMPTION.] A community network is exempt from the requirements of this section, to the extent that it operates as a staff model health plan company, as defined in section 295.50, subdivision 12b, by employing allied independent health care providers to deliver health care services to enrollees."

Page 7, line 2, delete "Subd. 5." and insert "Subd. 6."

Page 15, after line 36, insert:

"Sec. 17. [62N.36] [NOTIFICATION OF PROVIDER NETWORK OPENING.]

A community integrated service network or integrated service network shall publish a notice of any health care provider network opening, vacancy, or contract in appropriate regional newspapers. This notice must be published at least 14 days before the closing date for applications for the open or vacant position. The requirement for notification shall not apply if the community integrated service network or integrated service network is replacing a network provider, and any delay in filling a vacancy causes an impairment to delivery of health care services."

Page 17, lines 28 and 29, delete the headnote and insert "[EVALUATION OF CONSUMER SATISFACTION.]"

Page 17, line 29, delete ", in consultation with" and insert "may make a grant to"

Page 17, line 30, delete ", shall" and insert "to" and after "develop" insert "and implement"

Page 17, line 31, delete "patient" and insert "consumer"

Page 17, line 32, delete "patient" and insert "consumer" and after the period, insert "As a condition of receiving this grant, the data institute shall appoint a consumer advisory group which shall consist of 13 individuals, representing enrollees from public and private health plan companies and programs and two uninsured consumers, to advise the data institute on issues of concern to consumers. The advisory group must have at least one member from each regional coordinating board region of the state." and delete "patients" and insert "enrollees"

Page 17, line 36, delete "commissioner" and insert "data institute"

Page 18, line 5, delete "commissioner" and insert "data institute"

Page 18, delete lines 6 to 8 and insert "This enrollment information provided by the health plan companies and group purchasers is classified as private data on individuals, as defined in section 13.02, subdivision 12. The data institute"

Page 18, line 9, delete "entity"

Page 18, line 10, delete everything after "unit" and insert ". The data institute may analyze and prepare findings from the raw, unaggregated data, and the findings from"

Page 18, line 11, delete "shall" and insert "may"

Page 18, line 12, after "unit," insert "in consultation with the data institute,"

Page 18, line 13, after the period, insert "The raw unaggregated data is classified as private data on individuals as defined in section 13.02, subdivision 12."

Page 18, line 15, delete "patients'" and insert "enrollees'"

Page 18, line 17, delete "patients'" and insert "consumers'"

Page 27, line 17, after "may" insert "select the workers' compensation reinsurance association, established under chapter 79, to manage, administer, and operate the reinsurance and risk adjustment association, or may"

Page 29, delete line 26

Page 29, line 27, delete everything before "persons" and insert "individuals within certain racial, cultural, and ethnic communities; individuals and families with low income; adolescents; the elderly; individuals with limited or no English language proficiency;"

Page 29, line 29, after the period, insert "The action plan must also reflect actual utilization of providers by enrollees defined by this section as high risk or special needs populations during the previous year. For purposes of this paragraph, "provider" has the meaning given in section 62J.03, subdivision 8."

Page 30, delete lines 7 to 14 and insert:

"Subdivision 1. [ESTABLISHED.] The commissioners of health and commerce shall make dispute resolution processes available to encourage early settlement of disputes in order to avoid the time and cost associated with litigation and other formal adversarial hearings. For purposes of this section, "dispute resolution" means the use of negotiation, mediation, arbitration, mediation-arbitration, neutral fact finding, and minitrials. These processes shall be nonbinding unless otherwise agreed to by all parties to the dispute.

Subd. 2. [REQUIREMENTS.] (a) If an enrollee of a health plan company chooses to use a dispute resolution process prior to the filing of a formal claim or of a lawsuit, the health plan company must participate.

(b) If an enrollee chooses to use a dispute resolution process after the filing of a lawsuit, the health plan company must participate in dispute resolution, including, but not limited to, alternative dispute resolution under Rule 114 of the Minnesota general rules of practice.

(c) The commissioners of health and commerce shall inform and educate health plan companies' enrollees about dispute resolution and its benefits.

(d) A health plan company may encourage but not require an enrollee to submit a complaint to alternative dispute resolution.

Sec. 20. [62Q.13] [LIMITATION ON EXCLUSIVE CONTRACTS.]

A contract requirement between a health care provider and health plan company that obligates the health care provider to provide health care services exclusively to enrollees or insureds of the health plan company applies only if the health plan company maintains the same licensure status that it did at the time the contract was entered into. If the health plan company changes its licensure status, a contract for the exclusive provision of services is not valid and is not enforceable. For purposes of this section, the provision of health care services through a preferred provider organization is considered a form of licensure status. This section does not apply to health care providers employed by a health plan company."

Page 30, after line 18, insert:

"Sec. 22. [62Q.16] [STANDARD POLICY TERMS.]

The termination of any health plan as defined in section 62A.011, subdivision 3, with the exception of individual health plans, issued or renewed after January 1, 1995, must provide coverage until the end of the month in which coverage was terminated.

Sec. 23. Minnesota Statutes 1992, section 79.36, is amended to read:

79.36 [ADDITIONAL POWERS.]

In addition to the powers granted in section 79.35, the reinsurance association may do the following:

(a) Sue and be sued. A judgment against the reinsurance association shall not create any direct liability against the individual members of the reinsurance association. The reinsurance association shall provide in the plan of operation for the indemnification, to the extent provided in the plan of operation, of the members, members of the board of directors of the reinsurance association, and officers, employees and other persons lawfully acting on behalf of the reinsurance association;

(b) Reinsure all or any portion of its potential liability, including potential liability in excess of the prefunded limit, with reinsurers licensed to transact insurance in this state or otherwise approved by the commissioner of labor and industry;

(c) Provide for appropriate housing, equipment, and personnel as may be necessary to assure the efficient operation of the reinsurance association;

(d) Contract for goods and services, including but not limited to independent claims management, actuarial, investment, and legal services from others within or without this state to assure the efficient operation of the reinsurance association;

(e) Adopt operating rules, consistent with the plan of operation, for the administration of the reinsurance association, enforce those operating rules, and delegate authority as necessary to assure the proper administration and operation of the reinsurance association;

(f) Intervene in or prosecute at any time, including but not limited to intervention or prosecution as subrogee to the member's rights in a third party action, any proceeding under this chapter or chapter 176 in which liability of the reinsurance association may, in the opinion of the board of directors of the reinsurance association or its designee, be established, or the reinsurance association affected in any other way;

(g) The net proceeds derived from intervention or prosecution of any subrogation interest, or other recovery, shall first be used to reimburse the reinsurance association for amounts paid or payable pursuant to this chapter, together with any expenses of recovery, including attorney's fees, and any excess shall be paid to the member or other person entitled thereto, as determined by the board of directors of the reinsurance association, unless otherwise ordered by a court.

(h) Hear and determine complaints of a company or other interested party concerning the operation of the reinsurance association; ~~and~~

(i) Perform other acts not specifically enumerated in this section which are necessary or proper to accomplish the purposes of the reinsurance association and which are not inconsistent with sections 79.34 to 79.40 or the plan of operation; and

(j) Manage, administer, and operate the reinsurance and risk adjustment association, if selected by the commissioner of commerce under section 62Q.03, subdivision 6."

Page 30, after line 24, insert:

"Sec. 25. [ALTERNATIVE DISPUTE RESOLUTION PILOT PROJECT.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of health, in consultation with the commissioner of commerce, the Minnesota health care commission, and the state office of dispute resolution at the bureau of mediation services, shall establish an alternative dispute resolution pilot project. The project shall be administered by the commissioner of health. For purposes of this section, "dispute resolution" means the use of negotiation, mediation, mediation-arbitration, neutral fact finding, and minitrials.

Subd. 2. [REQUIREMENTS.] The pilot project may be used by health care providers and their patients to attempt to resolve disputes before litigation is commenced in any court. The pilot project requires the use of negotiation, mediation, arbitration, mediation-arbitration, neutral fact finding, and minitrials prior to the filing of a lawsuit. These processes shall be nonbinding unless otherwise agreed to by all parties to the dispute.

Subd. 3. [REPORT.] The commissioner of health shall report to the legislature by January 1, 1995, on the results of the pilot project and on any recommended legislative changes.

Sec. 26. [EXEMPTION.]

The commissioner of health shall apply to the health care financing administration for an exemption to the requirement that physicians report settlements of $10,000 or less to the National Practitioners Data Bank under Code of Federal Regulations, title 45, part 60."

Page 33, lines 22 and 23, reinstate the stricken language and delete the new language

Page 34, delete lines 11 to 14, and insert:

"(e) "Total expenditures" means incurred claims or expenditures on health care services, administrative expenses, charitable contributions, and all other payments made by health plan companies out of premium revenues, except taxes and assessments, and payments of allocations made to establish or maintain reserves. Total expenditures are equivalent to the amount of total revenue minus taxes and assessments."

Page 34, lines 16, 22, 23, 32, 33, and 34, reinstate the stricken language and delete the new language

Page 35, lines 4 and 11, reinstate the stricken "expenditure" and delete "revenue"

Page 35, line 19, strike "commissioner" and insert "commissioners"

Page 35, line 20, after the first "health" insert "and commerce"

Page 35, line 22, after "64B" insert "with respect to the health plan companies that each commissioner respectively regulates"

Page 35, lines 26 and 27, reinstate the stricken language

Page 35, line 36, reinstate the stricken language and delete the new language

Page 36, line 4, reinstate the stricken language and delete the new language

Page 36, line 7, reinstate the stricken "expenditure"

Page 36, line 8, delete "revenue"

Page 36, line 10, reinstate the stricken language and delete the new language

Page 36, line 29, reinstate the stricken "expenditure"

Page 36, line 30, delete "revenue"

Page 36, line 33, reinstate the stricken language and delete the new language

Page 36, line 36, delete "excess revenue" and insert "amount overspent"

Page 42, line 26, delete everything after "1996"

Page 42, line 27, delete everything before the period

Page 42, delete lines 30 to 36, and insert:

"Subd. 4. [IMPLEMENTATION PLAN.] The commissioner, as part of the implementation plan due January 1, 1995, shall present recommendations and draft legislation to the legislature to:

(1) establish reimbursement methods for the all-payer option reimbursement system;

(2) provide an implementation schedule to phase-in the all-payer reimbursement system, beginning January 1, 1996; and

(3) establish mechanisms to ensure compliance by all-payer insurers, health care providers, and patients with the all-payer option reimbursement system and all-payer option reimbursement limits established under section 62J.04."

Page 43, delete lines 1 to 5

Page 47, line 35, before the period, insert ", except that all-payer insurers may establish and maintain preferred provider networks solely for utilization control and quality management and not for negotiation of provider payments"

Page 48, line 2, after "network" insert "or otherwise becoming subject to this section"

Page 49, line 9, strike "or" and insert a comma

Page 49, line 10, before the period, insert ", or as an insurance company licensed under chapter 60A"

Page 49, line 11, strike "nonprofit"

Page 52, delete lines 32 to 34, and insert:

"Subd. 7. [RECOMMENDATIONS ON ESSENTIAL COMMUNITY PROVIDERS.] As part of the implementation plan due January 1, 1995, the commissioner shall present recommendations and draft legislation for defining essential community providers, using the criteria established under subdivision 1, and defining the relationship between essential community providers and health plan companies."

Page 53, line 11, after "populations," insert "facilitate the utilization of cost-effective alternatives to traditional inpatient acute and extended health care delivery,"

Page 53, line 27, after "address" insert "the type, frequency, level, setting, and duration of services that address an individual's mental or physical condition,"

Page 53, line 29, after "including" insert "those who need health services to improve their functioning,"

Page 53, line 30, after "possible" insert a comma

Page 54, line 7, delete "and"

Page 54, line 8, delete the period, and insert "; and

(9) cost-efficient and effective alternatives to inpatient health care services for acute or extended health care needs, such as home health care services."

Page 54, lines 14 and 21, after the period, insert "No more than half plus one of the members may be of the same gender."

Page 55, line 15, delete everything after "commissioner" and insert ", as part of the implementation plan due January 1, 1995, shall present to the legislature recommendations and draft legislation to establish up to"

Page 56, line 17, delete "and"

Page 56, line 19, delete the period and insert ";

(9) cost-sharing requirements and benefit or service limitations for outpatient mental health and outpatient chemical dependency services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6660, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for outpatient medical services; and

(10) cost-sharing requirements and benefit or service limitations for inpatient hospital mental health and inpatient hospital and residential chemical dependency services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6660, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for inpatient hospital medical services."

Page 59, line 21, after the period, insert "No more than half plus one of the members may be of the same gender."

Page 60, line 5, delete "and"

Page 60, line 7, before the period, insert "; and

(8) integration of services provided by licensed school nurses into integrated service networks"

Page 60, after line 16, insert:

"Sec. 7. [PREPAID MEDICAL ASSISTANCE PLAN STUDY.]

The commissioners of health and human services shall study the coordination between health care reform and the prepaid medical assistance plan. The study must also determine whether there have been cost savings, cost increases, or cost shifting under current implementation of the prepaid medical assistance plan. The commissioners shall jointly report their findings to the legislature by January 1, 1995."

Page 64, after line 10, insert:

"Subd. 6. [LIMITS ON PREMIUM RATE VARIATIONS.] (a) Effective July 1, 1995, the premium rate variations permitted under sections 62A.65 and 62L.08 become:

(1) for factors other than age and geography, 12.5 percent of the index rate; and

(2) for age, 25 percent of the index rate.

(b) Effective July 1, 1996, the premium variations permitted under sections 62A.65 and 62L.08 become:

(1) for factors other than age and geography, 7.5 percent of the index rate; and

(2) for age, 15 percent of the index rate.

(c) Effective July 1, 1997, no health plan company shall offer, sell, issue, or renew a health plan, that is subject to section 62A.65 or 62L.08, for which the premium rate varies between covered persons on the basis of any factor other than:

(1) for individual health plans, differences in benefits or benefit design, and for group health plans, actuarially valid differences in benefits or benefit design;

(2) the number of persons to be covered by the health plan;

(3) actuarially valid differences in expected costs between adults and children;

(4) healthy lifestyle discounts authorized by statute; and

(5) for individual health plans, geographic variations permitted under section 62A.65, and for group health plans, geographic variations permitted under section 62L.08.

(d) All premium rate variations permitted under paragraph (c) are subject to the approval of the commissioner."

Page 64, line 11, delete "6" and insert "7"

Page 64, line 31, delete "7" and insert "8"

Page 64, line 36, delete "8" and insert "9"

Page 65, line 1, delete "6" and insert "7"

Page 68, line 27, delete "PUBLIC HEALTH" and insert "LOCAL PUBLIC ACCOUNTABILITY AND"

Page 69, line 1, delete "region" and insert "service area"

Page 69, line 6, delete everything after the period, and insert "Local government units with responsibilities and authority defined under chapters 145A and 256E may designate individuals to participate in the collaborative planning with the managed care organization to provide expertise and represent community needs and goals as identified under chapters 145A and 256E."

Page 69, delete lines 7 to 9

Page 69, line 11, after "strategies" insert "and a description of any activities which contribute to public health goals and needs of high risk and special needs populations as defined and developed under chapters 145A and 256E;"

Page 69, line 16, after "units" insert "and local government unit designees"

Page 69, line 30, after the period, insert "The plan may be reviewed by the county boards, or city councils acting as a local board of health in accordance with chapter 145A, within the managed care organization's service area to determine whether the plan is consistent with the goals and objectives of the plans required under chapters 145A and 256E and whether the plan meets the needs of the community. The county board, or applicable city council, may also review and make recommendations on the availability and accessibility of services provided by the managed care organization. The county board, or applicable city council, may submit written comments to the appropriate commissioner, and may advise the commissioner of the managed care organization's effectiveness in assisting to meet the needs and goals as defined under the responsibilities of chapters 145A and 256E."

Pages 70 to 72, delete sections 3 to 7, and insert:

"Sec. 3. [62Q.33] [LOCAL GOVERNMENT PUBLIC HEALTH FUNCTIONS.]

Subdivision 1. [FINDINGS.] The legislature finds that the local government public health functions of community assessment, policy development, and assurance of service delivery are essential elements in consumer protection and in achieving the objectives of health care reform in Minnesota. The legislature further finds that the site-based and

population-based services provided by state and local health departments are a critical strategy for the long-term containment of health care costs. The legislature further finds that without adequate resources, the local government public health system will lack the capacity to fulfill these functions in a manner consistent with the needs of a reformed health care delivery system.

Subd. 2. [REPORT ON SYSTEM DEVELOPMENT.] The commissioner of health, in consultation with the state community health services advisory committee and the commissioner of human services, and representatives of local health departments, county government, a municipal government acting as a local board of health, the Minnesota health care commission, area Indian health services, health care providers, and citizens concerned about public health, shall coordinate the process for defining implementation and financing responsibilities of the local government core public health functions. The commissioner shall submit recommendations and an initial and final report on local government core public health functions according to the timeline established in subdivision 5.

Subd. 3. [CORE PUBLIC HEALTH FUNCTIONS.] (a) The report required by subdivision 2 must describe the local government core public health functions of: assessment of community health needs; goal-determination, public policy, and program development for addressing these needs; and assurance of service availability and accessibility to meet community health goals and needs. The report must further describe activities for implementation of these functions that are the continuing responsibility of the local government public health system, taking into account the ongoing reform of the health care delivery system.

(b) The activities to be defined in terms of the local government core public health functions include, but are not limited to:

(1) consumer protection and advocacy;

(2) targeted outreach and linkage to personal services;

(3) health status monitoring and disease surveillance;

(4) investigation and control of diseases and injuries;

(5) protection of the environment, work places, housing, food, and water;

(6) laboratory services to support disease control and environmental protection;

(7) health education and information;

(8) community mobilization for health-related issues;

(9) training and education of public health professionals;

(10) public health leadership and administration;

(11) emergency medical services;

(12) violence prevention; and

(13) other activities that have the potential to improve the health of the population or special needs populations and reduce the need for or cost of health care services.

Subd. 4. [CAPACITY BUILDING, ACCOUNTABILITY AND FUNDING.] The recommendations required by subdivision 2 shall include:

(1) a definition of minimum outcomes for implementing core public health functions, including a local ombudsperson under the assurance of services function;

(2) the identification of counties and applicable cities with public health programs that need additional assistance to meet the minimum outcomes;

(3) a budget for supporting all functions needed to achieve the minimum outcomes, including the local ombudsperson assurance of services function;

(4) an analysis of the costs and benefits expected from achieving the minimum outcomes;

(5) strategies for improving local government public health functions throughout the state to meet the minimum outcomes including: (i) funding distribution for local government public health functions necessary to meet the minimum outcomes; and (ii) strategies for the financing of personal health care services within the uniform benefits set and identifying appropriate mechanisms for the delivery of these services; and

(6) a recommended level of dedicated funding for local government public health functions in terms of a percentage of total health service expenditures by the state or in terms of a per capita basis, including methods of allocating the dedicated funds to local government.

Subd. 5. [TIMELINE.] (a) By October 1, 1994, the commissioner shall submit to the legislative commission on health care access the initial report and recommendations required by subdivisions 2 to 4.

(b) By February 15, 1995, the commissioner, in cooperation with the legislative commission on health care access, shall submit a final report to the legislature, with specific recommendations for capacity building and financing to be implemented over the period from January 1, 1996, through December 31, 1997.

(c) By January 1, 1997, and by January 1 of each odd-numbered year thereafter, the commissioner shall present to the legislature an updated report and recommendations."

Page 72, after line 34, insert:

"Section 1. [43A.312] [LIMITATION ON COMPENSATION.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following definitions apply:

(a) "Administrative employee" means an individual whose primary duty as an employee is the performance of office or nonmanual work directly related to management policies or general business operations.

(b) "Compensation" means the annual value of wages, salary, benefits, deferred compensation, and stock options.

(c) "Executive employee" means an individual whose primary duty as an employee consists of the management of the enterprise in which the individual is employed.

(d) "Health care provider" means a person or organization that provides health care or medical care services within Minnesota for a fee and is eligible for reimbursement under the medical assistance program under chapter 256B. "Health care provider" includes a for-profit affiliate of the health care provider. For purposes of this subdivision, "for a fee" includes traditional fee-for-service arrangements, capitation arrangements, and any other arrangement in which a provider receives compensation for providing health care services or has the authority to directly bill a group purchaser, health plan company, or individual for providing health care services. For purposes of this subdivision, "eligible for reimbursement under the medical assistance program" means that the provider's services would be reimbursed by the medical assistance program if the services were provided to medical assistance enrollees and the provider sought reimbursement, or that the services would be eligible for reimbursement under medical assistance except that those services are characterized as experimental, cosmetic, or voluntary.

(e) "Health plan company" means:

(1) a health carrier as defined under section 62A.011, subdivision 2;

(2) an integrated service network as defined under section 62N.02;

(3) an all-payer insurer regulated under chapter 62P;

(4) a community integrated service network regulated under chapter 62N; or

(5) a for-profit affiliate of an entity listed in this paragraph.

(f) "State health care plan" means the medical assistance program, the general assistance medical care program, the MinnesotaCare program, health insurance plans for state employees established under section 43A.18, the public employees insurance plan under section 43A.316, the workers' compensation system under section 176.135, and insurance plans provided through the Minnesota comprehensive health association under sections 62E.01 to 62E.19.

Subd. 2. [SALARY RATIO LIMITATION.] No health care provider or health plan company serving enrollees or clients of a state health care plan, or serving as a contractor or third-party administrator for a state health care plan, may compensate its most highly paid executive or administrative employee an amount exceeding 25 times the compensation paid to its lowest paid employee. For purposes of this requirement, stock options are valued at fair market value at the time they become the property of the employee.

Subd. 3. [REPORTING.] Each health care provider and health plan company subject to the salary ratio limitation in subdivision 2 shall report the compensation received by its most highly paid executive or administrative employee, based upon full-time equivalents, and its lowest paid employee, based upon full-time equivalents, to the commissioner of employee relations. This information shall be provided in the form and at the times specified by the commissioner. This information on compensation is classified as public data under chapter 13. Health plan companies subject to subdivision 2, and state health care programs, shall report the names and business addresses of all health care providers serving as participating providers to the commissioner of employee relations. This information is classified as private data under chapter 13.

Subd. 4. [ENFORCEMENT.] The commissioner of employee relations shall verify that all health care providers and health plan companies subject to subdivision 2 have reported the information required in subdivision 3 and shall verify that all health care providers and health plan companies have complied with the salary ratio limitation. The commissioner shall notify all health care providers and health plan companies in violation of subdivision 2 and shall provide four years for the health care provider or health plan company to comply with the salary ratio limitation. The commissioner shall require health care providers and health plan companies to submit the information necessary to demonstrate compliance. If at the end of four years the health care provider or health plan company has not complied, the commissioner, in conjunction with the appropriate agency commissioner or commissioners, shall prohibit the health care provider or health plan company from serving enrollees or clients of a state health care plan, or from serving as a contractor or third-party administrator for state health care plans. All state agency commissioners shall cooperate with the commissioner of employee relations in administering and enforcing this section."

Page 74, after line 5, insert:

"Sec. 3. Minnesota Statutes 1992, section 62A.48, subdivision 1, is amended to read:

Subdivision 1. [POLICY REQUIREMENTS.] No individual or group policy, certificate, subscriber contract, or other evidence of coverage of nursing home care or other long-term care services shall be offered, issued, delivered, or renewed in this state, whether or not the policy is issued in this state, unless the policy is offered, issued, delivered, or renewed by a qualified insurer and the policy satisfies the requirements of sections 62A.46 to 62A.56. A long-term care policy must cover prescribed long-term care in nursing facilities and at least the prescribed long-term home care services in section 62A.46, subdivision 4, clauses (1) to (5), provided by a home health agency. Coverage under a long-term care policy AA must include: a maximum lifetime benefit limit of at least $100,000 for services, and nursing facility and home care coverages must not be subject to separate lifetime maximums. Coverage under a long-term care policy A must include: a maximum lifetime benefit limit of at least $50,000 for services, and nursing facility and home care coverages must not be subject to separate lifetime maximums. Prior hospitalization may not be required under a long-term care policy.

Coverage under either policy designation must cover preexisting conditions during the first six months of coverage if the insured was not diagnosed or treated for the particular condition during the 90 days immediately preceding the effective date of coverage. Coverage under either policy designation may include a waiting period of up to 90 days before benefits are paid, but there must be no more than one waiting period per benefit period; for purposes of this sentence, "days" means calendar days. No policy may exclude coverage for mental or nervous disorders which have a demonstrable organic cause, such as Alzheimer's and related dementias. No policy may require the insured to be homebound or house confined to receive home care services. The policy must include a provision that the plan will not be canceled or renewal refused except on the grounds of nonpayment of the premium, provided that the insurer may change the premium rate on a class basis on any policy anniversary date. A provision that the policyholder may elect to have the premium paid in full at age 65 by payment of a higher premium up to age 65 may be offered. A provision that the premium would be waived during any period in which benefits are being paid to the insured during confinement in a nursing facility must be included. A nongroup policyholder may return a policy within 30 days of its delivery and have the premium refunded in full, less any benefits paid under the policy, if the policyholder is not satisfied for any reason.

No individual long-term care policy shall be offered or delivered in this state until the insurer has received from the insured a written designation of at least one person, in addition to the insured, who is to receive notice of cancellation of the policy for nonpayment of premium. The insured has the right to designate up to a total of three persons who are to receive the notice of cancellation, in addition to the insured. The form used for the written designation must inform the insured that designation of one person is required and that designation of up to two additional persons is optional and must provide space clearly designated for listing between one and three persons. The designation shall include each person's full name, home address, and telephone number. Each time an individual policy is renewed or continued, the insurer shall notify the insured of the right to change this written designation.

The insurer may file a policy form that utilizes a plan of care prepared as provided under section 62A.46, subdivision 5, clause (1) or (2)."

Page 83, after line 2, insert:

"Sec. 18. Minnesota Statutes 1993 Supplement, section 62J.32, subdivision 4, is amended to read:

Subd. 4. [PRACTICE PARAMETER ADVISORY COMMITTEE.] (a) The commissioner shall convene a 15-member practice parameter advisory committee comprised of eight health care professionals, and representatives of the research community and the medical technology industry. One representative of the research community must be an individual with expertise in pharmacology or pharmaceutical economics who is familiar with the results of the pharmaceutical care research project at the University of Minnesota and the potential cost savings that can be achieved through use of a comprehensive pharmaceutical care model. The committee shall present recommendations on the adoption of practice parameters to the commissioner and the Minnesota health care commission and provide technical assistance as needed to the commissioner and the commission. The advisory committee is governed by section 15.059, except that its existence does not terminate and members do not receive per diem compensation.

(b) The commissioner, upon the advice and recommendation of the practice parameter advisory committee, may convene expert review panels to assess practice parameters and outcome research associated with practice parameters."

Page 84, after line 33, insert:

"Sec. 23. Minnesota Statutes 1993 Supplement, section 62J.45, subdivision 11, is amended to read:

Subd. 11. [USE OF DATA.] (a) The board of the data institute, with the advice of the data collection advisory committee and the practice parameter advisory committee through the commissioner, is responsible for establishing the methodology for the collection of the data and is responsible for providing direction on what data would be useful to the plans, providers, consumers, and purchasers.

(b) The health care analysis unit is responsible for the analysis of the data and the development and dissemination of reports.

(c) The commissioner, in consultation with the board, shall determine when and under what conditions data disclosure to group purchasers, health care providers, consumers, researchers, and other appropriate parties may occur to meet the state's goals. The commissioner may require users of data to contribute toward the cost of data collection through the payment of fees. The commissioner shall require users of data to maintain the data according to the data privacy provisions applicable to the data.

(d) The commissioner and the board shall not allow a group purchaser or health care provider to use or have access to data collected by the data institute, unless the group purchaser or health care provider fully cooperates with the data collection efforts of the data institute by submitting all data requested in the form and manner specified by the board. The commissioner and the board shall prohibit group purchasers and health care providers from transferring, providing, or sharing data obtained from the data institute with a group purchaser or health care provider that does not fully cooperate with the data collection efforts of the data institute.

Sec. 24. [62J.65] [EXEMPTION.]

Patient revenues derived from non-Minnesota patients are exempt from the regulated all-payer system and balance billing prohibition requirements under Medicare."

Page 95, after line 11, insert:

"Sec. 34. [144.1492] [PHYSICIAN SUBSTITUTE DEMONSTRATION PROJECT.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of health, through the office of rural health, shall establish and administer a physician substitute (locum tenens and emergency room coverage) demonstration project at up to four rural demonstration sites within the state. The commissioner shall coordinate the administration of the project with the University of Minnesota health system. The commissioner may contract with a nonprofit rural health policy organization to establish, administer, and evaluate the physician substitute program.

Subd. 2. [PROJECT ACTIVITIES.] The project must:

(1) encourage physicians to serve as substitute physicians for the demonstration sites;

(2) provide a central register of physicians interested in serving as physician substitutes at the demonstration sites;

(3) provide a referral service for requests from demonstration sites for physician substitutes; and

(4) provide physician substitute services, at rates that reflect the administrative savings resulting from centralized referral and credentialing.

Subd. 3. [UNIVERSITY OF MINNESOTA HEALTH SYSTEM.] The commissioner shall seek the assistance of the University of Minnesota health system in credentialing persons desiring to serve as physician substitutes. The University of Minnesota health system may employ physician substitutes serving in the demonstration project as temporary clinical faculty and may provide physician substitutes with additional opportunities for professional education and interaction.

Subd. 4. [DEMONSTRATION SITES.] The commissioner shall designate up to four rural communities as demonstration sites for the project. The commissioner shall choose sites based on a community's need for physician substitute services and the willingness of the community to work cooperatively with the commissioner and the University of Minnesota health system and participate in the demonstration project evaluation.

Subd. 5. [EVALUATION.] The commissioner shall evaluate the demonstration project and shall present an evaluation report to the legislature by January 15, 1995. The evaluation must identify any modifications necessary to improve the effectiveness of the project. The evaluation must also include a recommendation on whether the demonstration project should be extended to other areas of the state.

Sec. 35. [144.1493] [STATE RURAL HEALTH NETWORK REFORM INITIATIVE.]

Subdivision 1. [PURPOSE AND MATCHING FUNDS.] The commissioner of health shall apply for federal grant funding under the state rural health network reform initiative, a health care financing administration program to provide grant funds to states to encourage innovations in rural health financing and delivery systems. The commissioner may use state funds appropriated to the department of health for the provision of technical assistance for community integrated service network development as matching funds for the federal grant.

Subd. 2. [USE OF FEDERAL FUNDS.] If the department of health receives federal funding under the state rural health network reform initiative, the department shall use these funds to implement a program to provide technical assistance and grants to rural communities to establish health care networks and to develop and test a rural health network reform model.

Subd. 3. [ELIGIBLE APPLICANTS AND CRITERIA FOR AWARDING OF GRANTS TO RURAL COMMUNITIES.] (a) Funding which the department receives to award grants to rural communities to establish health care networks shall be awarded through a request for proposal process. Planning grant funds may be used for community facilitation and initial network development activities including incorporation as a nonprofit organization or cooperative, assessment of network models, and determination of the best fit for the community. Implementation grant funds can be used to enable incorporated nonprofit organizations and cooperatives to purchase technical services needed for further network development such as legal, actuarial, financial, marketing, and administrative services.

(b) In order to be eligible to apply for a planning or implementation grant under the federally funded health care network reform program, an organization must be located in a rural area of Minnesota excluding the seven-county Twin Cities metropolitan area and the census-defined urbanized areas of Duluth, Rochester, St. Cloud, and Moorhead. The proposed network organization must also meet or plan to meet the criteria for a community integrated service network.

(c) In determining which organizations will receive grants, the commissioner may consider the following factors:

(1) the applicant's description of their plans for health care network development, their need for technical assistance, and other technical assistance resources available to the applicant. The applicant must clearly describe the service area to be served by the network, how the grant funds will be used, what will be accomplished, and the expected results. The applicant should describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organizations;

(2) the extent of community support for the applicant and the health care network. The applicant should demonstrate support from private and public health care providers in the service area, local community and government leaders, and the regional coordinating board for the area. Evidence of such support may include commitment of financial support, in-kind services or cash, for development of the network;

(3) the size and demographic characteristics of the population in the service area for the proposed network and the distance of the service area from the nearest metropolitan area; and

(4) the technical assistance resources available to the applicant from nonstate sources and the financial ability of the applicant to purchase technical assistance services with nonstate funds."

Page 97, after line 23, insert:

"Sec. 41. [317A.022] [ELECTION BY CERTAIN CHAPTER 318 ASSOCIATIONS.]

Subdivision 1. [GENERAL.] An association described in section 318.02, subdivision 5, may elect to cease to be an association subject to and governed by chapter 318 and to become subject to and governed by this chapter in the same manner and to the extent provided in this chapter as though it were a nonprofit corporation by complying with this section.

Subd. 2. [AMENDED TITLE AND OTHER CONFORMING AMENDMENTS.] The declaration of trust, as defined in section 318.02, subdivision 1, of the association must be amended to identify it as the "articles of an association electing to be treated as a nonprofit corporation." All references in this chapter to "articles" or "articles of incorporation" include the declaration of trust of an electing association. If the declaration of trust includes a provision prohibited by this chapter for inclusion in articles of incorporation, omits a provision required by this chapter to be included in articles of incorporation, or is inconsistent with this chapter, the electing association shall amend its declaration of trust to conform to the requirements of this chapter. The appropriate provisions of the association's declaration of trust or bylaws or chapter 318 control the manner of adoption of the amendments required by this subdivision.

Subd. 3. [METHOD OF ELECTION.] An election by an association under subdivision 2 must be made by resolution approved by the affirmative vote of the trustees of the association and by the affirmative vote of the members or other persons with voting rights in the association. The affirmative vote of both the trustees of the association and of the members or other persons with voting rights, if any, in the association must be of the same proportion that is required for an amendment of the declaration of trust of the association before the election, in each case upon proper notice that a purpose of the meeting is to consider an election by the association to cease to be an association subject to and governed by chapter 318 and to become and be a nonprofit corporation subject to and governed by this chapter. The resolution and the articles of the amendment of the declaration of trust must be filed with the secretary of state and are effective upon filing, or a later date as may be set forth in the filed resolution. Upon the effective date, without any other action or filing by or on behalf of the association, the association automatically is subject to this chapter in the same manner and to the same extent as though it had been formed as a nonprofit corporation pursuant to this chapter. Upon the effective date of the election, the association is not considered to be a new entity, but is considered to be a continuation of the same entity.

Subd. 4. [EFFECTS OF ELECTION.] Upon the effective date of an association's election under subdivision 3, and consistent with the continuation of the association under this chapter:

(1) the organization has the rights, privileges, immunities, powers, and is subject to the duties and liabilities, of a corporation formed under this chapter;

(2) all real or personal property, debts, including debts arising from a subscription for membership and interests belonging to the association, continue to be the real and personal property, and debts of the organization without further action;

(3) an interest in real estate possessed by the association does not revert to the grantor, or otherwise, nor is it in any way impaired by reason of the election, and the personal property of the association does not revert by reason of the election;

(4) except where the will or other instrument provides otherwise, a devise, bequest, gift, or grant contained in a will or other instrument, in a trust or otherwise, made before or after the election has become effective, to or for the association, inures to the organization;

(5) the debts, liabilities, and obligations of the association continue to be the debts, liabilities, and obligations of the organization, just as if the debts, liabilities, and obligations had been incurred or contracted by the organization after the election;

(6) existing claims or a pending action or proceeding by or against the association may be prosecuted to judgment as though the election had not been affected;

(7) the liabilities of the trustees, members, officers, directors, or similar groups or persons, however denominated, of the association, are not affected by the election;

(8) the rights of creditors or liens upon the property of the association are not impaired by the election;

(9) an electing association may merge with one or more nonprofit corporations in accordance with the applicable provisions of this chapter, and either the association or a nonprofit corporation may be the surviving entity in the merger; and

(10) the provisions of the bylaws of the association that are consistent with this chapter remain or become effective and provisions of the bylaws that are inconsistent with this chapter are not effective.

Sec. 42. Minnesota Statutes 1992, section 318.02, is amended by adding a subdivision to read:

Subd. 5. [ELECTION TO BE GOVERNED BY CHAPTER 317A.] An association may cease to be subject to or governed by this chapter by filing an election in the manner described in section 317A.022, to be subject to and governed by chapter 317A in the same manner and to the same extent provided in chapter 317A as though it were a nonprofit corporation if:

(1) it is not formed for a purpose involving pecuniary gain to its members, other than to members that are nonprofit organizations or subdivisions, units, or agencies of the United States or a state or local government; and

(2) it does not pay dividends or other pecuniary remuneration, directly or indirectly, to its members, other than to members that are nonprofit organizations or subdivisions, units, or agencies of the United States or a state or local government.

Sec. 36. [APPROPRIATION.]

(a) $..... is appropriated from the general fund to the commissioner of health for the fiscal year ending June 30, 1995, to establish and implement the physician substitute program under section 34.

(b) $..... is appropriated from the general fund to the regents of the University of Minnesota for the fiscal year ending June 30, 1995, for costs incurred by the University of Minnesota Health System in credentialing physician substitutes and employing physician substitutes as temporary clinical faculty under section 34.

(c) $..... is appropriated from the general fund to the commissioner of employee relations for the fiscal year ending June 30, 1995, to administer salary ratio limitations under section 1."

Page 103, delete lines 30 to 33, and insert:

"(b) The Unique Identification Number (UPIN) assigned by the health care financing administration shall be used as the unique identification number for individual health care providers. Providers who do not currently have a UPIN number shall request one from the health care financing administration."

Page 104, delete lines 2 to 4

Page 105, line 7, after the period, insert "This provision does not require that patients provide their social security numbers and does not require group purchasers or providers to demand that patients provide their social security numbers."

Page 112, line 28, delete "60J.50 to 60J.61" and insert "62J.50 to 62J.54, subdivision 3, and 62J.56 to 62J.59"

Page 112, line 35, after the period, insert "The commissioner shall not adopt any rules requiring patients to provide their social security numbers unless and until federal laws are modified to allow or require such action, nor shall the commissioner adopt rules which allow medical records, claims, or other treatment or clinical data to be included on the health care identification card, except as specifically provided in this chapter."

Page 145, after line 35, insert:

"ARTICLE 11
HEALTH CARE COOPERATIVES

Section 1. Minnesota Statutes 1992, section 256.9657, is amended by adding a subdivision to read:

Subd. 4a. [HEALTH CARE NETWORK COOPERATIVES.] Each health care network cooperative established under chapter 308B shall pay the commissioner a surcharge on total premium revenues of the health care network cooperative, according to the following phase-in schedule:

(1) for payments made in calendar year 1994, the surcharge shall be zero percent of total premium revenue;

(2) for payments made in calendar year 1995, the surcharge shall be two-tenths of one percent of total premium revenue;

(3) for payments made in calendar year 1996, the surcharge shall be three-tenths of one percent of total premium revenue;

(4) for payments made in calendar year 1997, the surcharge shall be four-tenths of one percent of total premium revenue;

(5) for payments made in calendar year 1998, the surcharge shall be five-tenths of one percent of total premium revenue; and

(6) for payments made in calendar year 1999 and subsequent calendar years, the surcharge shall be six-tenths of one percent of total premium revenue.

Sec. 2. [308B.01] [STATEMENT OF LEGISLATIVE PURPOSE AND INTENT.]

The legislature finds that the goals of containing health care costs, improving the quality of health care, and increasing the access of Minnesota citizens to health care services reflected under chapters 62J and 62N may be further enhanced through the promotion of health care cooperatives. The legislature further finds that locally based and controlled efforts among health care providers, local businesses, units of local government, and health care consumers, can promote the attainment of the legislature's goals of health care reform, and takes notice of the long history of successful operations of cooperative organizations in this state. Therefore, in order to encourage cooperative efforts which are consistent with the goals of health care reform, including efforts among health care providers as sellers of health care services and efforts of consumers as buyers of health care services and health plan coverage, and to encourage the formation of and increase the competition among health plans in Minnesota, the legislature enacts the Minnesota health care cooperative act.

Sec. 3. [308B.02] [CITATION.]

This chapter may be cited as the "Minnesota health care cooperative act."

Sec. 4. [308B.03] [APPLICABILITY OF OTHER LAWS.]

Subdivision 1. [MINNESOTA COOPERATIVE LAW.] A health care cooperative organizing under this chapter is subject to chapter 308A unless otherwise provided in this chapter. After incorporation, a health care cooperative shall enjoy the powers and privileges and shall be subject to the duties and liabilities of other cooperatives organized under chapter 308A, to the extent applicable and except as limited or enlarged by this chapter. If any provision of this chapter conflicts with a provision of chapter 308A, the provision of this chapter takes precedence.

Subd. 2. [HEALTH PLAN LICENSURE AND OPERATION.] A health care network cooperative organized under this chapter must be licensed as a health maintenance organization licensed under chapter 62D, a mutual accident and health insurance company licensed under chapter 60A and offering coverage under chapter 62A, a nonprofit health service plan corporation licensed under chapter 62C, or a community integrated service network or an integrated service network licensed under chapter 62N, at the election of the health care network cooperative. The health care network cooperative shall be subject to the duties and liabilities of health plans licensed pursuant to the chapter under which the cooperative elects to be licensed, to the extent applicable and except as limited or enlarged by this chapter. If any provision of any chapter under which the cooperative elects to be licensed conflicts with the provisions of this chapter, the provisions of this chapter take precedence.

Subd. 3. [HEALTH PROVIDER COOPERATIVES.] A health provider cooperative organized under this chapter shall not be considered a mutual insurance company under chapter 60A, a health maintenance organization under chapter 62D, a nonprofit health services corporation under chapter 62C, or a community integrated service network or an integrated service network under chapter 62N. A health provider network shall not be considered to violate any limitations on the corporate practice of medicine. Health care service contracts under section 308B.06 shall not be considered to violate section 62J.23.

Sec. 5. [308B.04] [DEFINITIONS.]

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

Subd. 2. [HEALTH CARE COOPERATIVE.] "Health care cooperative" means a health care network cooperative or a health provider cooperative.

Subd. 3. [HEALTH CARE NETWORK COOPERATIVE.] "Health care network cooperative" means a corporation organized under this chapter and licensed in accordance with section 308B.03, subdivision 2.

Subd. 4. [HEALTH PROVIDER COOPERATIVE.] "Health provider cooperative" means a corporation organized under this chapter and operated on a cooperative plan to market health care services to purchasers of those services.

Subd. 5. [MEMBER.] "Member" means:

(1) in the case of a health care network cooperative, the policyholder; if the policyholder is an individual enrollee, the individual enrollee is the member; if the policyholder is an employer or other group type, entity, or association, the group policyholder is the member;

(2) in the case of a health provider cooperative, the licensed health care provider, professional corporation, partnership, hospital, or other licensed institution, as provided in the cooperative's articles or bylaws.

Subd. 6. [ACCREDITED CAPITATED PROVIDER.] "Accredited capitated provider" means a health care providing entity or a health provider cooperative, that:

(1) receives capitated payments from a health care network cooperative under a contract to provide health services to the network's enrollees. For purposes of this section, a health care providing entity or health provider cooperative is "capitated" when its compensation arrangement with a health care network cooperative involves the provider's acceptance of material financial risk for the delivery of a predetermined set of services for a specified period of time;

(2) is licensed to provide and provides the contracted services, either directly or through an affiliate, or is a group of licensed providers organized as a health provider cooperative. For purposes of this subdivision, an "affiliate" is any person that directly or indirectly controls, or is controlled by, or is under common control with, the health care providing entity, and "control" exists when any person, directly or indirectly, owns, controls, or holds the power to vote, or holds proxies representing, no less than 80 percent of the voting securities or governance rights of any other person;

(3) agrees to serve as an accredited capitated provider of a health care network cooperative for the purpose of reducing the cooperative's net worth and deposit requirements under section 308B.14; and

(4) is approved by the commissioner as an accredited capitated provider for a health care network cooperative in accordance with section 308B.13.

Subd. 7. [PERCENTAGE OF RISK CEDED.] "Percentage of risk ceded" means the ratio, expressed as a percentage, between capitated payments made (or, in the case of a new entity, expected to be made) by a health care network cooperative to all accredited capitated providers during any contract year and the total premium revenue (adjusted to eliminate expected administrative costs) received for the same time period by the health care network cooperative.

Subd. 8. [PROVIDER AMOUNT AT RISK.] "Provider amount at risk" means a dollar amount certified by an actuary to represent the expected direct costs to an accredited capitated provider for providing the contracted, covered health care services to the enrollees of the health care network cooperative to which it is accredited for a period of 90 days.

Subd. 9. [COMMISSIONER.] Unless otherwise specified, "commissioner" means the commissioner of health for a health care network cooperative licensed under chapter 62D or 62N and the commissioner of commerce for a health care network cooperative licensed under chapters 60A and 62A, or 62C.

Subd. 10. [HEALTH CARRIER.] "Health carrier" has the meaning provided in section 62A.011.

Subd. 11. [HEALTH CARE PROVIDING ENTITY.] "Health care providing entity" means a participating entity that provides health care to enrollees of a health care cooperative.

Sec. 6. [308B.05] [POWERS.]

In addition to the powers enumerated under section 308A.201, a health care cooperative shall have all of the powers granted a nonprofit corporation under section 317A.161, except to the extent expressly inconsistent with the provisions of chapter 308A.

Sec. 7. [308B.06] [HEALTH CARE SERVICE CONTRACTS.]

Subdivision 1. [PROVIDER CONTRACTS.] A health provider cooperative and its licensed members may execute marketing and service contracts requiring the provider members to provide some or all of their health care services through the provider cooperative to the enrollees, members, subscribers, or insureds, of a health care network cooperative, community integrated service network, integrated service network, nonprofit health service plan, health maintenance organization, accident and health insurance company, or any other purchaser, including the state of Minnesota and its agencies, instruments, or units of local government. Each purchasing entity is authorized to execute contracts for the purchase of health care services from a health provider cooperative in accordance with this section. Any contract between a provider cooperative and a purchaser must provide for payment by the purchaser to the health provider cooperative on a substantially capitated or similar risk-sharing basis. Each contract between a provider cooperative and a purchaser shall be filed by the provider network cooperative with the commissioner of health and is subject to the provisions of section 62D.19.

Subd. 2. [NO NETWORK LIMITATION.] A health care network cooperative may contract with any health provider cooperative and may contract with any other licensed health care provider to provide health care services for its enrollees.

Subd. 3. [NO RESTRAINT OF TRADE.] A health provider cooperative exercising authority under this section is not a combination in restraint of trade. The contracts adopted under this section are not illegal, or an unlawful restraint of trade, or part of a conspiracy or combination to accomplish an improper or illegal purpose.

Sec. 8. [308B.07] [AMENDMENT OF ARTICLES.]

The articles of a health care cooperative incorporated under this chapter shall be amended as provided in section 317A.131.

Sec. 9. [308B.08] [AMENDMENT OF BYLAWS.]

The bylaws of a health care cooperative incorporated under this chapter shall be amended as provided in section 317A.181.

Sec. 10. [308B.09] [VOTING.]

Subdivision 1. [ELECTION OF DIRECTORS.] Directors of health care cooperatives shall be elected in the manner provided in section 308A.311 with the exception of subdivision 4 of that section. Any requirements applicable to directors under chapters 60A and 62A, 62C, 62D, or 62N do not apply.

Subd. 2. [VOTE BY MAIL.] (a) A member may vote by mail for a director unless mail voting is prohibited for election of directors by the articles or bylaws.

(b) The ballot must be in a form prescribed by the board.

(c) The member shall mark the ballot for the candidate chosen and mail the ballot to the cooperative in a sealed plain envelope inside another envelope bearing the member's name.

(d) If the ballot of the member is received by the cooperative on or before the date of the regular members' meeting, the ballot must be accepted and counted as the vote of the absent member.

Subd. 3. [VOTING GENERALLY.] The requirements and procedures for membership voting for each health care cooperative shall be as provided in the bylaws.

Sec. 11. [308B.10] [GOVERNMENTAL PARTICIPATION.]

The state of Minnesota, or any agency, instrumentality, or unit of local government, may be a member of a health care cooperative. Any governmental hospital authorized, organized, or operated under chapters 158, 250, 376, and 397, or under sections 246A.01 to 246A.27, 412.221, 447.05 to 447.13, or 471.50, or under any special law authorizing or establishing a hospital or hospital district, may be a member of a health care provider cooperative.

Sec. 12. [308B.11] [RELICENSURE.]

(a) A health care network cooperative licensed under chapters 60A and 62A, 62C, or 62D may relinquish that license and be granted a new license as a community integrated service network or an integrated service network under chapter 62N in accordance with this subdivision, provided:

(1) the cooperative meets all of the requirements for licensure as a network under chapter 62N, to the extent not expressly inconsistent with the provisions of this chapter and chapter 308A;

(2) a written plan of relicensure has been approved by the affirmative vote of two-thirds of the cooperative's board of directors and by a majority of its members present and voting at a regular or special meeting of the members at which the plan of relicensure is submitted for approval;

(3) the cooperative's amended articles of incorporation have been filed with the secretary of state;

(4) the plan of relicensure has been approved by the commissioner having jurisdiction over the cooperative prior to relicensure as fair to the cooperative's members in the best interests of the public; and

(5) following the completion of all of the above, the cooperative has surrendered its previous license to the agency that granted the license.

(b) The relicensure shall be effective at the time specified in the plan of relicensure, which must not be earlier than the date upon which the previous license is surrendered.

(c) Upon the relicensure of the cooperative as a community integrated service network or an integrated service network:

(1) all existing group and individual enrollee benefit contracts in force on the effective date of the relicensure shall continue in effect and with the same terms and conditions, notwithstanding the cooperative's new licensure as a network, until the date of each contract's next renewal or amendment, but no later than one year from the date of the relicensure. At this time, each benefit contract then in force must be amended to comply with all statutory and regulatory requirements for network benefit contracts as of that date; and

(2) all contracts between the cooperative and any health care providing entity, including a health care provider cooperative, in force on the effective date of relicensure shall remain in effect under the cooperative's new licensure as a network until the date of the next renewal or amendment of that contract, but no later than one year from the date of relicensure.

(d) Except as otherwise provided in this section, nothing in the relicensure of a health care network cooperative shall in any way affect its corporate existence or any of its contracts, rights, privileges, immunities, powers or franchises, debts, duties or other obligations or liabilities.

Sec. 13. [308B.12] [ACCREDITED CAPITATED PROVIDERS GENERALLY.]

Subdivision 1. [GENERAL.] A health care providing entity seeking accreditation under this chapter may be organized under chapter 302A, 317A, 319A, or may be a governmental hospital authorized, organized, or operated under chapters 158, 250, 376, and 397, or under sections 246A.01 to 246A.27, 412.221, 447.05 to 447.13, 447.31, or 471.59, or under any special law authorizing or establishing a hospital or hospital district.

Subd. 2. [NO COMPELLED ACCREDITATION.] No health care providing entity shall be compelled by a health care network cooperative to obtain accreditation under this section.

Subd. 3. [OTHER RELATIONSHIPS PERMITTED.] Accreditation of a health care providing entity or a health provider cooperative does not preclude the accredited entity from other participation in the structure or operation of a health care network cooperative, including, without limitation, participation as a member, guarantor, lender or provider of services. A health care providing entity or health provider cooperative may serve as an accredited capitated provider for more than one health care network cooperative, as agreed between the accredited capitated provider and each health care network cooperative, and as approved by the appropriate commissioner. A health care network cooperative may make capitated payments to nonaccredited health care providing entities or health provider cooperatives.

Subd. 4. [EFFECT OF OTHER LAWS.] An accredited capitated provider shall not, solely by reason of accreditation under this section, be considered to be an insurance company under chapter 60A, a health maintenance organization under chapter 62D, a nonprofit health service plan corporation under chapter 62C, or a community integrated service network or integrated service network under chapter 62N.

Sec. 14. [308B.13] [STANDARDS FOR ACCREDITATION.]

Subdivision 1. [GENERAL.] Each health care providing entity or health provider cooperative seeking initial accreditation as an accredited capitated provider shall submit to the appropriate commissioner sufficient information to establish that the applicant has operational capacity, facilities, personnel, and financial capability to provide the contracted covered services to the enrollees of the health care network cooperative for which it seeks accreditation on: (1) an ongoing basis; and (2) for a period of 90 days following the insolvency of the network without receiving payment from the network. Accreditation shall continue until abandoned by the accredited capitated provider or revoked by the commissioner in accordance with subdivision 7.

Subd. 2. [OPERATIONAL CAPACITY.] The applicant for accreditation must establish that its operational capacity, available facilities, and current personnel are sufficient to provide the services which it has contracted to provider enrollees and for which it seeks accreditation.

Subd. 3. [FINANCIAL CAPABILITY.] The applicant for accreditation must establish that it can withstand the loss of capitated payment from the health care network cooperative for a period of not more than 90 days. The applicant may establish this capability by demonstrating that the provider amount at risk can be covered by or through any of the following, either alone or in combination:

(1) allocated or restricted funds;

(2) the availability of a letter of credit from a bank or other financial institution meeting the requirements of section 60A.093, subdivision 2;

(3) the taxing authority of the applicant or governmental sponsor of the applicant;

(4) a debt rating in the highest two categories for investment grade debt;

(5) an unrestricted fund balance at least two times the provider amount at risk;

(6) reinsurance, either purchased directly by the applicant or by the integrated service network to which it will be accredited, from an insurance company licensed in, or a reinsurer accredited in, the state of Minnesota; or

(7) any other method accepted by the commissioner.

Subd. 4. [SAFE HARBOR.] Financial capability of the applicant shall be presumed to exist if the number of capitated enrollees from all health care network cooperatives to which the applicant will be accredited is not reasonably expected to exceed 15 percent of the total patient population served by the applicant.

Subd. 5. [ANNUAL REPORTING PERIOD.] Each accredited capitated provider shall submit to the appropriate commissioner annually, no later than April 15, information regarding its ongoing ability to accept risk as provided in this section, including but not limited to the following information for each health care network cooperative to which it is accredited:

(1) the provider amount at risk for that year;

(2) the number of enrollees for the integrated service network, both for the prior year and estimated for the current year;

(3) any material change in the operational capacity of the accredited provider since its last report to the commissioner;

(4) any material change since the last report to the commissioner to any of the bases under which the financial capability of the accredited capitated provider was established; and

(5) any other information reasonably requested by the commissioner.

Subd. 6. [ADDITIONAL REPORTING.] Each accredited capitated provider shall provide the appropriate commissioner with the following information within the time period described below:

(1) notice of any material, negative change in the accredited capitated provider's financial condition, including loss or reinsurance, within ten business days of the day the accredited capitated provider becomes aware of the change;

(2) notice of any change in the accredited capitated provider's operational capabilities, to the extent the change materially and negatively affects the enrollees of the health care network cooperative to which the accredited capitated provider is accredited, within ten business days of the day the accredited capitated provider becomes aware of the change;

(3) termination of the accredited capitated provider relationship with a health care network cooperative within five business days of the date of termination; and

(4) any additional information reasonably within the control of the accredited capitated provider that is material to the ongoing operational or financial capability of the accredited capitated provider to accept risk under this section within 15 business days of the receipt of a written request from the commissioner.

Subd. 7. [REVOCATION OF ACCREDITATION.] The appropriate commissioner may revoke the accreditation of an accredited capitated provider if the accredited capitated provider's ongoing operational or financial capabilities fail to meet the requirements of this section. The revocation must be handled in the same fashion as placing a health carrier under administrative supervision in accordance with the provisions applicable to health carriers operating under comparable licensure.

Sec. 15. [308B.14] [INSOLVENCY PREVENTION.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this subdivision, the following definitions apply.

(b) "Admitted assets" means admitted assets as defined in section 62D.044.

(c) "Net worth" means net worth as defined in section 62D.02, subdivision 15.

(d) "Working capital" means current assets minus current liabilities.

(e) "Guaranteeing organization" means an organization that has agreed to make necessary contributions or advancements to a health care network cooperative to maintain the network's required net worth.

Subd. 2. [NET WORTH REQUIREMENT.] Except as permitted by subdivision 4 or 5, and in lieu of any other requirements arising under chapters 60A and 62A, 62C, 62D, or 62N, unless specifically referenced in this section, a health care network cooperative shall maintain a minimum net worth equal to the greater of:

(1) $1,500,000; or

(2) an amount equal to at least 8-1/3 percent but no more than 33-1/3 percent of the sum of all expenditures expected to be incurred in the cooperative's first 12 months of operation or, for an existing network, at least 8-1/3 percent but no more than 33-1/3 percent of the sum of all expenditures incurred in the most recent calendar year.

Subd. 3. [PHASE-IN PROVISION.] A network satisfies subdivision 2, clause (2), if the network meets the following phase-in schedule:

(1) 25 percent of the amount required by subdivision 2, clause (2), as of the date that the network begins providing services;

(2) 50 percent of the amount required by subdivision 2, clause (2), as of the end of the network's first year of providing services, except that if that date is not December 31, the network need not comply until the next December 31;

(3) 75 percent of the amount required by subdivision 2, clause (2), as of the December 31 immediately following the December 31 deadline provided in clause (2); and

(4) 100 percent of the amount required by subdivision 2, clause (2), as of the December 31 immediately following the December 31 deadline provided in clause (3).

Subd. 4. [NET WORTH REDUCTION.] If a health care network cooperative has contracts with accredited capitated providers, and only for so long as those contracts or successor contracts remain in force, the net worth requirement of subdivision 2 shall be reduced by the percentage of risks ceded, but in no event shall the net worth requirement be reduced to less than $1,000,000.

Subd. 5. [WORKING CAPITAL.] (a) A health care network cooperative must maintain a positive working capital. If the network fails to meet this requirement, the appropriate commissioner and the network shall proceed in accordance with section 62D.042, subdivision 7.

(b) If a health care network cooperative is to be established with participation by accredited capitated providers, a network shall establish an initial working capital of no less than $350,000. The network must thereafter maintain a positive working capital. If the network fails to maintain a continuing positive working capital, the appropriate commissioner and the network shall comply with section 62D.042, subdivision 7.

Subd. 6. [INVESTMENT OF NETWORK ASSETS.] A health care network cooperative shall invest its assets only in compliance with the requirements of the chapter under which the network is licensed.

Subd. 7. [CREDIT FOR REINSURANCE.] A health care network cooperative may credit against its liabilities 90 percent of the premiums that it pays for reinsurance.

Subd. 8. [EXEMPTIONS FROM HEALTH MAINTENANCE ORGANIZATION REQUIREMENTS.] In addition to any other exceptions under this chapter, whether express or implied, a health care network cooperative licensed under chapter 62D shall be exempt from the requirements arising under Minnesota Rules, parts 4685.1125 (focused studies) and 4685.1200 (maintenance and filing of statistics); and under sections 62D.03, subdivision 4; and 62D.08, subdivision 1 (filing provider contracts); 62D.08, subdivision 5 (the ten-day filing requirement shall be quarterly); 62D.123, subdivision 3 (notice of termination of contracts); 62D.03, subdivision 4, paragraph (l); and 62D.08, subdivision 1 (the creation and filing of marketing plan).

Subd. 9. [GUARANTEEING ORGANIZATION.] With the written approval of the appropriate commissioner, a health care network cooperative may satisfy the net worth requirement by arranging for a guaranteeing organization to assume the cooperative's obligation to maintain the required net worth. A guaranteeing organization for a cooperative shall comply with section 62D.043.

Subd. 10. [DEPOSIT REQUIREMENT.] (a) A health care network cooperative shall maintain at all times on deposit with the appropriate commissioner $300,000 worth of cash, securities, or any combination of cash and securities. Securities must be United States treasury obligations, unless otherwise permitted by the commissioner. The network may withdraw interest accrued on the deposit on a quarterly basis or as otherwise approved by the commissioner. With the approval of the appropriate commissioner, the deposit may be held by a third-party independent trustee in a custodial or controlled account. A deposit is an admitted asset and counts toward the network's required net worth. A network may follow a phase-in schedule to comply with this paragraph as follows:

(1) $150,000 as of the date that the network begins operations; and

(2) $300,000 as of one year later.

(b) If a health care network cooperative is placed under an order of rehabilitation or conservation, the appropriate commissioner shall use the deposit to protect the interests of the enrollees and assure continuation of health care services to enrollees. If the network is placed under an order of liquidation, the deposit is an asset subject to chapter 60B, except that the commissioner has a lien on the deposit to reimburse the commissioner for administrative costs directly attributable to the insolvency.

Subd. 11. [FINANCIAL REPORTING.] A health care network cooperative shall submit financial reports to the appropriate commissioner in accordance with the requirements of the chapter under which the operations of the cooperative are licensed or as the commissioner otherwise requires by rule.

Subd. 12. [FINANCIAL EXAMINATIONS.] A health care network cooperative and its participating entities and guaranteeing organizations are subject to examination by the appropriate commissioner under the requirements of the chapter under which the operations of the cooperative are licensed or as the commissioner otherwise requires by rule.

Subd. 13. [SURPLUS NOTES PERMITTED.] A health care network cooperative may issue one or more surplus notes, with the approval of the appropriate commissioner. For statutory accounting purposes, amounts received by the health care network cooperative under a surplus note may be treated as contributed surplus for all purposes, including the satisfaction of the network's net worth requirements under this section. The liability of the network under each surplus note must be subordinated in the same manner as preferred ownership claims under section 60B.44, subdivision 10, provided, however, that payments of interest and principal under a surplus note may be made by the network if required by the note, so long as the network, by reason of the payment or otherwise, is not insolvent, and does not or would not fail to meet the net worth requirements of this section. The network shall not make any payment prohibited by the commissioner.

Sec. 16. [308B.15] [EFFECT OF NETWORK INSOLVENCY.]

Subdivision 1. [GENERAL.] Upon the insolvency of a health care network cooperative, the enrollees shall have the same rights to coverage under the Minnesota comprehensive health association as enrollees of an insolvent health maintenance organization.

Subd. 2. [EFFECT OF ACCREDITED CAPITATED PROVIDER CONTRACTS.] If a health care network cooperative with which an accredited capitated provider has contracted becomes insolvent, the enrollees shall continue to receive covered services from the accredited capitated provider for a term equal to the lesser of the term of the contract between the health care network cooperative and the accredited capitated provider or 90 days. The accredited capitated provider shall have no recourse for payment of those services either from the enrollee or the Minnesota comprehensive health association.

Subd. 3. [EFFECT OF ACCREDITED CAPITATED PROVIDER INSOLVENCY.] In the event that both the health care network cooperative and the accredited capitated provider become insolvent, the enrollees shall continue to have the rights described in subdivision 1. The Minnesota comprehensive health association shall have the status of an unsecured creditor as to the insolvent accredited capitated provider for any payments the Minnesota comprehensive health association makes to provide alternative coverage services on behalf of enrollees formerly treated by the accredited capitated provider.

Subd. 4. [RIGHT TO OBTAIN PAYMENT.] Accreditation of a health care providing entity or health provider cooperative shall not in itself limit the ability of the accredited capitated provider to seek payment of unpaid capitated amounts from a health care network cooperative, whether the health care network cooperative is solvent or insolvent; provided that, if the health care network cooperative is subject to any liquidation, rehabilitation, or conservation provisions, the accredited capitated provider shall have the status accorded creditors under section 60B.44, subdivision 10.

Sec. 17. [308B.16] [RELATIONSHIP TO MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION.]

Subdivision 1. [GENERAL.] Each health care network cooperative shall be a contributing member of the Minnesota comprehensive health association established under section 62E.10. Health care network cooperatives are not members of the life and health insurance guaranty association established under chapter 61B.

Subd. 2. [PHASE-IN OF ASSESSMENTS.] The assessments described in section 62E.11 for the Minnesota comprehensive health association's general account for a health care network cooperative shall be phased-in as follows:

(1) for calendar years 1994, 1995, and 1996, the assessment shall be 20 percent of the assessment which otherwise would have been levied for those years;

(2) for calendar year 1997, the assessment shall be 40 percent of the assessment which otherwise would have been levied for that year;

(3) for calendar year 1998, the assessment shall be 60 percent of the assessment which otherwise would have been levied for that year;

(4) for calendar year 1999, the assessment shall be 80 percent of the assessment which otherwise would have been levied for that year; and

(5) for calendar year 2000, the full assessment shall be levied.

ARTICLE 12
MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION

Section 1. [62E.115] [WITHDRAWAL LIABILITY.]

Subdivision 1. [GENERAL.] If a member of the association ceases to be a contributing member through:

(1) a surrender of the license giving rise to its status as a contributing member, other than a relicensure under section 308B.11;

(2) a voluntary cessation on writing new business or a substantial reduction of business subject to assessment under section 62E.11, subdivision 5; or

(3) for any other reason, the member is liable to the association in the amount determined under this section to be the withdrawal liability.

Subd. 2. [SUBSTANTIAL REDUCTION.] For purposes of this section, a member has had a substantial reduction in business subject to assessment under section 62E.11, subdivision 5, if the member's total accident and health insurance premium received from or on behalf of Minnesota residents has decreased more than 50 percent over any 24-month period.

Subd. 3. [WITHDRAWAL LIABILITY.] For purposes of subdivision 1, the withdrawal liability shall be equal to the annual average of the member's assessments under section 62E.11, subdivision 5, for the past three calendar years multiplied by the withdrawal liability multiplier established each year by the association in accordance with subdivision 5. For purposes of this subdivision, the withdrawal liability multiplier shall be an actuarially appropriate factor which, when multiplied by the member's three-year annual average assessment, represents the present value of the withdrawing member's expected proportionate share of assessments for the next succeeding three calendar years.

Subd. 4. [PAYMENT.] (a) Each member shall pay the withdrawal liability to the association in three equal installments, the first of which shall be paid within 30 days after notice of the assessment from the association. Subsequent equal payments shall be due on the second and third anniversaries of the first payment. Withdrawal liabilities may be prepaid without penalty. Interest shall not accrue on the unpaid balance of any withdrawal liability.

(b) If a withdrawal liability arises because of a substantial reduction in business subject to assessment, any payments of that withdrawal liability in accordance with paragraph (a) may be offset by one-half of any subsequent assessment arising from the member's remaining accident and health insurance premiums subject to assessment.

(c) The association shall have the same rights, powers, and privileges to collect a withdrawal liability from a member that it has for any other assessment under this chapter.

Subd. 5. [NOTICE OF FACTOR.] The association shall determine the withdrawal liability factor no less frequently than annually. The initial factor for each year shall be established no later than January 30. The association shall notify all contributing members within 15 days of the date of the determination of the initial factor or any updated factor.

Sec. 2. [62E.165] [INSOLVENCY ACCOUNT.]

(a) The association shall establish a separate account within the comprehensive health insurance plan to provide coverage for all enrollees who become eligible for coverage under the plan by reason of the insolvency of an accident and health insurer, health maintenance organization, community integrated service network, integrated service network, health care network cooperative, or nonprofit health service organization, but only to the extent that enrollment on account of that insolvency is otherwise permitted or required by law. This account shall be known as the "insolvency account," and the account to provide all other coverage shall be known as the "general account."

(b) Losses due to the claims experience of the comprehensive health insurance plan under the insolvency account shall be allocated among all contributing members of the association in accordance with section 62E.11, subdivision 5.

ARTICLE 13
RURAL HEALTH INITIATIVES

Section 1. Minnesota Statutes 1993 Supplement, section 62N.23, is amended to read:

62N.23 [TECHNICAL ASSISTANCE; LOANS.]

(a) The commissioner shall provide technical assistance to parties interested in establishing or operating a community integrated service network or an integrated service network. This shall be known as the integrated service network technical assistance program (ISNTAP).

The technical assistance program shall offer seminars on the establishment and operation of integrated service networks in all regions of Minnesota. The commissioner shall advertise these seminars in local and regional newspapers, and attendance at these seminars shall be free.

The commissioner shall write a guide to establishing and operating an integrated service network. The guide must provide basic instructions for parties wishing to establish an integrated service network. The guide must be provided free of charge to interested parties. The commissioner shall update this guide when appropriate.

The commissioner shall establish a toll-free telephone line that interested parties may call to obtain assistance in establishing or operating an integrated service network.

(b) The commissioner~~, in consultation with the commission, shall provide recommendations for the creation of a loan program that would provide loans or grants to entities forming integrated service networks or to networks less than one year old. The commissioner shall propose criteria for the loan program.~~ shall grant loans for organizational and start-up expenses to entities forming community integrated service networks or integrated service networks, or to networks less than one year old, to the extent of any appropriation for that purpose. The commissioner shall allocate the available funds among applicants based upon the following criteria, as evaluated by the commissioner within the commissioner's discretion:

(1) the applicant's need for the loan;

(2) the likelihood that the loan will foster the formation or growth of a network; and

(3) the likelihood of repayment.

The commissioner shall determine any necessary application deadlines and forms and is exempt from rulemaking in doing so.

Sec. 2. Minnesota Statutes 1993 Supplement, section 144.1464, is amended to read:

144.1464 [SUMMER HEALTH CARE INTERNS.]

Subdivision 1. [SUMMER INTERNSHIPS.] The commissioner of health, through a contract with a nonprofit organization as required by subdivision 4, shall award grants to hospitals and clinics to establish a secondary and post-secondary summer health care intern program. The purpose of the program is to expose interested ~~high school~~ secondary and post-secondary pupils to various careers within the health care profession.

Subd. 2. [CRITERIA.] (a) The commissioner, through the organization under contract, shall award grants to hospitals and clinics that agree to:

(1) provide secondary and post-secondary summer health care interns with formal exposure to the health care profession;

(2) provide an orientation for the secondary and post-secondary summer health care interns;

(3) pay one-half the costs of employing a the secondary and post-secondary summer health care intern, based on an overall hourly wage that is at least the minimum wage but does not exceed $6 an hour; and

(4) interview and hire secondary and post-secondary pupils for a minimum of six weeks and a maximum of 12 weeks.

(b) In order to be eligible to be hired as a secondary summer health intern by a hospital or clinic, a pupil must:

(1) intend to complete high school graduation requirements and be between the junior and senior year of high school;

(2) be from a school district in proximity to the facility; and

(3) provide the facility with a letter of recommendation from a health occupations or science educator.

(c) In order to be eligible to be hired as a post-secondary summer health care intern by a hospital or clinic, a pupil must:

(1) intend to complete a two-year or four-year degree program and be planning on enrolling in or be enrolled in that degree program;

(2) be from a school district or attend an educational institution in proximity to the facility; and

(3) provide the facility with a letter of recommendation from a health occupations or science educator.

(d) Hospitals and clinics awarded grants may employ pupils as secondary and post-secondary summer health care interns beginning on or after June 15, 1993, if they agree to pay the intern, during the period before disbursement of state grant money, with money designated as the facility's 50 percent contribution towards internship costs.

Subd. 3. [GRANTS.] The commissioner, through the organization under contract, shall award separate grants to hospitals and clinics meeting the requirements of subdivision 2. The grants must be used to pay one-half of the costs of employing ~~a pupil~~ secondary and post-secondary pupils in a hospital or clinic during the course of the program. No more than five pupils may be selected from any ~~one high school~~ secondary or post-secondary institution to participate in the program and no more than one-half of the number of pupils selected may be from the seven-county metropolitan area.

Subd. 4. [CONTRACT.] The commissioner shall contract with a statewide, nonprofit organization representing facilities at which secondary and post-secondary summer health care interns will serve, to administer the grant program established by this section. The organization awarded the grant shall provide the commissioner with any information needed by the commissioner to evaluate the program, in the form and at the times specified by the commissioner.

Sec. 3. [144.1471] [EMERGENCY ROOM COVERAGE GRANT PROGRAM.]

Subdivision 1. [GRANT AWARDS.] The commissioner shall establish a grant program to improve access to quality and efficient emergency medical care. The commissioner shall award grants to small, rural hospitals that:

(1) agree to utilize the grant to maintain and keep open an emergency room, 24 hours a day, seven days a week; and

(2) meet the criteria in subdivision 2.

Subd. 2. [CRITERIA.] In order to be eligible for a grant, a hospital must:

(1) be a licensed acute-care hospital operating in the state;

(2) not be financially able to keep its emergency room open 24 hours a day, seven days a week;

(3) have fewer than three medical doctors on staff; and

(4) have fewer than 50 licensed hospital beds.

Sec. 4. [RURAL MEDICAL SCHOOL PLANNING GRANT.]

The higher education coordinating board shall award a planning grant to a post-secondary institution located in St. Louis county to expand its currently existing two-year medical school program to a four-year medical school program. The newly established four-year medical school program must focus on the training of primary care physicians who are likely to practice in rural areas of the state.

Sec. 5. [PHYSICAL THERAPIST DEGREE PROGRAM.]

The higher education coordinating board shall study the need for the expansion of certified physical therapists degree programs at post-secondary institutions located in the northwestern and southwestern parts of the state of Minnesota. The higher education coordinating board shall also explore the option of telecommunications to provide greater access to physical therapist programs. The higher education coordinating board shall present recommendations to the legislature by January 15, 1995.

Sec. 6. [APPROPRIATION.]

(a) $..... is appropriated from the health care access fund to the commissioner of health for the fiscal year ending June 30, 1995, to implement section 1.

(b) $..... is appropriated from the general fund to the commissioner of health for the fiscal year ending June 30, 1995, to implement sections 2 and 3.

(c) $..... is appropriated from the general fund to the higher education coordinating board for the fiscal year ending June 30, 1995, to provide a medical school planning grant under section 4 and to study physical therapist degree programs under section 5."

Page 145, line 36, delete "ARTICLE 11" and insert "ARTICLE 14"

Page 151, line 7, delete "and"

Page 151, line 11, before the period, insert "; and

(18) payments from student fees received by a university or college student health service"

Renumber the sections in sequence and correct internal references

Amend the title accordingly

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. 2598, A bill for an act relating to state government; board of government innovation and cooperation; authorizing local governments to apply to the board for waivers on behalf of nonprofit organizations providing services to the local governments; modifying certain powers and duties of the board; modifying grant programs administered by the board; appropriating money; amending Minnesota Statutes 1993 Supplement, sections 465.795, subdivision 7; 465.796, subdivision 2; 465.797, subdivisions 1, 2, 3, 4, and 5; 465.798; and 465.799; proposing coding for new law in Minnesota Statutes, chapter 465; repealing Minnesota Statutes 1992, section 465.80, subdivision 3; Minnesota Statutes 1993 Supplement, section 465.80, subdivisions 1, 2, 4, and 5.

Reported the same back with the following amendments:

Page 2, lines 32 to 35, reinstate the stricken language

Page 3, line 3, after "to" insert "one or more local units of government on behalf of"

Page 7, line 26, delete "or a state agency"

Page 8, line 9, delete "a scoring system devised by the board" and insert "the scoring system in section 465.802"

Page 8, line 10, strike "$50,000" and insert "$100,000"

Page 8, line 16, delete the first comma, and insert "or" and delete everything after "organization"

Page 8, line 17, delete "agency"

Page 9, line 9, delete "a scoring system devised by the board" and insert "the scoring system in section 465.802"

Page 9, line 11, strike "$50,000" and insert "$100,000"

Page 9, line 15, delete the first comma, and insert "or" and delete everything after "organization"

Page 9, line 16, delete "state agency"

Page 9, lines 34 and 35, delete "a scoring system devised by the board" and insert "the scoring system in section 465.802"

Page 9, line 36, delete "$50,000" and insert "$100,000"

Page 10, delete section 11, and insert:

"Sec. 11. [465.802] [SCORING SYSTEM.]

In deciding whether to award a grant under section 465.798, 465.799, or 465.801, the board shall use the following scoring system:

(1) Up to 15 points shall be awarded to reflect the extent to which the application demonstrates creative thinking, careful planning, cooperation, involvement of the clients of the affected service, and commitment to assume risk.

(2) Up to 20 points shall be awarded to reflect the extent to which the proposed project is likely to improve the quality of the service and to have benefits for other local governments.

(3) Up to 15 points shall be awarded to reflect the extent to which the application's budget provides sufficient detail, maximizes the use of state funds, documents the need for financial assistance, commits to local financial support, and limits expenditures to essential activities.

(4) Up to 20 points shall be awarded to reflect the extent to which the application reflects the statutory goal of the grant program.

(5) Up to 15 points shall be awarded to reflect the merit of the proposed project and the extent to which it warrants the state's financial participation.

(6) Up to 5 points shall be awarded to reflect the cost/benefit ratio projected for the proposed project.

(7) Up to 5 points shall be awarded to reflect the number of government units participating in the proposal.

(8) Up to 5 points shall be awarded to reflect the minimum length of time the application commits to implementation."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Local Government and Metropolitan Affairs.

The report was adopted.

Jacobs from the Committee on Regulated Industries and Energy to which was referred:

H. F. No. 2617, A bill for an act relating to alcoholic beverages; defining terms; prohibiting certain solicitations by retailers; authorizing consignment sales of beer by wholesalers to temporary licensees; removing requirement that retail licensees be citizens or resident aliens; authorizing counties to issue on-sale licenses to hotels; allowing registered political committees in existence for less than three years to obtain temporary on-sale licenses; placing restrictions on the number of temporary licenses issued to any organization or for any location; imposing new restrictions on issuance of more than one off-sale license to any person in a municipality; regulating certain wine tastings; restricting use of coupons by retailers, wholesalers, and manufacturers; providing penalties; amending Minnesota Statutes 1992, sections 340A.101, subdivision 13; 340A.308; 340A.404, subdivisions 6 and 10; 340A.405, subdivision 4; 340A.410, by adding a subdivision; 340A.412, subdivision 3; and 340A.416, subdivision 3; Minnesota Statutes 1993 Supplement, sections 340A.402; and 340A.415; proposing coding for new law in Minnesota Statutes, chapter 340A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 325B.02, is amended to read:

325B.02 [NO INDUCEMENT OR COERCION.]

No brewer shall:

(1) Induce or coerce, or attempt to induce or coerce, any beer wholesaler to accept delivery of any alcoholic beverage or any other commodity which shall not have been ordered by the beer wholesaler.

(2) Induce or coerce, or attempt to induce or coerce, any beer wholesaler to do any illegal act or thing by threatening to amend, cancel, terminate, or refuse to renew any agreement existing between a brewer and a beer wholesaler.

(3) Require a wholesaler to assent to any condition, stipulation or provision limiting the wholesaler's right to sell the product of any other brewer anywhere in the state of Minnesota, provided that the acquisition of the product of another brewer does not materially impair the quality of service or quantity of sales of the existing brand or brands of the brewer seeking to impose the condition, stipulation or provision.

(4) Refuse to supply, in reasonable quantities and within a reasonable time after receipt of the wholesaler's order, beer ordered by a wholesaler who has an agreement with the brewer for sale and distribution of the brewer's beer, unless the refusal to supply is due to:

(i) the brewer's prudent and reasonable restrictions on extension of credit to the wholesaler;

(ii) weather or other natural events;

(iii) a work stoppage or delay resulting from a strike or other labor dispute;

(iv) a bona fide shortage of materials;

(v) a freight embargo; or

(vi) any other cause over which the brewer or the brewer's agents have no control.

Sec. 2. [325B.031] [BRANDS; BRAND EXTENSIONS.]

Subdivision 1. [DEFINITIONS.] For purposes of this section:

(a) "Brand" is any word, name, group of letters, symbol, or combination thereof, that is adopted and used by a brewer or importer to identify a specific beer product, and to distinguish that beer product from another beer product.

(b) "Brand extension" is any brand that (1) incorporates all or a substantial part of the unique features of a preexisting brand of the same brewer or importer, and (2) which relies to a significant extent on the goodwill associated with that preexisting brand.

Subd. 2. [BRAND EXTENSION TO BE ASSIGNED.] A brewer or importer who assigns a brand extension to a wholesaler must assign the brand extension to the wholesaler to whom the brewer or importer granted the exclusive sales territory to the brand from which the brand extension resulted. This requirement does not apply to assignments of brand extensions to wholesalers that were made by a brewer or importer before the effective date of this section.

Subd. 3. [ADDITIONAL BRAND EXTENSION.] In the event that prior to the effective date of this section a brewer or importer had assigned a brand extension to a wholesaler who was not the appointed wholesaler for the brand from which the brand extension was made, then any additional brand extension must be assigned to the wholesaler who first had the brand.

Sec. 3. Minnesota Statutes 1992, section 325B.04, is amended to read:

325B.04 [~~CANCELLATION~~ TERMINATION OF AGREEMENTS.]

Subdivision 1. [TERMINATIONS.] Notwithstanding the terms, provisions or conditions of any agreement, no brewer shall amend, cancel, terminate or refuse to continue to renew any agreement, or cause a wholesaler to resign from an agreement, unless ~~good cause exists for amendment, termination, cancellation, nonrenewal, noncontinuation or causing a resignation. "Good cause" shall not include the sale or purchase of a brewer. "Good cause" shall include, but not be limited to, the following:~~

~~(1) Revocation of the wholesaler's license to do business in the state.~~

~~(2) Bankruptcy or insolvency of the wholesaler.~~

~~(3) Assignment for the benefit of creditors or similar disposition of the assets of the wholesaler.~~

~~(4) Failure by the wholesaler to substantially comply, without reasonable excuse or justification, with any reasonable and material requirement imposed upon the wholesaler by the brewer.~~ the brewer:

(1) has satisfied the notice and opportunity to cure requirements of section 325B.05;

(2) has acted in good faith; and

(3) has good cause for the cancellation, termination, nonrenewal, discontinuance, or forced resignation.

Subd. 2. [GOOD CAUSE.] For purposes of subdivision 1:

(a) "Good cause" includes, but is not limited to, the following:

(1) revocation of the wholesaler's license under section 340A.304;

(2) the wholesaler's bankruptcy or insolvency;

(3) assignment of the assets of the wholesaler for the benefit of creditors, or a similar disposition of the wholesaler's assets; or

(4) a failure by the wholesaler to substantially comply, without reasonable excuse or justification, with any reasonable and material requirement imposed on the wholesaler by the brewer, where the failure was discovered by the brewer not more than one year before the date on which the brewer gave notice to the wholesaler under section 325B.05.

(b) "Good cause" does not include the sale or purchase of a brewer.

Sec. 4. Minnesota Statutes 1992, section 325B.05, is amended to read:

325B.05 [NOTICE OF INTENT TO TERMINATE.]

~~Except as provided in this section, a brewer shall provide a wholesaler at least 90 days prior written notice of any intent to amend, terminate, cancel or not renew any agreement. The notice shall state all the reasons for the intended amendment, termination, cancellation or nonrenewal. The wholesaler shall have 90 days in which to rectify any claimed deficiency. If the deficiency shall be rectified within 90 days of notice, then the proposed amendment, termination, cancellation or nonrenewal shall be null and void and without legal effect. The notice provisions of this section shall not apply if the reason for the amendment, termination, cancellation, or nonrenewal is:~~

~~(1) The bankruptcy or insolvency of the wholesaler.~~

~~(2) An assignment for the benefit of creditors or similar disposition of the assets of the business.~~

~~(3) Revocation of the wholesaler's license.~~

~~(4) Conviction or a plea of guilty or no contest to a charge of violating a law relating to the business that materially affects the wholesaler's ability to remain in business.~~

Subdivision 1. [NOTICES; TIME LIMIT.] (a) Notwithstanding any provision to the contrary in any agreement between a brewer and a wholesaler, a brewer who intends to terminate, cancel, discontinue, or refuse to renew an agreement with a wholesaler must furnish written notice to that effect to the wholesaler not less than 90 days before the effective date of the intended action and must provide the wholesaler with a bona fide opportunity to substantially cure any claimed deficiency within the 90 days.

(b) The notice must be sent by certified mail and must contain, at a minimum, (1) the effective date of the intended action, and (2) a statement of the nature of the intended action and the brewer's reasons therefor.

(c) In no event may a termination, cancellation, discontinuance, or nonrenewal be effective until at least 90 days from the wholesaler's receipt of written notice under this section, unless the wholesaler has consented in writing to a shorter period.

Subd. 2. [NOTICES; OTHER PROVISIONS.] Notwithstanding subdivision 1 or section 325B.04, a brewer may terminate or refuse to renew an agreement on not less than 15 days written notice to the wholesaler, upon any of the following occurrences:

(1) the bankruptcy or insolvency of the wholesaler;

(2) an assignment of the wholesaler's assets for the benefit of creditors, or a similar disposition of those assets;

(3) revocation of the wholesaler's license under section 340A.304; or

(4) conviction or a plea of guilty or no contest to a charge of violating any state or federal law, where the violation materially affects the wholesaler's right to remain in business. A notice under this subdivision must meet the requirements of subdivision 1, paragraph (b).

Sec. 5. Minnesota Statutes 1992, section 325B.12, is amended to read:

325B.12 [NO DISCRIMINATION.]

Subdivision 1. [DISCRIMINATION PROHIBITED.] No brewer shall discriminate among its wholesalers in any business dealings including, but not limited to, the price of beer sold to the wholesaler, unless the classification among its wholesalers is based upon reasonable grounds.

Subd. 2. [SALES; REBATES.] No brewer may:

(1) sell or offer to sell any beer to any Minnesota wholesaler at a price lower than the actual price offered to any other Minnesota wholesaler for the same product;

(2) utilize any method, including but not limited to, sales promotion plans or programs, that results in a different price being paid by wholesalers for the same product, or in a fixed price predetermined solely by the brewer; or

(3) utilize any rebate plan or program in connection with the sale of beer to a Minnesota wholesaler.

Sec. 6. Minnesota Statutes 1992, section 340A.101, subdivision 13, is amended to read:

Subd. 13. [HOTEL.] "Hotel" is an establishment where food and lodging are regularly furnished to transients and which has:

(1) ~~a resident proprietor or manager;~~

~~(2)~~ a dining room serving the general public at tables and having facilities for seating at least 30 guests at one time; and

~~(3)~~ (2) guest rooms in the following minimum numbers: in first class cities, 50; in second class cities, 25; in all other cities and unincorporated areas, 10.

Sec. 7. Minnesota Statutes 1992, section 340A.301, subdivision 6, is amended to read:

Subd. 6. [FEES.] The annual fees for licenses under this section are as follows:

(a) Manufacturers (except as provided in clauses (b) and (c))	$ 15,000
Duplicates	$ 3,000
(b) Manufacturers of wines of not more than 25 percent alcohol by volume	$ 500
(c) Brewers other than those described in clause (d)	$ 2,500
(d) Brewers who also hold a retail on-sale license and who manufacture fewer than ~~2,000~~ 3,500 barrels of malt liquor in a year, except as provided in subdivision 10, the entire production of which is solely for consumption on tap on the licensed premises	$ 500
(e) Wholesalers (except as provided in clauses (f), (g), and (h))	$ 15,000
Duplicates	$ 3,000
(f) Wholesalers of wines of not more than 25 percent alcohol by volume	$ 2,000
(g) Wholesalers of intoxicating malt liquor	$ 600
Duplicates	$ 25
(h) Wholesalers of 3.2 percent malt liquor	$ 10

If a business licensed under this section is destroyed, or damaged to the extent that it cannot be carried on, or if it ceases because of the death or illness of the licensee, the commissioner may refund the license fee for the balance of the license period to the licensee or to the licensee's estate.

Sec. 8. Minnesota Statutes 1992, section 340A.301, subdivision 7, is amended to read:

Subd. 7. [INTEREST IN OTHER BUSINESS.] (a) Except as provided in this subdivision, a holder of a license as a manufacturer, brewer, or wholesaler may not have any ownership, in whole or in part, in a business holding a retail intoxicating liquor or 3.2 percent malt liquor license. The commissioner may not issue a license under this section to a manufacturer, brewer, or wholesaler if a retailer of intoxicating liquor has a direct or indirect interest in the manufacturer, brewer, or wholesaler. A manufacturer or wholesaler of intoxicating liquor may use or have property rented for retail intoxicating liquor sales only if the manufacturer or wholesaler has owned the property continuously since November 1, 1933. A retailer of intoxicating liquor may not use or have property rented for the manufacture or wholesaling of intoxicating liquor.

(b) A licensed brewer of malt liquor described in subdivision 6, clause (d) may be issued an on-sale intoxicating liquor or 3.2 percent malt liquor license by a municipality for a restaurant operated in or immediately adjacent to the place of manufacture. Malt liquor brewed by such a licensee may not be removed from the licensed premises unless the malt liquor is entered in a tasting competition where none of the malt liquor so removed is sold.

(c) Except as provided in subdivision 7a, no brewer as defined in subdivision 7a may have any interest, in whole or in part, directly or indirectly, in the license, business, assets, or corporate stock of a licensed malt liquor wholesaler.

Sec. 9. Minnesota Statutes 1992, section 340A.301, is amended by adding a subdivision to read:

Subd. 10. [BREWERY-RESTAURANTS; PERMITS.] A licensed brewer of malt liquor described in subdivision 6, clause (d), may apply to the commissioner for a permit to manufacture more than 3,500 barrels of malt liquor in a calendar year. The commissioner shall issue the permit if the commissioner determines that (1) the brewer will manufacture at least 3,500 barrels of malt liquor in that year, and (2) all malt liquor manufactured by the brewer will be consumed on the licensed premises only. The permit authorizes the permit holder to manufacture more than 3,500 barrels of malt liquor in the year in which the permit is issued, for consumption on the licensed premises only. A permit under this subdivision expires on December 31 of the year of issuance.

Sec. 10. Minnesota Statutes 1992, section 340A.307, subdivision 4, is amended to read:

Subd. 4. [EXCEPTIONS.] Nothing in this section applies to:

~~(a)~~ (1) wine or malt liquor of any alcohol content; ~~or~~

~~(b)~~ (2) intoxicating liquor which is:

~~(1)~~ (i) further distilled, refined, rectified, or blended within the state; and

~~(2)~~ (ii) bottled within the state and labeled with the importer's own labels after importation into the state; or

(3) any brand of intoxicating liquor which is offered for sale only in this state.

This exception does not include any brand of intoxicating liquor that varies from an existing brand sold in another state where the variation is only in age or proof of the product.

Sec. 11. Minnesota Statutes 1992, section 340A.308, is amended to read:

340A.308 [PROHIBITED TRANSACTIONS.]

(a) No brewer or malt liquor wholesaler may directly or indirectly, or through an affiliate or subsidiary company, or through an officer, director, stockholder, or partner:

(1) give, or lend money, credit, or other thing of value to a retailer;

(2) give, lend, lease, or sell furnishing or equipment to a retailer;

(3) have an interest in a retail license; or

(4) be bound for the repayment of a loan to a retailer.

(b) No retailer may solicit any equipment, fixture, supplies, money, or other thing of value from a brewer or malt liquor wholesaler if furnishing of these items by the brewer or wholesaler is prohibited by law and the retailer knew or had reason to know that the furnishing is prohibited by law.

(c) This section does not prohibit a manufacturer or wholesaler from:

(1) furnishing, lending, or renting to a retailer outside signs, of a cost of up to $400 excluding installation and repair costs;

(2) furnishing, lending, or renting to a retailer inside signs and other promotional material, of a cost of up to $300 in a year;

(3) furnishing to or maintaining for a retailer equipment for dispensing malt liquor, including tap trailers, cold plates and other dispensing equipment, of a cost of up to $100 per tap in a year;

(4) using or renting property owned continually since November 1, 1933, for the purpose of selling intoxicating or 3.2 percent malt liquor at retail; ~~or~~

(5) extending customary commercial credit to a retailer in connection with a sale of nonalcoholic beverages only, or engaging in cooperative advertising agreements with a retailer in connection with the sale of nonalcoholic beverages only; or

(6) in the case of a wholesaler, with the prior written consent of the commissioner, selling beer on consignment to a holder of a temporary license under section 340A.403, subdivision 2, or 340A.404, subdivision 10.

Sec. 12. Minnesota Statutes 1992, section 340A.311, is amended to read:

340A.311 [BRAND REGISTRATION.]

(a) A brand of intoxicating liquor or 3.2 percent malt liquor may not be manufactured, imported into, or sold in the state unless the brand label has been registered with and approved by the commissioner. A brand registration must be renewed every three years in order to remain in effect. The fee for an initial brand registration is $30. The fee for brand registration renewal is $20. The brand label of a brand of intoxicating liquor or 3.2 percent malt liquor for which the brand registration has expired, is conclusively deemed abandoned by the manufacturer or importer.

(b) In this section "brand" and "brand label" include trademarks and designs used in connection with labels.

(c) The label of any brand of ~~wine or intoxicating or nonintoxicating malt~~ alcoholic beverage may be registered only by the brand owner or authorized agent. No such brand may be imported into the state for sale without the consent of the brand owner or authorized agent. This section does not limit the provisions of section 340A.307.

(d) The commissioner shall refuse to register a malt liquor brand label, and shall revoke the registration of a malt liquor brand label already registered, if the brand label depicts an actual living or dead American Indian leader. This paragraph does not apply to a brand label registered for the first time in Minnesota before July 1, 1993.

Sec. 13. [340A.318] [REPORTS BY BREWERS.]

A brewer that manufactures 25,000 or fewer barrels of malt liquor in any year must report monthly to the commissioner, on a form the commissioner prescribes, on the total amount of malt liquor brewed in the previous month.

Sec. 14. [340A.32] [TRANSPORTATION OF ALCOHOLIC BEVERAGES.]

Subdivision 1. [PERMIT REQUIRED.] No person other than the holder of a valid retailer's identification card issued by the commissioner may transport distilled spirits or wine intended for resale to consumers without possessing a valid alcoholic beverage transporter's permit issued under this section.

Subd. 2. [ISSUANCE OF PERMIT.] (a) A person seeking a transporter's permit must submit an application, on a form the commissioner prescribes, that contains the applicant's name and address, and if a corporation, the names and addresses of the corporation's officers and such other information as the commissioner deems necessary.

(b) A permit under this section is valid for one year. The annual fee for the permit is $20.

Subd. 3. [SUSPENSION; REVOCATION.] The commissioner may revoke, or suspend for up to 60 days, a permit under this subdivision, or impose on the permit holder a civil fine of not more than $2,000 for each violation, on a finding that the permit holder has violated a provision of this chapter or a rule of the commissioner. A suspension or revocation is a contested case under the administrative procedure act.

Subd. 4. [PREMISES.] For purposes of inspection of premises of transporter permit holders under section 340A.907, "premises" includes any vehicle the transporter uses to transport distilled spirits or wine.

Sec. 15. Minnesota Statutes 1993 Supplement, section 340A.402, is amended to read:

340A.402 [PERSONS ELIGIBLE.]

No retail license may be issued to:

(1) ~~a person not a citizen of the United States or a resident alien;~~

~~(2)~~ a person under 21 years of age;

~~(3)~~ (2) a person who has had an intoxicating liquor or nonintoxicating liquor license revoked within five years of the license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested;

~~(4)~~ (3) a person not of good moral character and repute; or

~~(5)~~ (4) a person who has a direct or indirect interest in a manufacturer, brewer, or wholesaler.

In addition, no new retail license may be issued to, and the governing body of a municipality may refuse to renew the license of, a person who, within five years of the license application, has been convicted of a felony or a willful violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage.

Sec. 16. Minnesota Statutes 1992, section 340A.404, subdivision 6, is amended to read:

Subd. 6. [COUNTIES.] (a) A county board may issue an annual on-sale intoxicating liquor license within the area of the county that is unorganized or unincorporated to a bowling center, restaurant, ~~or~~ club, or hotel with the approval of the commissioner.

(b) A county board may also with the approval of the commissioner issue up to ten seasonal on-sale licenses to restaurants and clubs for the sale of intoxicating liquor within the area of the county that is unorganized or unincorporated. Notwithstanding section 340A.412, subdivision 8, a seasonal license is valid for a period specified by the board, not to exceed nine months. Not more than one license may be issued for any one premises during any consecutive 12-month period.

Sec. 17. Minnesota Statutes 1992, section 340A.404, subdivision 10, is amended to read:

Subd. 10. [TEMPORARY ON-SALE LICENSES.] The governing body of a municipality may issue to a club or charitable, religious, or other nonprofit organization in existence for at least three years, or to a political committee registered under section 10A.14, a temporary license for the on-sale of intoxicating liquor in connection with a social event within the municipality sponsored by the licensee. The license may authorize the on-sale of intoxicating liquor for not more than three consecutive days, and may authorize on-sales on premises other than premises the licensee owns or permanently occupies. The license may provide that the licensee may contract for intoxicating liquor catering services with the holder of a full-year on-sale intoxicating liquor license issued by any municipality. The licenses are subject to the terms, including a license fee, imposed by the issuing municipality. Licenses issued under this subdivision are subject to all laws and ordinances governing the sale of intoxicating liquor except section 340A.409 and those laws and ordinances which by their nature are not applicable. Licenses under this subdivision are not valid unless first approved by the commissioner of public safety.

A county under this section may issue a temporary license only to a premises located in the unincorporated or unorganized territory of the county.

Sec. 18. Minnesota Statutes 1992, section 340A.405, subdivision 1, is amended to read:

Subdivision 1. [CITIES.] (a) A city other than a city of the first class may issue with the approval of the commissioner, an off-sale intoxicating liquor license to an exclusive liquor store, or to a drugstore to which an off-sale license had been issued on May 1, 1994.

(b) A city of the first class may issue an off-sale license to an exclusive liquor store, a general food store to which an off-sale license had been issued on August 1, 1989, or a drugstore to which an off-sale license had been issued on May 1, 1994.

Sec. 19. Minnesota Statutes 1992, section 340A.405, subdivision 2, is amended to read:

Subd. 2. [COUNTIES.] (a) A county may issue an off-sale intoxicating license with the approval of the commissioner to exclusive liquor stores located within unorganized territory of the county.

(b) A county board of any county except Ramsey county containing a town exercising powers under section 368.01, subdivision 1, may issue an off-sale license to an exclusive liquor store within that town with the approval of the commissioner. No license may be issued under this paragraph unless the town board adopts a resolution supporting the issuance of the license.

(c) A county board of any county except Ramsey county containing a town that may not exercise powers under section 368.01, subdivision 1, may issue an off-sale license to an exclusive liquor store within that town, or a combination off-sale and on-sale license to ~~restaurants~~ a restaurant within that town with the approval of the commissioner pursuant to section 340A.404, subdivision 6. No license may be issued under this paragraph unless the town board adopts a resolution supporting the issuance of the license.

(d) No license may be issued under this subdivision unless a public hearing is held on the issuance of the license. Notice must be given to all interested parties and to any city located within three miles of the premises proposed to be licensed. At the hearing the county board shall consider testimony and exhibits presented by interested parties and may base its decision to issue or deny a license upon the nature of the business to be conducted and its impact upon any municipality, the character and reputation of the applicant, and the propriety of the location. Any hearing held under this paragraph is not subject to chapter 14.

(e) A county board may not issue a license under this subdivision to a person for an establishment located less than one mile by the most direct route from the boundary of any statutory or home rule city that had established a municipal liquor store before August 1, 1991, provided, that a county board may not issue a new license under this subdivision to a person for an establishment located less than three miles by the most direct route from the boundary of a city that (1) is located outside the metropolitan area as defined in section 473.121, subdivision 2, (2) has a population over 5,000 according to the most recent federal decennial census, and (3) had established a municipal liquor store before August 1, 1991.

(f) The town board may impose an additional license fee in an amount not to exceed 20 percent of the county license fee.

(g) Notwithstanding any provision of this subdivision or Laws 1973, chapter 566, as amended by Laws 1974, chapter 200, a county board may transfer or renew a license that was issued by a town board under Minnesota Statutes 1984, section 340.11, subdivision 10b, prior to January 1, 1985.

Sec. 20. Minnesota Statutes 1992, section 340A.405, subdivision 4, is amended to read:

Subd. 4. [TEMPORARY OFF-SALE LICENSES; WINE AUCTIONS.] (a) The governing body of a city or county may issue a temporary license for the off-sale of wine at an auction with the approval of the commissioner. A license issued under this subdivision authorizes the sale of only vintage wine of a brand and vintage that is not commonly being offered for sale by any wholesaler in Minnesota. The license may authorize the off-sale of wine for not more than three consecutive days provided not more than 600 cases of wine are sold at any auction. The licenses are subject to the terms, including license fee, imposed by the issuing city or county. Licenses issued under this subdivision are subject to all laws and ordinances governing the sale of intoxicating liquor except section 340A.409 and those laws and ordinances which by their nature are not applicable.

(b) As used in the subdivision, "vintage wine" means bottled wine which is at least five years old.

Sec. 21. Minnesota Statutes 1992, section 340A.410, is amended by adding a subdivision to read:

Subd. 10. [TEMPORARY LICENSES; RESTRICTION ON NUMBER.] A municipality may not issue more than three temporary licenses for the sale of alcoholic beverages to any one organization or registered political committee, or for any one location, within a 12-month period. This restriction applies to temporary licenses issued under sections 340A.403, subdivision 2, and 340A.404, subdivision 10.

Sec. 22. Minnesota Statutes 1992, section 340A.412, subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS ON ISSUANCE OF LICENSES TO ONE PERSON OR PLACE.] (a) A municipality may not issue more than one off-sale intoxicating liquor license to any one person or for any one place.

(b) A municipality may not allow the same business name to be used by more than one of its off-sale intoxicating liquor licensees.

(c) For purposes of this subdivision, "person" means:

(1) a holder of an off-sale intoxicating liquor license;

(2) an officer, director, agent, or employee of a holder of an off-sale intoxicating liquor license; or

(3) an affiliate of a holder of an off-sale intoxicating liquor license, regardless of whether the affiliation is corporate or by management, direction, or control.

Sec. 23. Minnesota Statutes 1993 Supplement, section 340A.415, is amended to read:

340A.415 [LICENSE REVOCATION OR SUSPENSION; CIVIL PENALTY.]

~~The authority issuing any retail license or permit under this chapter or the commissioner shall either suspend for up to 60 days or revoke the license or permit or impose a civil penalty not to exceed $2,000 for each violation~~ On a finding that the license or permit holder has (1) sold alcoholic beverages to another retail licensee for the purpose of resale, (2) purchased alcoholic beverages from another retail licensee for the purpose of resale, (3) conducted or permitted the conduct of gambling on the licensed premises in violation of the law, (4) failed to remove or dispose of alcoholic beverages when ordered by the commissioner to do so under section 340A.508, subdivision 3, or (5) failed to comply with an applicable statute, rule, or ordinance relating to alcoholic beverages, the commissioner or the authority issuing a retail license or permit under this chapter may revoke the license or permit, suspend the license or permit for up to 60 days, impose a civil penalty of up to $2,000 for each violation, or impose any combination of these sanctions. No suspension or revocation takes effect until the license or permit holder has been given an opportunity for a hearing under sections 14.57 to 14.69 of the administrative procedure act. This section does not require a political subdivision to conduct the hearing before an employee of the office of administrative hearings. Imposition of a penalty or suspension by either the issuing authority or the commissioner does not preclude imposition of an additional penalty or suspension by the other so long as the total penalty or suspension does not exceed the stated maximum.

Sec. 24. Minnesota Statutes 1992, section 340A.416, subdivision 3, is amended to read:

Subd. 3. [EFFECT OF ELECTION RESULTS.] If a majority of persons voting on the referendum question ~~the~~ vote "against license," the city may not issue intoxicating liquor licenses until the results of the referendum have been reversed at a subsequent election where the question has been submitted as provided in this section.

Sec. 25. [340A.417] [WINE TASTINGS.]

Subdivision 1. [DEFINITION.] For purposes of this section, a "wine tasting" is an event of not more than four hours' duration at which persons pay a fee or donation to participate, and are allowed to consume wine by the glass without paying a separate charge for each glass.

Subd. 2. [TASTINGS AUTHORIZED.] (a) A charitable, religious, or other nonprofit organization may conduct a wine tasting on premises the organization owns or leases or has use donated to it, or on the licensed premises of a holder of an on-sale intoxicating liquor license that is not a temporary license, if the organization holds a temporary on-sale intoxicating liquor license under section 340A.404, subdivision 10, and complies with this section. An organization holding a temporary license may be assisted in conducting the wine tasting by another nonprofit organization.

(b) An organization that conducts a wine tasting under this section may use the net proceeds from the wine tasting only for (1) the organization's primary nonprofit purpose, or (2) donation to another nonprofit organization assisting in the wine tasting, if the other nonprofit organization uses the donation only for that organization's primary nonprofit purpose.

(c) No wine at a wine tasting under this section may be sold, or orders taken, for off-premise consumption.

(d) Notwithstanding any other law, an organization may purchase or otherwise obtain wine for a wine tasting conducted under this section from a wholesaler licensed to sell wine, and the wholesaler may sell or give wine to an organization for a wine tasting conducted under this section and may provide personnel to assist in the wine tasting. A wholesaler who sells or gives wine to an organization for a wine tasting under this section must deliver the wine directly to the location where the wine tasting is conducted.

Sec. 26. Minnesota Statutes 1992, section 340A.505, is amended to read:

340A.505 [LICENSEE MAY NOT SELL FOR RESALE.]

A retail licensee may not sell alcoholic beverages to any person for the purpose of resale or to any person whom the licensee has reason to believe intends to resell the alcoholic beverage without written approval of the commissioner. Notwithstanding this section, an off-sale retailer of intoxicating liquor may sell for resale up to five quarts of intoxicating liquor in any day to an on-sale retailer of intoxicating liquor.

Sec. 27. [340A.5071] [COUPONS PROHIBITED.]

A retailer of alcoholic beverages may not accept as full or partial payment for any product any coupons that are redeemed directly or indirectly from a manufacturer or wholesaler of alcoholic beverages.

Sec. 28. Minnesota Statutes 1992, section 340A.907, is amended to read:

340A.907 [INSPECTION.]

The commissioner of public safety or any duly authorized employee may, at all reasonable hours, enter in and upon the premises of any licensee or permit holder under this chapter to inspect the premises and examine the books, papers, and records of a manufacturer, wholesaler, importer, or retailer for the purpose of determining whether the provisions of this chapter are being complied with. If the commissioner or any duly authorized employee is denied free access or is hindered or interfered with in making an inspection or examination, the licensee or permit holder is subject to revocation pursuant to section 340A.304 in the case of a wholesaler, manufacturer, or importer, and section 340A.415 in the case of a retailer. For a holder of a temporary license under section 340A.403, subdivision 2, or 340A.404, subdivision 10, the commissioner's authority under this section extends for two years beyond the expiration of the temporary license or the permit.

Sec. 29. [ST. LOUIS COUNTY; OFF-SALE LICENSE.]

Notwithstanding Minnesota Statutes, section 340A.405, subdivision 2, paragraph (c), the St. Louis county board may issue one off-sale intoxicating liquor license to a premises located in Embarrass township.

Sec. 30. [ST. PAUL; LICENSE AUTHORIZED.]

Notwithstanding any state or local law or charter provision, the city of St. Paul may issue an on-sale license to the College of St. Catherine catering service for the sale of wine and 3.2 percent malt liquor at O'Shaughnessy auditorium and St. Joseph's hall on the campus of the College of St. Catherine. The license may only authorize the licensee to dispense wine and 3.2 percent malt liquor to persons attending social events or performances at O'Shaughnessy auditorium or St. Joseph's hall. The license authorized by this section is in addition to any other licenses authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized by this section.

Sec. 31. [EDEN PRAIRIE; ON-SALE LICENSES.]

The Eden Prairie city council may issue eight on-sale intoxicating liquor licenses in addition to the number authorized by Minnesota Statutes, section 340A.413. The licenses are subject to all other provisions of chapter 340A.

Sec. 32. [EAGAN; LICENSES AUTHORIZED.]

The city of Eagan may issue three on-sale intoxicating liquor licenses in addition to the number authorized by Minnesota Statutes, section 340A.413. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized by this section.

Sec. 33. [CLAY COUNTY; OFF-SALE LICENSE.]

Notwithstanding any state or local law or charter provision, the Clay county board may issue one off-sale intoxicating liquor license to a premises located in Elkton township. The license is subject to all other provisions of chapter 340A.

Sec. 34. [BURNSVILLE; ADDITIONAL LICENSES.]

The city of Burnsville may issue up to three on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licenses authorized by this section.

Sec. 35. [EFFECTIVE DATE.]

Sections 7, 9, and 25 are effective the day following final enactment. Section 29 is effective on approval by the St. Louis county board and compliance with Minnesota Statutes, section 645.021, subdivision 3. Section 30 is effective on approval by the St. Paul city council and compliance with Minnesota Statutes, section 645.021, subdivision 3. Section 31 is effective on approval by the Eden Prairie city council and compliance with Minnesota Statutes, section 645.021, subdivision 3. Section 32 is effective on approval by the Eagan city council and compliance with Minnesota Statutes, section 645.021, subdivision 3. Section 33 is effective on approval by the Clay county board and compliance with Minnesota Statutes, section 645.021, subdivision 3. Section 34 is effective on approval by the Burnsville city council and compliance with Minnesota Statutes, section 645.021, subdivision 3."

Delete the title and insert:

"A bill for an act relating to alcoholic beverages; defining terms; regulating agreements between brewers and wholesalers; providing for amounts of malt liquor that may be brewed in a brewery-restaurant; providing exemption from law regulating nondiscrimination in liquor wholesaling; prohibiting certain solicitations by wholesalers; allowing only owner of a brand of distilled spirits to register that brand; denying registration to certain brand labels; requiring reports by certain brewers; requiring permits for transporters of distilled spirits and wine; removing requirements that retail licensees be citizens or resident aliens; allowing counties to issue on-sale licenses to hotels; allowing political committees to obtain temporary on-sale licenses; restricting issuance of off-sale licenses to drugstores; allowing counties to issue exclusive liquor store licenses in certain towns; allowing counties to issue wine auction licenses; restricting issuance of temporary on-sale licenses to one organization or for one location; imposing new restrictions on issuance of more than one off-sale license to any person in a municipality; regulating wine tastings; allowing on-sales of intoxicating liquor after 8 p.m. on Christmas eve; allowing certain sales by off-sale retailers to on-sale retailers' restricting use of coupons by retailers, wholesalers, and manufacturers; providing for inspection of premises of temporary on-sale licensees; authorizing issuance of licenses by certain cities and counties; amending Minnesota Statutes 1992, sections 325B.02; 325B.04; 325B.05; 325B.12; 340A.101, subdivision 13; 340A.301, subdivisions 6, 7, and by adding a subdivision; 340A.307, subdivision 4; 340A.308; 340A.311; 340A.404, subdivisions 6 and 10; 340A.405, subdivisions 1, 2, and 4; 340A.410, by adding a subdivision; 340A.412, subdivision 3; 340A.416, subdivision 3; 340A.505; and 340A.907; Minnesota Statutes 1993 Supplement, sections 340A.402; and 340A.415; proposing coding for new law in Minnesota Statutes, chapters 325B; and 340A."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2644, A bill for an act relating to companion animals; establishing a low-cost spaying and neutering program; imposing a tax on wholesale sales of dog and cat food; imposing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 346; proposing coding for new law as Minnesota Statutes, chapter 297E.

Reported the same back with the following amendments:

Page 1, delete lines 9 and 10 and insert:

"Section 1. [346.58] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to sections 1 and 2.

Subd. 2. [ANIMAL.] "Animal" means a dog, wholly or in part of the species Canis familiaris, or a cat, wholly or in part of the species Felis domesticus.

Subd. 3. [BREEDER.] "Breeder" means a person, firm, partnership, corporation, or association that:

(1) breeds animals for direct or indirect sale to the public and sells or gives away more than 24 puppies or kittens per year; or

(2) sells animals to brokers or pet dealers.

Subd. 4. [BROKER.] "Broker" means a person, firm, partnership, corporation, or association that purchases or breeds animals for resale to other brokers or pet dealers.

Subd. 5. [CONFINEMENT AREA.] "Confinement area" means a structure used or designed for use to restrict an animal to a limited amount of space, such as a room, pen, cage, kennel, compartment, or hutch.

Subd. 6. [HOUSING FACILITY.] "Housing facility" means a room, building, or area that contains a confinement area.

Subd. 7. [PET DEALER.] "Pet dealer" means a person, firm, partnership, corporation, or association, that sells animals to the public. "Pet dealer" does not include a humane society, a nonprofit organization performing the functions of a humane society, an animal control agency, a pet broker, or a person, firm, partnership, corporation, or association that breeds animals for direct sale to the public and sells or gives away fewer than 25 puppies or kittens per year.

Subd. 8. [VETERINARIAN.] "Veterinarian" means a doctor of veterinary medicine, licensed to practice in the state of Minnesota, who does not have a financial interest in the firm, partnership, corporation, or the transaction or sale of animals for which the examination of the animals is being performed.

Sec. 2. [346.59] [STANDARDS.]

Subdivision 1. [APPLICABILITY.] This section applies to breeders, brokers, and pet dealers. Breeders, brokers, and pet dealers do not need to comply with section 346.39.

Subd. 2. [FOOD.] Animals must be provided with food which meets or exceeds National Research Council standards for nutrients and balance and American Association of Feed Company Officials, Inc., standards of processing of sufficient quantity and quality to allow for normal growth or maintenance of body weight. Animals must be provided wholesome food suitable for the species served in a clean receptacle, dish, or container, at a frequency and amount appropriate for the species and age. Animals over the age of 20 weeks must be offered food at least once every 24 hours. Animals under the age of 20 weeks must be offered food at least once every 12 hours.

Subd. 3. [WATER.] Animals must be provided access to clean, fresh, potable water provided in a sanitary manner at least once every 12 hours or in sufficient quantity to satisfy the animals' needs or supplied by free choice. Snow or ice is not an adequate water source.

Subd. 4. [SHELTER.] A shelter that protects the animal from inclement weather, wind, and direct rays of the sun must be supplied for each animal. If an animal is maintained in an outdoor confinement area, that space must contain a shelter that complies with section 343.40. If an animal is maintained in a confinement area within a housing facility used primarily to house animals, the confinement area must provide sufficient space to allow each animal to turn around freely and to easily stand, sit, and lie in a normal position. Each confined animal must be provided a minimum square footage of floor space as measured from the tip of its nose to the base of its tail, plus 25 percent, expressed in square feet. The formula for computing minimum square footage is: (length of animal in inches plus 25 percent) times (length of animal in inches plus 25 percent) divided by 144.

Subd. 5. [CONFINEMENT AND EXERCISE AREA SURFACES.] The interior surfaces of all indoor confinement and exercise areas, including crates or containers, must be constructed and maintained so that they are impermeable and may be readily cleaned. Confinement area flooring must be constructed of nonabrasive wire of ten gauge or larger or smooth, durable, impermeable material suitable for animals. Sufficient space or barrier must be provided between confinement areas to ensure that no liquid or solid waste, water, or food passes from one confinement area to the other. Confinement areas must be ventilated sufficiently to allow for the free movement of air in and around the confinement area. Confinement areas must protect the animal from injury and be kept in good repair. All outdoor confinement area flooring must be impermeable material or well drained aggregate. Each animal must be provided with a raised solid resting surface of appropriate size to allow the animal to lie down comfortably.

Subd. 6. [EXERCISE.] All animals must be provided the opportunity for exercise at least twice per day. An indoor or outdoor exercise area of at least 72 square feet must be provided for each animal. If more than three animals use an area simultaneously, space must be increased to allow sufficient room for each animal to exercise freely. A shaded area must be provided sufficient to protect the animal from the direct rays of the sun at all times during the months of May to October.

Subd. 7. [GROUP HOUSING AND BREEDING.] Animals housed together must be kept in compatible groups. Animals must not be bred so as to endanger their health. Health is endangered if a female is bred more than three times in two years. A female animal younger than 18 months may not be bred. A female animal over eight years old may not be bred unless individually authorized in writing by a veterinarian.

Subd. 8. [TEMPERATURE.] Indoor housing facilities for animals must be maintained at an ambient temperature of not less than 50 degrees Fahrenheit at floor level. Heating and cooling units must be of a type and installation approved by applicable building or safety codes. Infrared heating devices may not be used as a primary heating source.

Subd. 9. [VENTILATION.] Housing facilities must be ventilated. Auxiliary ventilation, such as exhaust fans, vents, air conditioning, or a combination of them, must be used when the ambient temperature exceeds 85 degrees Fahrenheit at floor level. Facilities used primarily to house animals must be equipped with an air exchange or air purification system that fully exchanges or purifies the air at least four times per hour. This system must be of a type and installation approved by applicable building or safety codes.

Subd. 10. [LIGHTING.] Housing facilities must have at least eight hours of illumination at a minimum of 25 foot candles 30 inches above floor level. Ample lighting, by natural or artificial means must be uniformly distributed. The lighting must be provided in a regular diurnal cycle. Confinement areas must be placed to avoid exposure of animals to excessive light.

Subd. 11. [DRAINAGE.] A suitable method must be used to eliminate excess fluids from confinement areas. All feces must be removed and disposed of daily. All waste drainage and waste material must be disposed of using a method prescribed by applicable building or health codes.

Subd. 12. [SANITATION.] Food and water receptacles must be accessible to each animal and located so as to prevent contamination by excreta. Opened food bags must be stored in plastic or metal cans with tight fitting lids. Feeding and water receptacles must be kept clean and free of contaminants. Disposable foods receptacles must be discarded when soiled.

Confinement areas must be thoroughly cleaned daily and impervious surfaces treated with disinfectant at least once per week. Animals must be removed from an area while the area is being treated with disinfectant and animals must not be returned to that area until the area is dry.

Animals with infectious or contagious diseases must be isolated from healthy animals. Caretakers must disinfect their hands and shoes after handling animals with infectious or contagious diseases. A sink must be furnished and must be provided with hot and cold running water.

Bedding, if used, must be kept clean and dry. Outdoor confinement and exercise areas must be kept clean and base material replaced as necessary.

Each cat confinement area must be provided with a container for elimination. This container must be constructed so it is impervious to moisture and may be readily cleaned. The container must contain absorbent material suitable for use by cats. The container must be cleaned daily and absorbent material removed and replaced at least once per week.

Subd. 13. [FEMALES AND LITTERS.] Females and litters must be provided a separate confinement area of a size that complies with this section. Healthy litters must remain with their mother at least five weeks, unless rejected or endangered by their mother or the mother's health is endangered by its litter. No animal may be sold or given away before the age of eight weeks.

The ambient temperature of the confinement area must be maintained at a minimum of 70 degrees Fahrenheit at floor level and a maximum of 90 degrees Fahrenheit for animals under seven weeks of age unless authorized in writing by a veterinarian. The litter must be provided fresh, clean water at all times and fresh food in amounts and at frequency appropriate for age and species.

Litters must be provided socialization and exercise. Socialization must include physical contact with other animals of like species and human beings.

No pet dealer who is not the breeder of the animal may be in possession of an animal that is under the age of eight weeks.

Subd. 14. [TRANSPORTATION AND SHIPMENT.] An animal may not be delivered or held for transport in commerce more than four hours before the scheduled departure time of the primary conveyance on which the animal is to be transported. No animal may be shipped on consignment. Shippers must provide the carriers or intermediate handlers with the name, address, and telephone number of the receiver, shipper's name, address, telephone number, tag or tattoo number of the animals, and time and date the animal was last fed and watered. All shippers must securely attach to the outside of the shipping container written instructions for the in-transit food and water requirements.

No one may transport or cause to be transported into, out of, or within the state for purposes of resale any animal under eight weeks of age.

If animals are transported in containers, the containers must be constructed of nonabrasive wire or a smooth, durable material suitable for animals. Floors must be smooth, impermeable material with grating of smooth wire of ten gauge or larger. Containers must be provided with barriers so as to ensure that no liquid or solid waste, water, or food passes from one confinement area to another. Containers must be clean, adequately ventilated, contain sufficient space to allow the animals to stand up, lie down, and turn around and provide maximum safety and protection to the animals. If more than a single animal is transported in one container, each animal must be provided sufficient space to stand up, lie down, and turn around.

Animals must be maintained in compatible groups. No more than two animals may be transported in the same container. Female animals in estrus may not be transported in the same container with any male.

Food and water receptacles must be securely attached inside the container and placed so that the receptacle can be filled from outside the container without opening the door. Animals over the age of 20 weeks must be offered food at least once every 24 hours. Animals under the age of 20 weeks must be offered food at least once every 12 hours. Each animal must be offered clean, fresh, potable water, provided in a sanitary manner, at least once every eight hours.

Exercise must be provided at least once every eight hours, or at suitable intervals in relation to food and water consumption.

Subd. 15. [FIRE SAFETY.] Smoke detectors must be installed in a housing facility at a frequency prescribed by applicable fire code. Fire extinguishers containing substances nontoxic to animals must be readily available.

Subd. 16. [PENALTIES.] A violation of this section is a misdemeanor. Each violation with each animal is a separate misdemeanor. No penalty shall be imposed under this subdivision unless the offender was notified in writing of the violation and the violation continued to exist ten days after the notification.

Subd. 17. [ENFORCEMENT.] The enforcement provisions in chapter 343 also apply to sections 1 and 2."

Page 1, line 11, delete "Section 1." and insert "Sec. 3."

Page 3, after line 4, insert:

"Sec. 4. [APPROPRIATION.]

$..... is appropriated from the general fund to the board of animal health to operate and administer the spaying and neutering program provided by section 3. The appropriation is available until expended."

Page 3, line 5, delete "2" and insert "5"

Page 3, line 6, delete the first "1" and insert "3"

Page 3, after line 6, insert:

"Sec. 6. [EFFECTIVE DATE.]

Sections 1 and 2 are effective 180 days following final enactment."

Page 3, delete lines 7 and 8

Pages 3 to 9, delete sections 1 to 11

Delete the title and insert:

"A bill for an act relating to companion animals; establishing a low-cost spaying and neutering program; establishing certain standards of care for dogs and cats; imposing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 346."

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

The report was adopted.

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

H. F. No. 2658, A bill for an act relating to retirement; waiving the annuity reduction for certain faculty in the state university system who return to teaching part-time after retirement; mandating employer-paid health insurance for these faculty; proposing coding for new law in Minnesota Statutes, chapters 136 and 354.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [136.90] [EMPLOYER-PAID HEALTH INSURANCE.]

(a) This section applies to a person who:

(1) retires from the state university system or the community college system with at least ten years of service credit in the system from which the person retires;

(2) was employed on a full-time basis immediately preceding retirement;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than $35,000 in a calendar year from employment in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) For a person eligible under paragraphs (a) and (b), the employing board must make the same employer contribution for hospital, medical, and dental benefits as would be made if the person were employed full-time.

(d) For work under paragraph (a), a person shall receive that percentage of the person's salary at the time of retirement that is equal to the percentage of time the person works compared to full-time work.

(e) If a collective bargaining agreement covering a person provides for an early retirement incentive that is based on age, the incentive provided to the person must be based on the person's age at the time employment under this section ends. However, the salary used to determine the amount of the incentive must be the person's salary during the last year of full-time employment.

Sec. 2. [354.445] [NO ANNUITY REDUCTION.]

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the state university system or the community college system with at least ten years of service credit in the system from which the person retires;

(2) was employed on a full-time basis immediately preceding retirement;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than $35,000 in a calendar year from employment in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) shall not earn further service credit in the teachers retirement association, and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans shall be made on behalf of such a person."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2672, A bill for an act relating to elections; eliminating combined precincts but authorizing a combined polling place under the same conditions; adding three years to the time precinct boundaries may be changed; requiring separate precincts for each congressional district; limiting precinct boundary changes close to an election; amending Minnesota Statutes 1992, sections 204B.14, subdivisions 2 and 3; 204B.22, subdivision 1; and 205A.11; Minnesota Statutes 1993 Supplement, section 204B.14, subdivisions 4 and 5; repealing Minnesota Statutes 1992, sections 204B.14, subdivision 8; and 204B.16, subdivision 2.

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

The report was adopted.

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

H. F. No. 2920, A bill for an act relating to the environment; reestablishing the office of waste management as the office of environmental assistance; transferring environmental assistance programs from the pollution control agency to the office; transferring waste management and policy planning from the metropolitan council to the office; amending Minnesota Statutes 1992, sections 115A.03, by adding a subdivision; 115A.055; 115A.06, subdivision 2; 115A.072; 115A.12; 115A.14, subdivision 4; 115A.15, subdivision 5; 115A.411, subdivision 1; 115A.42; 115A.5501,

subdivision 2; 115A.84, subdivision 3; 115A.86, subdivision 2; 115A.912, subdivision 1; 115A.96, subdivision 2; 116.96, subdivision 4; 116.97, subdivision 1; 116F.02, subdivision 2; 473.149, subdivisions 1, 3, 5, and by adding a subdivision; 473.8011; 473.803, subdivisions 2 and 4; and 473.823, subdivision 5; Minnesota Statutes 1993 Supplement, sections 115A.551, subdivision 4; 115A.96, subdivisions 3 and 4; 115A.981, subdivision 3; 473.149, subdivision 6; 473.803, subdivision 3; and 473.846; repealing Minnesota Statutes 1992, sections 115A.81, subdivision 3; 115A.914, subdivision 1; 115A.952; 116.96, subdivision 2; 116F.06, subdivisions 2, 3, 4, and 5; 116F.08; 473.181, subdivision 4; and 473.803, subdivision 1b; Minnesota Statutes 1993 Supplement, section 473.149, subdivision 4.

Reported the same back with the following amendments:

Page 3, delete lines 27 and 28

Page 3, line 29, delete "(5)" and insert "(4)"

Page 4, line 1, delete "(6)" and insert "(5)"

Page 4, after line 11, insert:

"Subd. 4. [EMPLOYEE TRANSFERS.] Employees of the metropolitan council currently performing the duties under Minnesota Statutes, sections 473.149, 473.151, and 473.801 to 473.849 shall be given the option of filling positions to perform these duties at the office of environmental assistance. Employees so transferred shall not suffer a reduction in salary as a result of the transfer to state employment. For job seniority and benefit calculation purposes, the date of first employment with the state is the date on which services were first performed by the employee for the metropolitan council. Any sick leave, vacation time, or severance pay benefits accumulated by the affected employees under the policies of the metropolitan council shall carry over to state service. Employees of the metropolitan council who are transferred to the office of environmental assistance shall be offered an open enrollment in all insurance plans available to state employees with no limit on preexisting conditions."

Page 4, line 14, delete "116.96, subdivision 2;"

Pages 14 and 15, delete sections 18 and 19

Page 24, delete lines 19 to 21

Renumber the remaining clauses in sequence

Page 24, line 24, delete everything after the second semicolon

Page 24, line 25, delete everything before "116F.05"

Page 25, line 36, delete "21 to 31" and insert "19 to 29"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 14, delete everything after the first semicolon

Page 1, line 15, delete "subdivision 1;"

Page 1, line 24, delete "116.96, subdivision 2;"

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.

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

H. F. No. 2953, A bill for an act relating to local government; authorizing the park and recreation board of the city of Minneapolis to transfer conveyed land to the Minnesota department of transportation.

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. 2980, A bill for an act relating to commerce; directing the commissioner of commerce to conduct a study of the Minnesota pawnbroker industry.

Reported the same back with the following amendments:

Page 1, lines 19 and 21, after "interest" insert "or fee"

Page 1, line 22, after "interest" insert "or fee"

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.

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

H. F. No. 3004, A bill for an act relating to elections; providing for simulated elections for minors; proposing coding for new law in Minnesota Statutes, chapter 204B.

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

The report was adopted.

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

H. F. No. 3051, A bill for an act relating to local government in Pine county; providing for creation of sewer district and a sanitary sewer board to administer the district; providing for collection, treatment, and disposal of sewage in the Cross Lake area.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [CROSS LAKE AREA WATER AND SEWER; POWERS TO TAX AND LEVY.]

The Cross Lake area water and sanitary sewer board, in order to implement the powers granted under this act to establish, maintain, and administer the Cross Lake area water and sanitary sewer district, may issue obligations and levy special assessments against benefited property within the limits of the district benefited by facilities constructed pursuant to this act in the manner provided for local governments by Minnesota Statutes, chapter 429.

Sec. 2. [SYSTEM EXPANSION; APPLICATION TO CITIES.]

In the Cross Lake area water and sanitary sewer district, the authority of the water and sanitary sewer board to establish water or sewer or combined water and sewer systems pursuant to this act shall extend to areas of the district organized into cities when requested by resolution of the governing body of the affected city or when ordered by the Minnesota pollution control agency after notice and hearing. For the purpose of any petition filed or special

assessment levied with respect to any system, the entire area to be served within a city must be treated as if it were owned by a single person, and the governing body shall exercise all the rights and be subject to all the duties of an owner of the area, and shall have power to provide for the payment of all special assessments and other charges imposed upon the area with respect to the system by the appropriation of money, the collection of service charges, or the levy of taxes, which shall be subject to no limitation of rate or amount.

Sec. 3. [DEFINITIONS.]

Subdivision 1. For the purposes of sections 3 to 19, the terms defined in this section have the meanings given them.

Subd. 2. "Cross Lake area water and sanitary sewer district" and "district" mean the area over which the Cross Lake area water and sanitary sewer board has jurisdiction, including the towns of Pokegama and Chengwatana and Pine City in Pine county, but only that part within 1,000 feet of the high waterline of Cross Lake in those townships.

Subd. 3. "Water and Sanitary sewer board" or "board" means the Cross Lake area water and sanitary sewer board established for the district as provided in subdivision 2.

Subd. 4. "Person" means an individual, partnership, corporation, limited liability company, cooperative, or other organization or entity, public or private.

Subd. 5. "Local governmental unit" or "governmental unit" means the towns of Pokegama, Chengwatana, and Pine City.

Subd. 6. "Acquisition" and "betterment" have the meanings given them in Minnesota Statutes, chapter 475.

Subd. 7. "Agency" means the Minnesota pollution control agency created and established by Minnesota Statutes, chapter 116.

Subd. 8. "Sewage" means all liquid or water-carried waste products from whatever sources derived, together with any groundwater infiltration and surface water as may be present.

Subd. 9. "Pollution of water" and "sewer system" have the meanings given them in Minnesota Statutes, section 115.01.

Subd. 10. "Treatment works" and "disposal system" have the meanings given them in Minnesota Statutes, section 115.01.

Subd. 11. "Interceptor" means a sewer and its necessary appurtenances, including but not limited to mains, pumping stations, and sewage flow-regulating and -measuring stations, that is:

(1) designed for or used to conduct sewage originating in more than one local governmental unit;

(2) designed or used to conduct all or substantially all the sewage originating in a single local governmental unit from a point of collection in that unit to an interceptor or treatment works outside that unit; or

(3) determined by the board to be a major collector of sewage used or designed to serve a substantial area in the district.

Subd. 12. "District disposal system" means any and all interceptors or treatment works owned, constructed, or operated by the board unless designated by the board as local water and sanitary sewer facilities.

Subd. 13. "Municipality" means any home rule charter or statutory city or town.

Subd. 14. "Total costs of acquisition and betterment" and "costs of acquisition and betterment" mean all acquisition and betterment expenses permitted to be financed out of stopped bond proceeds issued in accordance with section 13, whether or not the expenses are in fact financed out of the bond proceeds.

Subd. 15. "Current costs of acquisition, betterment, and debt service" means interest and principal estimated to be due during the budget year on bonds issued to finance said acquisition and betterment and all other costs of acquisition and betterment estimated to be paid during the year from funds other than bond proceeds and federal or state grants.

Subd. 16. [RESIDENT.] "Resident" means the owner of a dwelling located in the district and receiving water or sewer service.

Sec. 4. [WATER AND SANITARY SEWER BOARD.]

Subdivision 1. [ESTABLISHMENT.] A water and sewer district is established for the towns of Pokegama, Chengwatana, and Pine City in Pine county, to be known as the Cross Lake area water and sanitary sewer district. The water and sewer district is under the control and management of the Cross Lake area water and sanitary sewer board. The board is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties that may be validly granted to or imposed upon a municipal corporation, as provided in this act.

Subd. 2. [MEMBERS AND SELECTION.] The board is composed of seven members selected as follows: the town boards of the governmental units each shall meet to appoint two members of the water and sanitary sewer board and each board member has one vote. One member must be selected by the city of Pine City. The first terms must be as follows: two for one year, two for two years, and three for three years, fixed by lot at the district's first meeting. Thereafter, all terms are for three years.

Subd. 3. [TIME LIMITS FOR SELECTION.] The board members must be selected as provided in subdivision 2 within 60 days after this act becomes effective. The successor to each board member must be selected at any time within 60 days before the expiration of the member's term in the same manner as the predecessor was selected. A vacancy on the board must be filled within 60 days after it occurs.

Subd. 4. [VACANCIES.] If the office of a board member becomes vacant, the vacancy must be filled for the unexpired term in like manner as provided for selection of the member who vacated the office. The office is deemed vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. [REMOVAL.] A board member may be removed by the unanimous vote of the governing body appointing the member, with or without cause, or for malfeasance or nonfeasance in the performance of official duties as provided by Minnesota Statutes, sections 351.14 to 351.23.

Subd. 6. [QUALIFICATIONS.] One board member representing a town must be a resident of the district and the other member representing that town must be a resident of the township, and each may, but need not be, an elected public official.

Subd. 7. [CERTIFICATES OF SELECTION; OATH OF OFFICE.] A certificate of selection of every board member selected under subdivision 2 stating the term for which selected, must be made by the respective town clerks. The certificates, with the approval appended by other authority, if required, must be filed with the secretary of state. Counterparts thereof must be furnished to the board member and the secretary of the board. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article 5, section 8. The oath, duly certified by the official administering the same, must be filed with the secretary of state and the secretary of the board.

Subd. 8. [BOARD MEMBERS' COMPENSATION.] Each board member, except the chair, must be paid a per diem compensation of $35 for meetings and for other services as are specifically authorized by the board, not to exceed $1,000 in any one year. The chair must be paid a per diem compensation of $45 for meetings and for other services specifically authorized by the board, not to exceed $1,500 in any one year. All members of the board must be reimbursed for all reasonable and necessary expenses actually incurred in the performance of duties.

Sec. 5. [GENERAL PROVISIONS FOR ORGANIZATION AND OPERATION OF BOARD.]

Subdivision 1. [ORGANIZATION; OFFICERS; MEETINGS; SEAL.] After the selection and qualification of all board members, they shall meet to organize the board at the call of any two board members, upon seven days' notice by registered mail to the remaining board members, at a time and place within the district specified in the notice. A majority of the members shall constitute a quorum at that meeting and all other meetings of the board, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members. At the first meeting the board shall select its officers and conduct other organizational business as may be necessary. Thereafter the board shall meet regularly at the time and place as the board shall by resolution designate. Special meetings may be held at any time upon call of the chair or any two members, upon written notice sent by mail to each member at least three days before the meeting, or upon other notice as the board by resolution may provide, or without notice if each

member is present or files with the secretary a written consent to the meeting either before or after the meeting. Except as otherwise provided in this act, any action within the authority of the board may be taken by the affirmative vote of a majority of the board and may be taken by regular or adjourned regular meeting or at a duly held special meeting, but in any case only if a quorum is present. Meetings of the board must be open to the public. The board may adopt a seal, which must be officially and judicially noticed, to authenticate instruments executed by its authority, but omission of the seal does not affect the validity of any instrument.

Subd. 2. [CHAIR.] The board shall elect a chair from its membership. The term of the first chair of the board shall expire on January 1, 1996, and the terms of successor chairs expire on January 1 of each succeeding year. The chair shall preside at all meetings of the board, if present, and shall perform all other duties and functions usually incumbent upon such an officer, and all administrative functions assigned to the chair by the board. The board shall elect a vice-chair from its membership to act for the chair during temporary absence or disability.

Subd. 3. [SECRETARY AND TREASURER.] The board shall select a person or persons who may, but need not be, a member or members of the board, to act as its secretary and treasurer. The secretary and treasurer shall hold office at the pleasure of the board, subject to the terms of any contract of employment that the board may enter into with the secretary or treasurer. The secretary shall record the minutes of all meetings of the board, and be the custodian of all books and records of the board except those that the board entrusts to the custody of a designated employee. The treasurer is the custodian of all money received by the board except as the board otherwise entrusts to the custody of a designated employee. The board may appoint a deputy to perform any and all functions of either the secretary or the treasurer. No secretary or treasurer who is not a member of the board or a deputy of either shall have any right to vote.

Subd. 4. [EXECUTIVE DIRECTOR.] The board shall appoint an executive director, selected solely upon the basis of training, experience, and other qualifications and who shall serve at the pleasure of the board and at a compensation to be determined by the board. The executive director need not be a resident of the district. The executive director may also be selected by the board to serve as either secretary or treasurer, or both, of the board. The executive director shall attend all meetings of the board, but shall not vote, and shall have the following powers and duties:

(1) to see that all resolutions, rules, regulations, or orders of the board are enforced;

(2) to appoint and remove, upon the basis of merit and fitness, all subordinate officers and regular employees of the board except the secretary and the treasurer and their deputies;

(3) to present to the board plans, studies, and other reports prepared for board purposes and recommend to the board for adoption such measures as the executive director deems necessary to enforce or carry out the powers and the duties of the board, or the efficient administration of the affairs of the board;

(4) to keep the board fully advised as to its financial condition, and to prepare and submit to the board and to the governing bodies of the local governmental units, the board's annual budget and other financial information as the board may request;

(5) to recommend to the board for adoption rules and regulations as the executive director deems necessary for the efficient operation of the district disposal system; and

(6) to perform other duties as may be prescribed by the board.

Subd. 5. [PUBLIC EMPLOYEES.] The executive director and all other persons employed by the district are public employees and have all the rights and duties conferred on public employees under Minnesota Statutes, sections 179A.01 to 179A.25. The board may elect to have employees become members of either the public employees retirement association or the Minnesota state retirement system. The compensation and conditions of employment of the employees must be governed by rules applicable to state employees in the classified service and to the provisions of Minnesota Statutes, chapter 15A.

Subd. 6. [PROCEDURES.] The board shall adopt resolutions or bylaws establishing procedures for board action, personnel administration, keeping records, approving claims, authorizing or making disbursements, safekeeping funds, and auditing all financial operations of the board.

Subd. 7. [SURETY BONDS AND INSURANCE.] The board may procure surety bonds for its officers and employees, in amounts deemed necessary to ensure proper performance of their duties and proper accounting for funds in their custody. It may procure insurance against risks to property and liability of the board and its officers, agents, and employees for personal injuries or death and property damage and destruction, in amounts deemed necessary or desirable, with the force and effect stated in Minnesota Statutes, chapter 466.

Sec. 6. [GENERAL POWERS OF BOARD.]

Subdivision 1. [SCOPE.] The board has all powers necessary or convenient to discharge the duties imposed upon it by law. The powers include those herein specified, but the express grant or enumeration of powers does not limit the generality or scope of the grant of powers contained in this subdivision.

Subd. 2. [SUIT.] The board may sue or be sued.

Subd. 3. [CONTRACT.] The board may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 4. [RULEMAKING.] The board may adopt rules and regulations relating to the board's responsibilities and may provide penalties for their violation, not exceeding the maximum that may be specified for a misdemeanor, and the cost of prosecution may be added to the penalties imposed. Any rule or regulation prescribing a penalty for violation must be published at least once in a newspaper having general circulation in the district. The violations may be prosecuted before any court in the district having jurisdiction of misdemeanors, and every court having misdemeanor jurisdiction has jurisdiction of the violations. Any constable or other peace officer of any governmental unit in the district may make arrests for violations committed anywhere in the district in like manner and with like effect as for violations of city ordinances or for statutory misdemeanors. Fines collected in cases arising under this subdivision must be deposited in the treasury of the board, or may be allocated between the board and the governmental unit in which the prosecution occurs on a basis as the board and the governmental unit agree.

Subd. 5. [GIFTS, GRANTS, LOANS.] The board may accept gifts, apply for and accept grants or loans of money or other property from the United States, the state, or any person for any of its purposes, enter into any agreement required in connection herewith, and hold, use, and dispose of the money or property in accordance with the terms of the gift, grant, loan, or agreement relating it; and, with respect to loans or grants of funds or real or personal property or other assistance from any state or federal government or its agency or instrumentality, the board may contract to do and perform all acts and things required as a condition or consideration for the gift, grant, or loan pursuant to state or federal law or regulations, whether or not included among the powers expressly granted to the board in this act.

Subd. 6. [COOPERATIVE ACTION.] The board may act under Minnesota Statutes, section 471.59, or any other appropriate law providing for joint or cooperative action between governmental units.

Subd. 7. [STUDIES AND INVESTIGATIONS.] The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with the design, construction, and operation of the district disposal system.

Subd. 8. [EMPLOYEES, TERMS.] The board may employ on terms as it deems advisable, persons or firms performing engineering, legal, or other services of a professional nature; require any employee to obtain and file with it an individual bond or fidelity insurance policy; and procure insurance in amounts as it deems necessary against liability of the board or its officers or both, for personal injury or death and property damage or destruction, with the force and effect stated in Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property as it deems necessary.

Subd. 9. [PROPERTY RIGHTS, POWERS.] The board may acquire by purchase, lease, condemnation, gift, or grant, any real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary or convenient for the collection and disposal of sewage in the district. Any local governmental unit and the commissioners of transportation and natural resources are authorized to convey to or permit the use of any of the above-mentioned facilities owned or controlled by it, by the board, subject to the rights of the holders of any bonds issued with respect to those facilities, with or without compensation, without an election or approval by any other governmental unit or agency. All powers conferred by this subdivision may be exercised both within or without the district as may be necessary for the exercise by the board of its powers or the

accomplishment of its purposes. The board may hold, lease, convey, or otherwise dispose of the above-mentioned property for its purposes upon terms and in a manner as it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation may be exercised only in accordance with Minnesota Statutes, sections 171.011 to 171.232, and shall apply to any property or interest in the property owned by any local governmental unit; provided, that no property devoted to an actual public use at the time, or held to be devoted to such use within a reasonable time, shall be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount to the existing use. Except in case of property in actual public use, the board may take possession of any property on which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation.

Subd. 10. [RELATIONSHIP TO OTHER PROPERTIES.] The board may construct or maintain its systems or facilities in, along, on, under, over, or through public waters, streets, bridges, viaducts, and other public rights-of-way without first obtaining a franchise from a county or municipality having jurisdiction over them. However, the facilities must be constructed and maintained in accordance with the ordinances and resolutions of the county or municipality relating to constructing, installing, and maintaining similar facilities on public properties and must not unnecessarily obstruct the public use of those rights-of-way.

Subd. 11. [DISPOSAL OF PROPERTY.] The board may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property may be sold in the manner provided by Minnesota Statutes, section 469.065, insofar as practical. The board may give notice of sale as it deems appropriate. When the board determines that any property or any part of the district disposal system acquired from a local governmental unit without compensation is no longer required but is required as a local facility by the governmental unit from which it was acquired, the board may by resolution transfer it to that governmental unit.

Subd. 12. [AGREEMENTS WITH OTHER GOVERNMENTAL UNITS.] The board may contract with the United States or any agency thereof, any state or agency thereof, or any regional public planning body in the state with jurisdiction over any part of the district, or any other municipal or public corporation, or governmental subdivision or agency or political subdivision in any state, for the joint use of any facility owned by the board or such entity, for the operation by that entity of any system or facility of the board, or for the performance on the board's behalf of any service, including but not limited to planning, on terms as may be agreed upon by the contracting parties. Unless designated by the board as a local water and sanitary sewer facility, any treatment works or interceptor jointly used, or operated on behalf of the board, as provided in this subdivision, is deemed to be operated by the board for purposes of including those facilities in the district disposal system.

Sec. 7. [COMPREHENSIVE PLAN.]

Subdivision 1. [BOARD PLAN AND PROGRAM.] The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact such a disposal system will have on present and future land use in the area affected. The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

Subd. 2. [COMPREHENSIVE PLANS; HEARING.] Before adopting any subsequent comprehensive plan, the board shall hold a public hearing on the proposed plan at a time and place in the district as it determines. The hearing may be continued from time to time. Not less than 45 days before the hearing, the board shall publish notice of the hearing in a newspaper having general circulation in the district, stating the date, time, and place of the hearing, and the place where the proposed plan may be examined by any interested person. At the hearing, all interested persons must be permitted to present their views on the plan.

Subd. 3. [GOVERNMENTAL UNIT PLANS AND PROGRAMS; COORDINATION WITH BOARD'S RESPONSIBILITIES.] Once the board's plan is adopted, no construction project involving the construction of new sewers or other disposal facilities may be undertaken by the local governmental unit unless its governing body shall first find the project to be in accordance with the governmental unit's comprehensive plan and program as approved by the board. Before approval by the board of the comprehensive plan and program of any local governmental unit in the district, no water and sanitary sewer construction project may be undertaken by the governmental unit unless approval of the project is first secured from the board as to those features of the project affecting the board's responsibilities as determined by the board.

Sec. 8. [SEWAGE COLLECTION AND DISPOSAL; POWERS.]

Subdivision 1. [POWERS.] In addition to all other powers conferred upon the board in this act, it has the powers specified in this section.

Subd. 2. [DISCHARGE OF TREATED SEWAGE.] The board may discharge the effluent from any treatment works operated by it into any waters of the state, subject to approval of the agency if required and in accordance with any effluent or water quality standards lawfully adopted by the agency, any interstate agency, or any federal agency having jurisdiction.

Subd. 3. [UTILIZATION OF DISTRICT SYSTEM.] The board may require any person or local governmental unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity for connection is provided; may regulate the manner in which the connections are made; may require any person or local governmental unit discharging sewage into the disposal system to provide preliminary treatment for it; may prohibit the discharge into the district disposal system of any substance that it determines will or may be harmful to the system or any persons operating it; and may require any local governmental unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Subd. 4. [SYSTEM OF COST RECOVERY TO COMPLY WITH APPLICABLE REGULATIONS.] Any charges, connection fees, or other cost-recovery techniques imposed on persons discharging sewage directly or indirectly into the district disposal system must comply with applicable state and federal law, including but not limited to state and federal regulations governing grant applications.

Sec. 9. [BUDGET.]

The board shall prepare and adopt, on or before October 1, 1995 and on or before October 1, 1996, and each year thereafter, a budget showing for the following calendar year or other fiscal year determined by the board, sometimes referred to in this act as the budget year, estimated receipts of money from all sources, including but not limited to payments by each local governmental unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

(1) costs of operation, administration, and maintenance of the district disposal system;

(2) cost of acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued pursuant to section 13, and any money judgments entered by a court of competent jurisdiction. Expenditures within these general categories, and any other categories as the board may from time to time determine, must be itemized in detail as the board prescribes. The board and its officers, agents, and employees shall not spend money for any purpose other than debt service without having set forth the expense in the budget nor in excess of the amount set forth in the budget therefor, and no obligation to make an expenditure of the above-mentioned type is enforceable except as the obligation of the person or persons incurring it; provided that the board may amend the budget at any time by transferring from one purpose to another any sums except money for debt service and bond proceeds or by increasing expenditures in any amount by which cash receipts during the budget year actually exceed the total amounts designated in the original budget. The creation of any obligation pursuant to section 13 or the receipt of any federal or state grant is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 10. [ALLOCATION OF COSTS.]

Subdivision 1. [DEFINITION OF CURRENT COSTS.] The estimated cost of administration, operation, maintenance, and debt service of the district disposal system to be paid by the board in each fiscal year and the estimated costs of acquisition and betterment of the system that are to be paid during the year from funds other than state or federal grants and bond proceeds and all other previously unallocated payments made by the board pursuant to this act to be allocated in the fiscal year are referred to as current costs and must be allocated by the board as hereinafter provided in the budget for that year.

Subd. 2. [METHOD OF ALLOCATION OF CURRENT COSTS.] Current costs must be allocated in the district on an equitable basis as the board may from time to time determine by resolution to be in the best interests of the district. The adoption or revision of any method of allocation used by the board must be by the affirmative vote of at least two-thirds of the members of the board.

Sec. 11. [TAX LEVIES.]

To accomplish any duty imposed on it the board may, in addition to the powers granted in this act and in any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, 475, sections 115.46, 444.075, and 471.59 with respect to the area in the district. In addition, the board may levy taxes upon all taxable property in the district for all or a part of the amount payable to the board, pursuant to section 10, to be assessed and extended as a tax upon that taxable property by the county auditor for the next calendar year, free from any limitation of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general taxes.

Sec. 12. [PUBLIC HEARING AND SPECIAL ASSESSMENTS.]

Subdivision 1. [PUBLIC HEARING REQUIREMENT ON SPECIFIC PROJECT.] Before the board orders any project involving the acquisition or betterment of any interceptor or treatment works, all or a part of the cost of which will be allocated pursuant to section 10 as current costs, the board shall hold a public hearing on the proposed project following two publications in a newspaper having general circulation in the district, stating the time and place of the hearing, the general nature and location of the project, the estimated total cost of acquisition and betterment, that portion of costs estimated to be paid out of federal and state grants, and that portion of costs estimated to be allocated. The estimates must be best available at the time of the meeting and if costs exceed the estimate, the project cannot proceed until an additional public hearing is held, with notice as required at the initial meeting. The two publications must be a week apart and the hearing at least three days after the last publication. Not less than 45 days before the hearing, notice of the hearing must also be mailed to each clerk of all local governmental units in the district, but failure to give mailed notice or any defects in the notice does not invalidate the proceedings. The project may include all or part of one or more interceptors or treatment works. No hearing may be held on any project unless the project is within the area covered by the comprehensive plan adopted by the board pursuant to section 7 except that the hearing may be held simultaneously with a hearing on a comprehensive plan. A hearing is not required with respect to a project, no part of the costs of which are to be allocated as the current costs of acquisition, betterment, and debt service.

Subd. 2. [NOTICE TO BENEFITED PROPERTY OWNERS.] If the board proposes to assess against benefited property within the district all or any part of the allocable costs of the project as provided in subdivision 5, the board shall, not less than ten days before the hearing provided for in subdivision 1 cause mailed notice of the hearing to be given to the owner of each parcel within the area proposed to be specially assessed and shall also give one week's published notice of the hearing. The notice of hearing must contain the same information provided in the notice published by the board pursuant to subdivision 1, and in addition, a description of the area proposed to be assessed. For the purpose of giving mailed notice, owners are those shown to be on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. However, as to properties that are tax exempt or subject to taxation on a gross earnings basis and are not listed on the records of the county auditor or the county treasurer, the owners must be ascertained by any practicable means and mailed notice given them as herein provided. Failure to give mailed notice or any defects in the notice does not invalidate the proceedings of the board.

Subd. 3. [BOARD PROCEEDINGS PERTAINING TO HEARING.] Before adoption of the resolution calling for a hearing brought pursuant to this section, the board shall secure from the district engineer or some other competent person of the board's selection a report advising it in a preliminary way as to whether the proposed project is feasible and as to whether it should best be made as proposed or in connection with some other project and the estimated

costs of the project as recommended; but no error or omission in the report invalidates the proceeding. The board may also take other steps before the hearing, as will in its judgment provide helpful information in determining the desirability and feasibility of the project, including but not limited to preparation of plans and specifications and advertisement for bids on them. The hearing may be adjourned from time to time and a resolution ordering the project may be adopted at any time within six months after the date of hearing. In ordering the project the board may reduce but not increase the extent of the project as stated in the notice of hearing and shall find that the project as ordered is in accordance with the comprehensive plan and program adopted by the board pursuant to section 7.

Subd. 4. [EMERGENCY ACTION.] If the board by resolution adopted by the affirmative vote of not less than two-thirds of its members determines that an emergency exists requiring the immediate purchase of materials or supplies or the making of emergency repairs, it may order the purchase of those supplies and materials and the making of the repairs before any hearing required under this section, provided that the board shall set as early a date as practicable for the hearing at the time it declares the emergency. All other provisions of this section must be followed in giving notice of and conducting the hearing. Nothing herein may be construed as preventing the board or its agents from purchasing maintenance supplies or incurring maintenance costs without regard to the requirements of this section.

Subd 5. [POWER OF THE BOARD TO SPECIALLY ASSESS.] The board may specially assess all or any part of the costs of acquisition and betterment as herein provided, of any project ordered pursuant to this section. The special assessments must be levied in accordance with the provisions of Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying the special assessments, the hearing on the project required in subdivision 1 serves as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but may not exceed the area proposed to be assessed as stated in the notice of hearing on the project provided for in subdivision 2.

Sec. 13. [BONDS, CERTIFICATES, AND OTHER OBLIGATIONS.]

Subdivision 1. [BUDGET ANTICIPATION CERTIFICATES OF INDEBTEDNESS.] At any time after adoption of its annual budget and in anticipation of the collection of tax and other revenues estimated and set forth by the board in the budget, except in the case of deficiency taxes levied pursuant to this subdivision and taxes levied for the payment of certificates issued pursuant to subdivision 2, the board may, by resolution, authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon terms as it may determine, of its negotiable general obligation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the total amount of tax collections and other revenues and maturing not later than three months after the close of the budget year in which issued. The proceeds of the sale of the certificates must be used solely for the purposes for which the tax collections and other revenues are to be expended pursuant to the budget.

All the tax collections and other revenues included in the budget for the budget year, after the expenditure of the tax collections and other revenues in accordance with the budget, must be irrevocably pledged and appropriated to a special fund to pay the principal and interest on the certificates when due. If for any reason the tax collections and other revenues are insufficient to pay the certificates and interest when due, the board shall levy a tax in the amount of the deficiency on all taxable property in the district and shall appropriate this amount when received to the special fund.

Subd. 2. [EMERGENCY CERTIFICATES OF INDEBTEDNESS.] If in any budget year the receipts of tax and other revenues should for some unforeseen cause become insufficient to pay the board's current expenses, or if any calamity or other public emergency should subject it to the necessity of making extraordinary expenditures, the board may by resolution authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon such terms and conditions as it may determine, of its negotiable general obligation certificates of indebtedness in an amount sufficient to meet the the deficiency, and the board shall forthwith levy on all taxable property in the district a tax sufficient to pay the certificates and interest on the certificates and shall appropriate all collections of the tax to a special fund created for the payment of the certificates and the interest on them. Certificates issued under this subdivision mature not later than April 1 in the year following the year in which the tax is collectible.

Subd. 3. [GENERAL OBLIGATION BONDS.] The board may by resolution authorize the issuance of general obligation bonds for the acquisition or betterment of any part of the district disposal system, including but without limitation the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board shall pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the

bonds in the manner provided in Minnesota Statutes, chapter 475. The board has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the debt limitations of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, and any revenues receivable under any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds properly available and appropriated for that purpose, are not sufficient to pay all principal and interest due or about to become due, provided that the revenues have not been anticipated by the issuance of certificates under subdivision 1.

Subd. 4. [MANNER OF SALE AND ISSUANCE OF CERTIFICATES.] Certificates issued under subdivisions 1 and 2 may be issued and sold by negotiation, without public sale, and may be sold at a price equal to the percentage of the par value of the certificates, plus accrued interest, and bearing interest at a rate as may be determined by the board. No election is required to authorize the issuance of the certificates. The certificates must bear the same rate of interest after maturity as before and the full faith and credit and taxing power of the board must be pledged to the payment of the certificates.

Sec. 14. [DEPOSITORIES.]

The board shall from time to time designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for money of the board, and then shall require the treasurer to deposit all or a part of the money in those institutions. The designation must be in writing and set forth all the terms and conditions upon which the deposits are made, and must be signed by the chair and treasurer and made a part of the minutes of the board. A designated bank or trust company shall qualify as a depository by furnishing a corporate surety bond or collateral in the amounts required by Minnesota Statutes, section 118.01. However, no bond or collateral is required to secure any deposit insofar as it is insured under federal law.

Sec. 15. [MONEY, ACCOUNTS, AND INVESTMENTS.]

Subdivision 1. [RECEIPT AND APPLICATION.] Money received by the board must be deposited or invested by the treasurer and disposed of as the board may direct in accordance with its budget; provided that any money that has been pledged or dedicated by the board to the payment of obligations or interest on the obligations or expenses incident thereto, or for any other specific purpose authorized by law, must be paid by the treasurer into the fund to which it has been pledged.

Subd. 2. [FUNDS AND ACCOUNTS.] (a) The board's treasurer shall establish funds and accounts as may be necessary or convenient to handle the receipts and disbursements of the board in an orderly fashion.

(b) The funds and accounts must be audited annually by a certified public accountant at the expense of the district.

Subd. 3. [DEPOSIT AND INVESTMENT.] The money on hand in those funds and accounts may be deposited in the official depositories of the board or invested as hereinafter provided. Any amount not currently needed or required by law to be kept in cash on deposit may be invested in obligations authorized for the investment of municipal sinking funds by Minnesota Statutes, section 475.66. Such money may also be held under certificates of deposit issued by any official depository of the board.

Subd. 4. [BOND PROCEEDS.] The use of proceeds of all bonds issued by the board for the acquisition and betterment of the district disposal system, and the use, other than investment, of all money on hand in any sinking fund or funds of the board, is governed by the provisions of Minnesota Statutes, chapter 475, the provisions of this act, and the provisions of resolutions authorizing the issuance of the bonds. When received, the bond proceeds must be transferred to the treasurer of the board for safekeeping, investment, and payment of the costs for which they were issued.

Subd. 5. [AUDIT.] The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state auditor or a public accountant authorized to perform that function under Minnesota Statutes, chapter 6.

Sec. 16. [SERVICE CONTRACTS WITH GOVERNMENTAL ENTITIES OUTSIDE THE JURISDICTION OF THE BOARD.]

(a) The board may contract with the United States or any agency of the federal government, any state or its agency, or any municipal or public corporation, governmental subdivision or agency or political subdivision in any state, outside the jurisdiction of the board, for furnishing to the above-mentioned entities services, including but not limited

to planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local water and sanitary sewer facilities. The board may further include as one of the terms of the contract that the entity also pay to the board an amount as may be agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated in the district. When payments are made by entities to the board, they must be applied in reduction of the total amount of costs thereafter allocated in the district, on an equitable basis as the board deems to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 10, subdivision 2. A municipality in the state of Minnesota may enter into a contract and perform all acts and things required as a condition or consideration therefor consistent with the purposes of this act, whether or not included among the powers otherwise granted to the municipality by law or charter.

(b) The board shall contract with the city of Pine City, or other qualified entity to make necessary inspections on the district facilities, and to otherwise process or assist in processing any of the work of the district.

Sec. 17. [CONTRACTS FOR CONSTRUCTION, MATERIALS, SUPPLIES, AND EQUIPMENT.]

Subdivision 1. [PLANS AND SPECIFICATIONS.] When the board orders a project involving the acquisition or betterment of a part of the district disposal system, it shall cause plans and specifications of the project to be made, or if previously made, to be modified, if necessary, and to be approved by the agency if required, and after any required approval by the agency, one or more contracts for work and materials called for by the plans and specification may be awarded as provided in this section.

Subd. 2. [CONTRACTS IN EXCESS OF $5,000.] No contract for construction work, or for the purchase of materials, supplies, or equipment, estimated to cost more than $5,000 may be made by the board without publishing once in a newspaper having general circulation in the district and once in a trade paper or legal newspaper published in any city of the first class, not less than 14 days before the last day for submission of bids, notice that bids or proposals will be received. The notice must state the nature of the work or purchase, the terms and conditions upon which the contract is to be awarded, and the time and place where bids will be received, opened, and read publicly. After the bids have been duly received, opened, read publicly, and recorded, the board shall within a reasonable time award the contract to the lowest responsible bidder or it may reject all bids and readvertise. Each contract must be duly executed in writing and the party to whom the contract is awarded shall give sufficient bond or security to the board for the faithful performance of the contract as required by law. If the board by an affirmative vote of not less than two-thirds of its members declares that an emergency exists requiring the immediate purchase of materials or supplies or in making emergency repairs, at a cost estimated to be in excess of $5,000, it shall not be necessary to advertise for bids.

Subd. 3. [CONTRACTS OR PURCHASES FOR $5,000 OR LESS.] The board may, without advertising for bids, enter into any contract or purchase any materials, supplies, or equipment of the type referred to in subdivision 2, the cost of which is estimated to be $5,000 or less, or it may in the alternative authorize the executive director to enter into a contract on behalf of the board for that work or to make those purchases without prior approval of the board and without advertising for bids.

Subd. 4. [UNIFORM MUNICIPAL CONTRACTING LAW.] Except as otherwise provided in this section, Minnesota Statutes, section 471.345, shall apply.

Sec. 18. [PROPERTY EXEMPT FROM TAXATION.]

Any properties, real or personal, owned, leased, controlled, used, or occupied by the water and sanitary sewer board for any purpose under this act are declared to be acquired, owned, leased, controlled, used and occupied for public, governmental, and municipal purposes, and are exempt from taxation by the state or any political subdivision of the state, provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any properties in any manner different from their use as part of a disposal system at the time may be considered in determining the special benefit received by the properties. All assessments are subject to final approval by the board, whose determination of the benefits is conclusive upon the political subdivision levying the assessment. All bonds, certificates of indebtedness, or other obligations of the board, and the interest on them, are exempt from taxation by the state or any political subdivision of the state.

Sec. 19. [RELATION TO EXISTING LAWS.]

The provisions of this act must be given full effect notwithstanding the provisions of any law or charter inconsistent with this act. The powers conferred on the board under this act do not in any way diminish or supersede the powers conferred on the agency by Minnesota Statutes, chapters 115 to 116.

Sec. 20. [EFFECTIVE DATE.]

Subdivision 1. This act is effective as to the city of Pine City when approved by the Pine City council and upon compliance with Minnesota Statutes, section 645.021.

Subd. 2. This act is effective as to the towns of Pokegama, Chengwatana, and Pine City when approved by the town boards of each town and upon compliance with Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to local government; providing for creation of water and sewer district and Cross Lake area water and sanitary sewer board to administer the district; providing for collection, treatment, and disposal of sewage in the Cross Lake area."

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

The report was adopted.

Rice from the Committee on Economic Development, Infrastructure and Regulation Finance to which was referred:

H. F. No. 3056, A bill for an act relating to education; establishing responsibilities relating to school bus operations, equipment, and safety; marketing technical changes; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 123.39, subdivision 1; 126.15, subdivision 4; 169.01, subdivision 6; 169.21, subdivision 2; 169.442, subdivision 1; 169.443, subdivision 8, and by adding a subdivision; 169.445, subdivisions 1 and 2; 169.446, subdivision 3; 169.447, subdivision 6; 169.64, subdivision 8; 171.01, subdivision 22; 171.321, subdivision 3; 171.3215; 609.72, subdivision 1; and 631.40, subdivision 1a; Minnesota Statutes 1993 Supplement, sections 124.225, subdivision 1; and 171.321, subdivision 2; Laws 1993, chapter 224, article 12, section 39; proposing coding for new law in Minnesota Statutes, chapters 127, and 169; repealing Minnesota Statutes 1992, sections 169.441, subdivisions 2 and 3; 169.442, subdivisions 2 and 3; 169.445, subdivision 3; 169.447, subdivision 3; and 169.45; Minnesota Statutes 1993 Supplement, section 123.80; Minnesota Rules, parts 3520.3600 and 3520.3700.

Reported the same back with the following amendments:

Page 33, delete lines 3 to 18, and insert:

"Sec. 31. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF PUBLIC SAFETY.] The sums indicated in this section are appropriated from the general fund to the department of public safety for the fiscal years indicated.

Subd. 2. [SAFETY ADVISORY COMMITTEE.] For the school bus safety advisory committee according to section 13, subdivision 2:

$20,000 1995

Subd. 3. [SCHOOL BUS CROSSING SAFETY PILOT GRANTS.] For school bus safety pilot grants according to section 29:

$480,000 1995

Subd. 4. [CROSSING CONTROL ARM.] For school bus crossing control arms according to section 18:

$1,500,000 1995

The commissioner of public safety shall reimburse school districts for the cost of purchasing crossing control arms for buses manufactured before December 31, 1994, that are used to transport students in the district. Any excess in this appropriation must be transferred to provide additional school bus safety pilot grants according to section 29."

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

The report was adopted.

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

S. F. No. 1651, A bill for an act relating to local government; requiring publicly owned or leased motor vehicles to be identified; proposing coding for new law in Minnesota Statutes, chapter 471.

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.

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

S. F. No. 1712, A bill for an act relating to towns; providing for financial audits in certain circumstances; amending Minnesota Statutes 1992, section 367.36, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 367.36, subdivision 1, is amended to read:

Subdivision 1. [INCUMBENT TREASURER; ANNUAL AUDIT.] In a town in which option D is adopted, the incumbent treasurer shall continue in office until the expiration of the term. Thereafter the duties of the treasurer prescribed by law shall be performed by the clerk who shall be referred to as the clerk-treasurer. If the offices of clerk and treasurer are combined and the town's annual revenue is $100,000 or more, the town board shall provide for an annual audit of the town's financial affairs by the state auditor or a public accountant in accordance with minimum audit procedures prescribed by the state auditor. Upon completion of an audit by a public accountant, the public accountant shall forward a copy of the audit to the state auditor. For purposes of this subdivision, "public accountant" means a certified public accountant, a certified public accounting firm, or a licensed public accountant, all licensed by the board of accountancy under sections 326.17 to 326.23.

Sec. 2. Minnesota Statutes 1992, section 367.36, is amended by adding a subdivision to read:

Subd. 1a. [AUDITS OF SMALL TOWNS.] On or before June 30 of each year, towns that have combined the offices of clerk and treasurer, have less than $100,000 in annual revenue based on their financial statement for the preceding calendar year, and have not submitted audited financial statements to the office of the state auditor, shall pay $100 to the state auditor and the state auditor shall deposit the payment in the general fund. On July 1 of each year, the state auditor shall identify the towns that have contributed $100 to the general fund. The state auditor shall randomly select up to five percent of the towns that have contributed to the general fund and perform an annual audit of their financial statements and accounts for the preceding calendar year. If the state auditor determines that a town audit cannot be performed by the office of the state auditor, the state auditor shall contract with a certified public accountant for the performance of the annual audit. The town being audited shall be responsible for paying all costs in excess of $3,000. All amounts billed by the state auditor under this subdivision shall be deposited in the general fund of the state.

Sec. 3. Minnesota Statutes 1992, section 412.591, subdivision 2, is amended to read:

Subd. 2. Cities operating under Optional Plan A may, by an ordinance effective after the expiration of the term of the incumbent treasurer at the date of adoption of Optional Plan A, combine the offices of clerk and treasurer in the office of clerk-treasurer and thereafter the duties of the treasurer as prescribed by this chapter shall be performed by the clerk-treasurer. The offices of clerk and treasurer may be reestablished by ordinance. If the offices of clerk

and treasurer are combined as provided by this section, and the city's annual revenue for all governmental and enterprise funds combined is more than $100,000, the council shall provide for an annual audit of the city's financial affairs by the state auditor or a public accountant in accordance with minimum procedures prescribed by the state auditor.

Sec. 4. Minnesota Statutes 1992, section 412.591, is amended by adding a subdivision to read:

Subd. 2a. [AUDITS OF SMALL CITIES.] On or before June 30 of each year, cities that have combined the offices of clerk and treasurer, have less than $100,000 in annual revenue based on their financial statement for the preceding calendar year, and have not submitted audited financial statements to the office of the state auditor, shall pay $100 to the state auditor and the state auditor shall deposit the payment in the general fund. On July 1 of each year, the state auditor shall identify the cities that have contributed $100 to the general fund. The state auditor shall randomly select up to five percent of the cities that have contributed to the general fund and perform an annual audit of their financial statements and accounts for the preceding calendar year. If the state auditor determines that a city audit cannot be performed by the office of the state auditor, the state auditor shall contract with a certified public accountant for the performance of the annual audit. The city being audited shall be responsible for paying all costs in excess of $3,000. All amounts billed by the state auditor under this subdivision shall be deposited in the general fund of the state.

Sec. 5. [REPORT BY STATE AUDITOR.]

By February 1, 1997, the state auditor shall report to the legislature on the implementation of sections 1 to 4. The report shall identify the nature, seriousness, and frequency of audit findings contained in audits conducted under sections 2 and 4. The report shall recommend to the legislature whether towns and cities with combined clerk-treasurers and $100,000 or less in annual revenues should be: (1) required to have annual audits; (2) subject to random audits; or (3) exempt from all audit requirements.

Sec. 6. [APPROPRIATION.]

$15,000 is appropriated from the general fund to the state auditor in fiscal year 1995, for purposes of sections 2 and 4.

Sec. 7. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to local government; providing for financial audits in certain circumstances; appropriating money; amending Minnesota Statutes 1992, sections 367.36, subdivision 1, and by adding a subdivision; and 412.591, subdivision 2, and by adding a subdivision."

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

The report was adopted.

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

S. F. No. 1826, A bill for an act relating to metropolitan government; extending reporting and effective dates for radio systems planning by the metropolitan council; extending the moratorium on applications for 800 megahertz channels.

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:

S. F. No. 2015, A bill for an act relating to metropolitan government; providing for a regional administrator and a management team; imposing organizational requirements; imposing duties; clarifying existing provisions and making conforming changes; amending Minnesota Statutes 1992, sections 6.76; 15.0597, subdivision 1; 15A.081, subdivision 7; 15A.082, subdivision 3; 16B.58, subdivision 7; 116.16, subdivision 2; 116.182, subdivision 1; 161.173; 161.174; 169.781, subdivision 1; 169.791, subdivision 5; 169.792, subdivision 11; 221.022; 221.041, subdivision 4; 221.071, subdivision 1; 221.295; 297B.09, subdivision 1; 352.03, subdivision 1; 352.75; 422A.01, subdivision 9; 422A.101, subdivision 2a; 471A.02, subdivision 8; 473.121, subdivisions 5a and 24; 473.123, subdivisions 1, 2a, and 4; 473.129; 473.13, subdivision 4; 473.146, subdivisions 1 and 4; 473.149, subdivision 3; 473.1623, subdivision 2; 473.164; 473.168, subdivision 2; 473.173, subdivisions 3 and 4; 473.223; 473.303, subdivisions 2, 3a, 4, 4a, 5, and 6; 473.371, subdivision 1; 473.375, subdivisions 11, 12, 13, 14, and 15; 473.382; 473.384, subdivisions 1, 3, 4, 5, 6, 7, and 8; 473.385; 473.386, subdivisions 1, 2, 3, 4, 5, and 6; 473.387, subdivisions 2, 3, and 4; 473.388, subdivisions 2, 3, 4, and 5; 473.39, subdivisions 1, 1a, 1b, and by adding a subdivision; 473.391; 473.392; 473.394; 473.399, as amended; 473.405, subdivisions 1, 3, 4, 5, 9, 10, 12, and 15; 473.408, subdivisions 1, 2, 2a, 4, 6, and 7; 473.409; 473.411, subdivisions 3 and 4; 473.415, subdivisions 1, 2, and 3; 473.416; 473.418; 473.42; 473.436, subdivisions 2, 3, and 6; 473.446, subdivisions 1, 1a, 2, 3, and 7; 473.448; 473.449; 473.504, subdivisions 4, 5, 6, 9, 10, 11, and 12; 473.511, subdivisions 1, 2, 3, and 4; 473.512, subdivision 1; 473.513; 473.515, subdivisions 1, 2, and 3; 473.5155, subdivisions 1 and 3; 473.516, subdivisions 2, 3, 4, and 5; 473.517, subdivisions 1, 2, 3, 6, and 9; 473.519; 473.521, subdivisions 1, 2, 3, and 4; 473.523, subdivisions 1 and 2; 473.535; 473.541, subdivision 2; 473.542; 473.543, subdivisions 1, 2, 3, and 4; 473.545; 473.547; 473.549; 473.553, subdivisions 1, 2, 4, 5, and by adding subdivisions; 473.561; 473.595, subdivision 3; 473.605, subdivision 2; 473.823, subdivision 3; and 473.852, subdivisions 8 and 10; Minnesota Statutes 1993 Supplement, sections 10A.01, subdivision 18; 15A.081, subdivision 1; 115.54; 174.32, subdivision 2; 216C.15, subdivision 1; 221.025; 221.031, subdivision 3a; 275.065, subdivisions 3 and 5a; 352.01, subdivisions 2a and 2b; 352D.02, subdivision 1; 353.64, subdivision 7a; 400.08, subdivision 3; 473.13, subdivision 1; 473.1623, subdivision 3; 473.167, subdivision 1; 473.386, subdivision 2a; 473.3994, subdivision 10; 473.3997; 473.4051; 473.407, subdivisions 1, 2, 3, 4, 5, and 6; 473.411, subdivision 5; 473.446, subdivision 8; and 473.516, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1992, sections 115A.03, subdivision 20; 115A.33; 174.22, subdivision 4; 473.121, subdivisions 14a, 15, and 21; 473.122; 473.123, subdivisions 3, 5, and 6; 473.141, as amended; 473.146, subdivisions 2, 2a, 2b, and 2c; 473.153; 473.161; 473.163; 473.181, subdivision 3; 473.325, subdivision 5; 473.373, as amended; 473.375, subdivisions 1, 2, 3, 4, 5, 6, 7, 10, 16, 17, and 18; 473.377; 473.38; 473.384, subdivision 9; 473.388, subdivision 6; 473.404, as amended; 473.405, subdivisions 2, 6, 7, 8, 11, 13, and 14; 473.417; 473.435; 473.436, subdivision 7; 473.445, subdivisions 1 and 3; 473.501, subdivision 2; 473.503; 473.504, subdivisions 1, 2, 3, 7, and 8; 473.511, subdivision 5; 473.517, subdivision 8; 473.543, subdivision 5; and 473.553, subdivision 4a; Minnesota Statutes 1993 Supplement, section 473.3996, subdivisions 1 and 2.

Reported the same back with the following amendments:

Page 2, line 32, before "METROPOLITAN" insert "ELECTED" and delete "ORGANIZATION"

Pages 2 to 9, delete sections 1 to 11, and insert:

"Section 1. Minnesota Statutes 1992, section 15.0597, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms shall have the meanings given them.

(a) "Agency" means (1) a state board, commission, council, committee, authority, task force, including an advisory task force created under section 15.014 or 15.0593, or other similar multimember agency created by statute and having statewide jurisdiction; and (2) the ~~metropolitan council~~, regional transit board, metropolitan airports commission, metropolitan parks and open space commission, metropolitan sports facilities commission, metropolitan waste control commission, capitol area architectural and planning board, and any agency with a regional jurisdiction created in this state pursuant to an interstate compact.

(b) "Vacancy" or "vacant agency position" means (1) a vacancy in an existing agency, or (2) a new, unfilled agency position; provided that "vacancy" shall not mean (1) a vacant position on an agency composed exclusively of persons employed by a political subdivision or another agency, or (2) a vacancy to be filled by a person required to have a specific title or position.

(c) "Secretary" means the secretary of state.

Sec. 2. 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:

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. 3. Minnesota Statutes 1992, section 204B.32, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION OF COSTS.] Municipalities or counties may allocate the costs of conducting elections to school districts and the metropolitan council for payment of their proportionate share of such expenses for elections held at the same time as the regular municipal or county primary and general election. Allocated costs include expenses for election equipment and supplies; polling locations; personnel (including election judge compensation and the portion of salaries of election administrative and technical employees attributable to the preparation and conduct of the election); transportation related to the conduct of the election; required election notices and newspaper publication of election information; communications devices; and postage (including mailings to election judges and for absentee voter applications and ballots).

Sec. 4. Minnesota Statutes 1993 Supplement, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] (a) Employees enumerated in paragraph (b), if they are in the unclassified service of the state or metropolitan council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified program under this chapter unless the employee gives notice to the executive director of the Minnesota state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified plan.

(b) Enumerated employees are:

(1) an employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general, or an employee of the state board of investment;

(2) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.081, subdivision 1 or 15A.083, subdivision 4;

(3) a permanent, full-time unclassified employee of the legislature or a commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system;

(4) a person other than an employee of the state board of technical colleges who is employed in a position established under section 43A.08, subdivision 1, clause (3), or subdivision 1a, or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

(5) the chair, chief administrator, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan waste control commission as designated by the commission; the chair, executive director, and not to exceed three positions at the division director or assistant to the chair level of the regional transit board; a chief administrator who is an employee of the metropolitan transit commission; and the ~~chair,~~ executive director, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan council as designated by the council; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations may be made without approval of the board of directors of the Minnesota state retirement system;

(6) the executive director, associate executive director, and not to exceed nine positions of the higher education coordinating board in the unclassified service, as designated by the higher education coordinating board before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota state retirement system, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

(7) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota;

(8) the chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services;

(9) an employee whose principal employment is at the state ceremonial house;

(10) an employee of the Minnesota educational computing corporation;

(11) an employee of the world trade center board;

(12) an employee of the state lottery board who is covered by the managerial plan established under section 43A.18, subdivision 3;

(13) an employee of the state board of technical colleges employed in a position established under section 43A.08, subdivision 1, clause (3), or 1a, unless the person has elected coverage by the individual retirement account plan under chapter 354B; and

(14) an employee of the higher education board in a position established under section 136E.04, subdivision 2, unless the person has elected coverage by the individual retirement account plan under chapter 354B.

Sec. 5. Minnesota Statutes 1992, section 353D.01, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Except as provided in section 353D.11, eligibility to participate in the defined contribution plan is open to an elected local government official of a governmental subdivision who elects to participate in the plan and who, for the elected service rendered to a governmental subdivision, is not a member of the public employees retirement association within the meaning of section 353.01, subdivision 7, and to basic and advanced life support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate.

For purposes of this chapter, an elected local government official includes a person appointed to fill a vacancy in an elective office. For the purposes of this chapter, an elected local government official includes a member of the metropolitan council. Service as an elected local government official only includes service for the governmental subdivision for which the official was elected by the public-at-large. Service as an elected local government official ceases and eligibility to participate terminates when the person ceases to be an elected official. An elected local government official does not include an elected county sheriff.

Except as provided in section 353D.11, elected local government officials and first response personnel and emergency medical service personnel who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the public employees defined contribution plan.

A former participant is a person who has ceased to be an elected local government official or an emergency medical service employee and who has not withdrawn the value of an individual account.

Sec. 6. Minnesota Statutes 1992, section 473.123, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] A metropolitan council with jurisdiction in the metropolitan area is ~~created~~ established as a public corporation and political subdivision of the state. It shall be under the supervision and control of ~~17~~ 16 members, all of whom shall be residents of the metropolitan area.

Sec. 7. Minnesota Statutes 1992, section 473.123, subdivision 2a, is amended to read:

Subd. 2a. [TERMS.] Following each apportionment of council districts, as provided under subdivision 3a, council members must be ~~appointed~~ elected on a nonpartisan basis from newly drawn districts as provided in subdivision 3a. The terms of members are as follows: members representing even-numbered districts for terms ending the first Monday in January of the year ending in the numeral "7"; members representing odd-numbered districts for terms ending the first Monday in January of the year ending in the numeral "5." Thereafter the term of each member is four years, with terms ending the first Monday in January, except that all terms expire on the effective date of the next apportionment. A member shall continue to serve the member's district until a successor is ~~appointed~~ elected and qualified~~; except that, following each apportionment, the member shall continue to serve at large until the governor appoints 16 council members, one from each of the newly drawn council districts as provided under subdivision 3a, to serve terms as provided under this section. The appointment to the council must be made by the first Monday in March of the year in which the term ends~~. Each council member must reside in the council district represented. Each council district must be represented by one member of the council.

Sec. 8. Minnesota Statutes 1992, section 473.123, is amended by adding a subdivision to read:

Subd. 2b. [VACANCIES; SPECIAL ELECTION.] A vacancy in the office of council member shall be filled by special election not less than 30 nor more than 60 days after the vacancy occurs and may be held on the same day as a regular primary or regular election. If the vacancy occurs less than 60 days before the general election preceding the end of the term, the vacancy shall be filled by the person elected at that election for the ensuing term who takes office immediately after receiving the certificate of election and taking the oath of office.

Sec. 9. Minnesota Statutes 1993 Supplement, section 473.123, subdivision 3a, is amended to read:

Subd. 3a. [REDISTRICTING.] The ~~legislature~~ metropolitan council shall redraw the boundaries of the council districts after each decennial federal census so that each district has substantially equal population~~. Redistricting is effective in the year ending in the numeral "3." Within 60 days after a redistricting plan takes effect, the governor shall appoint members~~ and shall adopt the redistricting plan no later than 25 weeks before the state primary election in the year ending in the numeral "2." Council members elected from the newly drawn districts ~~to~~ serve terms as provided under subdivision 2a.

Sec. 10. Minnesota Statutes 1992, section 473.123, is amended by adding a subdivision to read:

Subd. 3e. [ELECTIONS; PROCEDURES.] (a) Except as provided in this section, Minnesota election law including but not limited to chapters 211A and 211B applies to council elections, as far as practicable.

(b) Affidavits of candidacy must be filed with the secretary of state as provided under section 204B.06.

(c) The filing fee shall be the same as for county office as provided in section 204B.11, subdivision 1, paragraph (d).

(d) At the time of filing an affidavit of candidacy, a candidate may present a petition in place of the filing fee with the same number of signatures required for a candidate for county office in section 204B.11, subdivision 2.

(e) Council members must be elected at the state and county general election held in the year before the terms of office that they seek expire.

Sec. 11. Minnesota Statutes 1992, section 473.123, subdivision 4, is amended to read:

Subd. 4. [~~CHAIR; APPOINTMENT,~~ OFFICERS, SELECTION; DUTIES AND COMPENSATION.] (a) The chair of the metropolitan council shall be ~~appointed by the governor as the 17th voting member thereof by and with the advice and consent of the senate to serve at the pleasure of the governor. Senate confirmation shall be as provided by section 15.066. The chair shall be a person experienced in the field of municipal and urban affairs with administrative training and executive ability~~ elected by and from among the members of the council at the first meeting of the council after the first Monday of January each year and serves for a term of one year. ~~(b)~~ The chair of the metropolitan council shall preside at ~~the~~ meetings of the metropolitan council ~~and shall act as principal executive officer,~~ if present, and shall perform all other duties assigned by the council or by law. ~~The chair shall organize the work of the metropolitan council, appoint all officers and employees thereof, subject to the approval of the metropolitan council, and be responsible for carrying out all policy decisions of the metropolitan council. The chair's salary shall be as provided in section 15A.081. The chair shall be eligible for expenses in the same manner and amount as state employees.~~

(b) The metropolitan council shall elect such officers, in addition to the chair, as it deems necessary for the conduct of its affairs. The additional officers are elected for the same one-year term as the chair. A secretary and treasurer need not be members of the metropolitan council. Meeting times and places shall be fixed by the metropolitan council and special meetings may be called by a majority of the members of the metropolitan council or by the chair. Each metropolitan council member shall be paid as authorized by the metropolitan council and shall be reimbursed for actual and necessary expenses. The annual budget of the council shall provide as a separate account anticipated expenditures for compensation, travel, and associated expenses for members, and compensation or reimbursement shall be made to the members only when budgeted.

(c) In the performance of its duties the metropolitan council may adopt policies and procedures governing its operation, establish committees, and, when specifically authorized by law, make appointments to other governmental agencies and districts.

Sec. 12. [473.124] [METROPOLITAN COUNCIL; CAMPAIGN FINANCING; DISCLOSURE OF ECONOMIC INTERESTS; CONFLICTS OF INTEREST.]

Sections 473.124 to 473.1258 apply to the financing of campaigns for metropolitan council, disclosure of economic interests by candidates and elected members of the metropolitan council, and conflict of interest for members of the metropolitan council. Sections 211A.02 to 211A.07 do not apply to the financing of campaigns for elections to the metropolitan council.

Sec. 13. [473.1241] [DEFINITIONS.]

Subdivision 1. [CAMPAIGN FINANCE, DISCLOSURE LAW.] For the purposes of sections 473.124 to 473.1258, the terms defined in this section have the meanings given them. The terms defined in chapter 200 also apply to sections 473.124 to 473.1258, unless a different meaning is specified in this section.

Subd. 2. [ADVANCE OF CREDIT.] "Advance of credit" means any money owed for goods provided or services rendered. An advance of credit is an expenditure in the year in which the goods or services are used or consumed. Advance of credit does not mean "loan" as defined in subdivision 11.

Subd. 3. [ASSOCIATION.] "Association" means a business, corporation, firm, partnership, committee, labor organization, club, or any other group of two or more persons, which includes more than an immediate family, acting in concert.

Subd. 4. [BOARD.] "Board" means the ethical practices board.

Subd. 5. [BUSINESS WITH WHICH THE INDIVIDUAL IS ASSOCIATED.] "Business with which the individual is associated" means any association in connection with which the individual is compensated in excess of $50 except for actual and reasonable expenses in any month as a director, officer, owner, member, partner, employer or employee, or is a holder of securities worth $2,500 or more at fair market value.

Subd. 6. [CANDIDATE.] "Candidate" means an individual, not within the definition of candidate of section 10A.01, subdivision 5, who seeks nomination or election to the metropolitan council.

Subd. 7. [CONTRIBUTION.] "Contribution" means a transfer of funds or a donation in kind.

(a) Contribution includes any loan or advance of credit to a political committee, political fund, or principal campaign committee, if that loan or advance of credit is (1) forgiven, or (2) paid by an entity other than the political committee, political fund, or principal campaign committee to which the loan or advance of credit is made.

(b) Contribution does not include services provided without compensation by an individual volunteering personal time on behalf of a candidate, political committee or fund, or the publishing or broadcasting of news items or editorial comments by the news media.

Subd. 8. [DONATION IN KIND.] "Donation in kind" means anything of value other than money or negotiable instruments given by an individual or association to a political committee, political fund, or principal campaign committee to influence the outcome of an election.

Subd. 9. [ELECTION.] "Election" means an election held to nominate or elect a candidate to the metropolitan council.

Subd. 10. [EXPENDITURE.] "Expenditure" means a purchase or payment of money or anything of value, or an advance of credit, made or incurred to influence the outcome of any election. Expenditure does not include services provided without compensation by an individual volunteering personal time on behalf of a candidate, political committee or fund, or the publishing or broadcasting of news items or editorial comments by the news media.

Subd. 11. [LOAN.] "Loan" means an advance of money or anything of value made to a political committee, political fund, or principal campaign committee.

Subd. 12. [POLITICAL COMMITTEE.] "Political committee" means any political party, association, or person other than an individual that seeks as its major purpose to influence the outcome of any election.

Subd. 13. [POLITICAL FUND.] "Political fund" means any accumulation of dues or voluntary contributions by an association other than a political committee, which accumulation is collected or expended to influence the outcome of any election.

Subd. 14. [PRINCIPAL CAMPAIGN COMMITTEE.] "Principal campaign committee" means the single political committee designated by a candidate.

Subd. 15. [TRANSFER OF FUNDS OR TRANSFER.] "Transfer of funds" or "transfer" means money or negotiable instruments given by an individual or association to a political committee, political fund, or principal campaign committee to influence the outcome of any election.

Sec. 14. [473.1242] [POLITICAL COMMITTEES; METROPOLITAN COUNCIL ELECTIONS.]

Subdivision 1. [OFFICERS.] Every political committee shall have a chair and a treasurer, who may be the same individual. The treasurer may designate deputy treasurers and is responsible for their accounts. The treasurer shall designate a single depository and account for all contributions received by the political committee.

Subd. 2. [PROHIBITIONS; ACCEPTANCE OF CERTAIN CONTRIBUTIONS; COMMINGLING OF FUNDS.] A contribution must not be accepted and an expenditure must not be made by or on behalf of a political committee while the office of treasurer is vacant. An anonymous contribution in excess of $20 must not be retained by the political committee but must be forwarded to the state ethical practices board and deposited in the general fund. Funds of the political committee must not be commingled with the personal funds of any officer, member, or associate of the committee. Any individual who violates a provision of this subdivision is guilty of a misdemeanor.

Sec. 15. [473.1243] [POLITICAL FUNDS.]

Subdivision 1. [WHEN REQUIRED.] An association other than a political committee must not transfer more than $100 in aggregate in any one year to candidates or political committees or make any expenditure unless the transfer or expenditure is made from a political fund.

Subd. 2. [TREASURER; COMMINGLING OF FUNDS; ANONYMOUS CONTRIBUTIONS.] Each association that has a political fund shall elect or appoint a treasurer of the political fund. Contributions to the political fund must not be accepted and expenditures from the fund must not be made while the office of treasurer is vacant. The contents of the political fund must not be commingled with any other funds or with the personal funds of any officer or member of the fund. An anonymous contribution in excess of $20 must not be retained by the political fund but must be forwarded to the state ethical practices board and deposited in the general fund.

Subd. 3. [USE OF DUES AND MEMBERSHIP FEES.] Notwithstanding subdivision 1, the association may, if not prohibited by other law, deposit in its political fund money derived from dues or membership fees. The treasurer of the fund, in any report required by section 473.1247, shall disclose the name of any member whose dues, membership fees, and contributions deposited in the political fund in any one year exceed $50 in the aggregate.

Subd. 4. [PENALTY.] Any person who knowingly violates the provisions of this section is guilty of a misdemeanor.

Sec. 16. [473.1244] [PRINCIPAL CAMPAIGN COMMITTEE.]

Every candidate who receives contributions or makes expenditures in excess of $100 shall designate and cause to be formed a single political committee which shall be known as the candidate's principal campaign committee. The candidate shall make expenditures only through the candidate's principal campaign committee. The candidate may be the chair and treasurer of the principal campaign committee.

Sec. 17. [473.1245] [REGISTRATION OF POLITICAL COMMITTEES AND POLITICAL FUNDS.]

Subdivision 1. [FILING OFFICE; DEADLINE.] Every political committee, political fund, and principal campaign committee shall register with the board within 14 days after the date by which the committee or fund has received contributions or made expenditures in excess of $100.

Subd. 2. [STATEMENT REQUIRED.] A political committee or fund registers by filing a statement of organization that includes:

(1) the name and address of the political committee or fund;

(2) the name and address of the chair, the treasurer, and any deputy treasurers;

(3) the name and address of the depository used by the committee or fund;

(4) the name and address of any supporting association of a political fund; and

(5) a statement as to whether the committee is a principal campaign committee.

The statement of organization shall be filed by the treasurer of the political committee, political fund, or principal campaign committee.

Sec. 18. [473.1246] [ACCOUNTS WHICH MUST BE KEPT.]

Subdivision 1. [CONTRIBUTIONS; EXPENDITURES; TRANSFERS.] The treasurer of any political committee, political fund, or principal campaign committee shall keep an account of:

(1) the sum of all contributions, except any donation in kind valued at $20 or less, made to the political committee or fund;

(2) the name and address of each source of a transfer or donation in kind in excess of $20, together with the date and amount;

(3) each expenditure made by or on behalf of the committee together with the date and amount; and

(4) the name and address of each political committee or fund to which transfers in excess of $20 have been made, together with the date and amount.

Subd. 2. [AUTHORIZATION OF EXPENDITURES; RECEIPTS.] Each expenditure by a political committee, political fund, or principal campaign committee shall be authorized by the treasurer. The treasurer may authorize not more than $20 per week as petty cash for miscellaneous expenditures. The treasurer shall obtain a receipted bill stating the particulars for every expenditure of more than $100 made by or on behalf of the political committee or fund, and for any expenditure of a lesser amount, if the aggregate amount of lesser expenditures to the same individual or association during a year exceeds $100.

Sec. 19. [473.1247] [CAMPAIGN REPORTS.]

Subdivision 1. [COMMITTEES REQUIRED TO REPORT; DEADLINES.] The treasurer of any political committee, political fund, or principal campaign committee required to register under section 473.1245 also shall file campaign reports with the board. In each year in which the name of the candidate is on the ballot, the report of the principal campaign committee shall be filed ten days before a regular primary and a regular election. Political committees and political funds other than principal campaign committees shall file campaign reports ten days before a regular primary or regular election. The treasurer of a principal campaign committee shall file additional reports ten days before a special primary or other special election and 30 days after a special election. The reports shall cover the period from the last day of the previous reporting period to seven days before the filing date. An additional campaign report shall be filed by all treasurers on January 31 of each year covering the period from the last day of the previous reporting period to December 31 of the preceding calendar year.

Subd. 2. [CONTENT OF REPORTS.] Each campaign report required under this section shall disclose:

(1) the amount of liquid assets on hand at the beginning of the reporting period;

(2) the name, address, and employer, or occupation if self-employed, of each individual, committee or political fund that made transfers or donations in kind to the political committee in an aggregate amount or value in excess of $100, together with the amount and date;

(3) the sum of all contributions made to the political committee or political fund;

(4) each loan made or received by the political committee or political fund within the year in aggregate in excess of $100, together with the name, address, occupation, and the principal place of business, if any, of the lender and any endorser and the date and amount of the loan. A loan made to a political committee or political fund that is forgiven or is repaid by an entity other than that political committee or fund shall be reported as a contribution;

(5) the sum of all receipts, including all contributions and loans, during the reporting period;

(6) the name and address of each person to whom aggregate expenditures have been made by or on behalf of the political committee or fund within the year in excess of $100, the amount, date, and purpose of each expenditure and the name and address of the candidate supported or opposed by the expenditure;

(7) the sum of all expenditures made by the political committee or fund;

(8) the amount and nature of any advance of credit incurred by the political committee or fund continuously reported until paid or forgiven. An advance of credit incurred by a political committee or fund that is forgiven or is paid by an entity other than that political committee or fund shall be reported as a donation in kind;

(9) the name and address of each political committee or fund to which aggregate transfers in excess of $100 have been made within the year, together with the amount and date of each transfer;

(10) the sum of all transfers made to political committees or funds; and

(11) the sum of all disbursements not made to influence the outcome of an election.

Subd. 3. [TERMINATION REPORTS.] A political committee or political fund may dissolve upon filing of a termination report indicating that the committee or fund has settled all of its debts and disposed of all assets in excess of $100. The termination report shall include all information required in a periodic campaign report.

Sec. 20. [473.1248] [EXPENDITURES BY INDIVIDUALS; REPORTS.]

(a) Any individual who makes expenditures in an aggregate amount of $100 or more in any year, which expenditures are not required to be reported by any political committee or fund as contributions to that political committee or fund but which expenditures were made with the cooperation or express or implied consent of any candidate, political committee, or agent of a candidate or political committee, shall file campaign reports in the form required by section 473.1247 with respect to those expenditures.

(b) Paragraph (a) does not apply to an individual's expenditures made expressly to advocate the election or defeat of a clearly identified candidate.

Sec. 21. [473.1249] [ADDITIONAL INFORMATION TO BE DISCLOSED.]

Subdivision 1. [EARMARKED CONTRIBUTIONS PROHIBITED.] An individual, political committee, or political fund may not solicit or accept a contribution from any source with the express or implied condition that the contribution or any part of it be directed to a particular candidate other than the initial recipient. An individual, political committee, or political fund who knowingly accepts any earmarked contribution is guilty of a gross misdemeanor.

Subd. 2. [BILLS WHEN RENDERED.] Every person who has a bill, charge, or claim against any political committee or political fund for any expenditure shall render in writing to the treasurer of the committee or fund the bill, charge, or claim within 60 days after the material or service is provided. Failure to present the bill, charge, or claim as required by this subdivision is a petty misdemeanor.

Sec. 22. [473.125] [CIRCUMVENTION PROHIBITED.]

Any person who attempts to circumvent disclosure of the source or amount of contributions or expenditures by redirecting funds through or contributing funds on behalf of another person is guilty of a misdemeanor.

Sec. 23. [473.1251] [ECONOMIC REPRISALS PROHIBITED.]

(a) An individual or association must not engage in economic reprisals or threaten loss of employment or physical coercion against any individual or association because of the political contributions or political activity of that individual or association.

(b) Paragraph (a) does not apply to compensation for employment or loss of employment when the political affiliation or viewpoint of the employee is a bona fide occupational qualification of the employment.

(c) Any individual or association that violates this subdivision is guilty of a misdemeanor.

Sec. 24. [473.1252] [ECONOMIC INTEREST DISCLOSURE.]

Subdivision 1. [OFFICIALS REQUIRED TO FILE; DEADLINES.] Every candidate for the metropolitan council shall file statements of economic interest as required by this section with the board. A candidate shall file an original statement within 14 days of the filing of an affidavit or petition to appear on the ballot. All elected members shall file an original statement of economic interest 60 days after forms for disclosure are provided to the filing officer. Every individual required to file a statement shall file a supplementary statement on April 15 of each year in which the individual remains a candidate or elected official. An official required to file a statement of economic interest under section 10A.09 is not required to comply with this section.

Subd. 2. [CONTENT OF STATEMENT.] (a) An individual required to file a statement of economic interest shall disclose:

(1) the individual's name, address, occupation, and principal place of business;

(2) the name of each business with which the individual or spouse is associated and the nature of that association;

(3) all income received by the candidate or spouse in excess of $500 and any source of such income;

(4) all stock in any one company with a market value of $2,500 or more owned by the individual or spouse;

(5) a listing of all real property within the state, excluding homestead property, in which the individual or spouse holds:

(i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, and which interest has a market value in excess of $2,500 as shown on the real estate tax statement for the property; or

(ii) an option to buy, which property has a fair market value of $50,000 or more;

(6) a listing of all real property within the state in which a partnership of which the individual or spouse is a member holds:

(i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if the individual's or spouse's share of the partnership interest has a market value in excess of $2,500 as shown on the real estate tax statement for the property; or

(ii) an option to buy, which property has a fair market value of $50,000 or more; and

(7) in supplementary statements only, the amount of each honorarium in excess of $50 received by the individual since last statement, together with the name and address of the source.

(b) Any listing under paragraph (a), clause (5) or (6), shall indicate the street address and the municipality or the section, township range and approximate acreage, whichever applies, and the county in which the property is located.

Sec. 25. [473.1253] [REPORTS AND STATEMENTS; REQUIREMENTS.]

Subdivision 1. [CERTIFICATION.] A report or statement required by section 473.1245 or 473.1247 shall be signed and certified as true by the individual required to file the report or statement. Any individual who signs and certifies to be true a report or statement that the individual knows contains false information or who knowingly omits required information is guilty of a gross misdemeanor.

Subd. 2. [REPORTS RETAINED.] The board shall retain the statements, reports, and copies and make them available for public inspection for a period of five years after the date of receipt by the board.

Subd. 3. [CHANGES AND CORRECTIONS.] Any material changes in information previously submitted and any corrections to a report or statement shall be reported in writing to the board within ten days following the date of the event prompting the change or the date upon which the individual filing became aware of the inaccuracy. The change or correction shall identify the form and the paragraph containing the information to be changed or corrected. Any individual who willfully fails to report a material change or correction is guilty of a misdemeanor.

Subd. 4. [RECORD KEEPING.] Each individual required to file any report or statement or to keep any account under sections 473.1245 to 473.1247 shall maintain and preserve for four years the records, including any vouchers, canceled checks, bills, invoices, worksheets, and receipts, that will provide in sufficient detail the necessary information from which the accounts and the filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness.

Subd. 5. [PENALTIES.] The board shall notify by certified mail or personal service any individual who fails to file a statement or report required by sections 473.1245 to 473.1247. Except for any campaign report of a principal campaign committee due before an election, if an individual fails to file any statement or report within seven days after receiving a notice, the board may impose a late filing fee of $5 per day, not to exceed $100, beginning on the eighth day after receiving notice. If a treasurer of a principal campaign committee fails to file a campaign report due before an election within three days of the date due, regardless of whether the treasurer has received any notice, the board may impose a late filing fee of $50 per day, not to exceed $500, beginning on the fourth day after the date the statement was due. The board shall further notify by certified mail or personal service any individual who fails to file any statement or report within 21 days after receiving a first notice that the individual may be subject to a criminal penalty for failure to file the statement or report. An individual who knowingly fails to file the statement or report within seven days after receiving a second notice from the board is guilty of a misdemeanor.

Subd. 6. [RECOVERY OF LATE FILING FEES.] The board may bring an action in Ramsey county district court to recover any late filing fee imposed under subdivision 5. All money recovered shall be deposited in the state general fund.

Subd. 7. [REPORTS OF VIOLATIONS.] If any individual fails to file the required statement or report within seven days after a second notice as provided in subdivision 5, the board shall inform the county attorney of the county where the individual resides that a second notice was sent and that the individual failed to file the required statement or report. If a candidate fails to file a report or statement after a second notice as provided in subdivision 5, the board shall notify the attorney general.

Sec. 26. [473.1254] [CAMPAIGN FINANCING.]

Subdivision 1. [ELIGIBILITY.] A candidate who has:

(1) filed a petition or affidavit of candidacy with the secretary of state as provided in section 473.123;

(2) filed an agreement with the state ethical practices board as provided in subdivision 2; and

(3) raised $2,500 in campaign funds before the primary election from eligible voters in the state, counting only the first $50 contributed by each voter, as stated in the agreement filed with the board,

is eligible for $20,000 public campaign financing.

Subd. 2. [AGREEMENT.] A candidate for council may receive public campaign financing by signing and filing with the state ethical practices board a written agreement that not more than $47,000 will be spent on the candidate's campaign for expenses incurred from the time of filing through the election day and by stating in the agreement that the candidate has raised $2,500 as specified in subdivision 1.

Subd. 3. [FUNDING.] The council shall provide sufficient funds for the purposes of this section. The council may levy to provide these funds and the levy authorized by this subdivision shall be in addition to the levy authorized under section 473.249. The levy shall be levied and collected in the manner provided in sections 473.13 and 473.249, subdivision 2.

Subd. 4. [RETURN OF PUBLIC FUNDS.] Each candidate who receives public campaign financing under this section shall return to the council's public campaign financing fund any funds not spent by January 1 of the year following the election, or all public campaign financing funds, if the candidate's campaign expenditures exceed the limits set by this section.

Sec. 27. [473.1255] [CONTRIBUTION LIMITS.]

A candidate must not permit the candidate's principal campaign committee to accept contributions from any individual, political committee, or political fund in aggregate in excess of $100 per calendar year.

Sec. 28. [473.1256] [METROPOLITAN COUNCIL MEMBERS; INTEREST IN CONTRACT; PENALTY.]

(a) A member of the metropolitan council who may take part in any manner in making any sale, lease, or contract in the member's official capacity shall not voluntarily have a personal financial interest in that sale, lease, or contract or personally benefit financially from it. The exceptions listed in section 471.88 apply to council members.

(b) A member who violates paragraph (a) is guilty of a gross misdemeanor.

Sec. 29. [473.1257] [DUTIES OF ETHICAL PRACTICES BOARD.]

Subdivision 1. [ADVISORY OPINIONS; DISCLOSURE EXEMPTIONS.] The state ethical practices board shall:

(1) issue and publish advisory opinions concerning the requirements of sections 473.124 to 473.1258 upon application in writing by any individual or association who wishes to use the opinion to guide the applicant's own conduct; and

(2) exempt any individual or association required to disclose information under sections 473.124 to 473.1258 from any requirement of those sections in the same manner as it exempts any individual or association from disclosure requirements under chapter 10A. An individual or association exempted from the disclosure provisions of chapter 10A, shall also be exempt from the disclosure provisions of sections 473.124 to 473.1258.

Subd. 2. [FORMS.] The board shall develop forms for all statements and reports required to be filed under sections 473.124 to 473.1258.

Sec. 30. [473.1258] [PROSECUTION OF VIOLATIONS.]

A violation of a criminal provision of sections 473.124 to 473.1258 shall be prosecuted by the county attorney of the county in which the defendant resides.

Sec. 31. [473.1259] [VOTER EDUCATION.]

Subdivision 1. [VOTER'S GUIDE.] At least 21 days before every council general election, the council shall mail a voter's guide to every household in the district in which an election is scheduled. The voter's guide must include the following information:

(1) the name, address, telephone number, and occupation of each candidate;

(2) biographical information on each candidate, if provided, not to exceed 50 words;

(3) a statement from each candidate, if provided, not to exceed 150 words;

(4) information on the procedures for voter registration;

(5) information on the procedures for voting by absentee ballot;

(6) information on assistance available to persons with disabilities; and

(7) other election-related information, as determined by the council.

The council shall provide each person filing an affidavit of candidacy with blank forms and instructions to be used by the candidates to submit information for the voter's guide. Candidates must submit information for the voter's guide to the council no later than six weeks before the council primary election. The council may provide the candidates an opportunity to review submitted material before publication.

The council may edit information submitted by candidates to ensure compliance with this subdivision and to delete any information which, in the opinion of the council, contains obscene, profane, scandalous, or defamatory language, or contains any language that may not be legally circulated through the mails. Nothing in this section shall make the author of the material submitted to the council exempt from any civil or criminal action due to defamatory statements made by the author. The person writing, signing, or offering a statement to the council is deemed its author and publisher.

Subd. 2. [PUBLIC ACCESS CABLE TV.] The council shall arrange for candidates to have equal access to public access cable television in the metropolitan area for campaign purposes including debates during the four-week period prior to election day.

Subd. 3. [COUNCIL RECOVERY OF COSTS.] The council shall determine the costs of the voters' guide, including the publication and distribution of the guide, and cable television access provided for each candidate and deduct that cost from the public campaign financing to the candidate. The council shall bill a candidate not receiving public campaign financing and the candidate shall reimburse the council for the candidate's share of the voters' guide and cable television costs.

Sec. 32. [TRANSITIONAL SALARIES OF MEMBERS.]

The members of the metropolitan council elected to serve terms beginning the first Monday in January 1995 shall receive salaries of $35,000 per year until otherwise set by the council as provided in Minnesota Statutes, section 473.123.

Sec. 33. [CONTINUATION OF TERMS.]

The appointed chair and appointed council members representing council districts 1 through 16 described in Minnesota Statutes 1993 Supplement, section 473.123, subdivision 3c, and holding office on the effective date of this section, and any successor appointed to fill a vacancy, shall continue in office until the first Monday in January 1995.

Sec. 34. [METROPOLITAN COUNCIL EXECUTIVE DIRECTOR.]

The executive director of the metropolitan council, appointed as provided in Minnesota Statutes 1992, section 473.123, subdivision 6, shall serve as the regional administrator at the pleasure of the council.

Sec. 35. [REPEALER.]

Minnesota Statutes 1992, section 473.123, subdivisions 3, 5, and 6, are repealed.

Sec. 36. [APPLICATION.]

This article applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 37. [EFFECTIVE DATES.]

Sections 1, 2, 4, 5, 6, 8, 9, 11, 32, 34, and 35, are effective the first Monday in January 1995. Sections 3, 7, 10, 12 to 31, and 33, are effective June 1, 1994."

Page 10, delete line 14

Page 10, line 15, delete "(6)" and insert "(5)"

Page 10, line 16, delete "(7)" and insert "(6)"

Page 11, line 2, delete "or the office of transit operations"

Page 11, line 11, before "ABOLISHED" insert "METROPOLITAN WASTE CONTROL COMMISSION" and delete "AGENCIES, SUCCESSORS" and insert "SUCCESSOR"

Page 11, line 12, delete everything after "Subdivision 1."

Page 11, delete lines 13 to 36

Page 12, delete lines 1 to 9

Page 12, line 10, delete "Subd. 3."

Page 12, line 30, delete "4" and insert "2"

Page 12, line 31, delete "agencies" and insert "the agency"

Page 12, after line 34, insert:

"Sec. 4. [METROPOLITAN COUNCIL EMPLOYEES.]

Permanent or regular staff employed by the metropolitan council as of March 1, 1994, may not be terminated by discharge, except for cause, or by layoff before the first Monday in January 1996. This act does not abrogate or change any rights enjoyed by the employees of the metropolitan council under the terms of a collective bargaining agreement that is authorized by Minnesota Statutes, section 179A.20, and that is in effect on March 1, 1994."

Page 12, line 35, delete "4" and insert "5"

Page 13, line 2, delete "5" and insert "6"

Page 13, line 5, after the period, insert "Section 4 is effective the day after final enactment."

Pages 15 and 16, delete section 4

Pages 17 and 18, delete section 6

Pages 20 to 39, delete sections 10 to 25

Page 40, lines 25 to 28, reinstate the stricken language and delete the new language

Page 40, lines 32 and 33, reinstate "regional transit board, metropolitan transit commission,"

Page 44, lines 32 to 35, reinstate the stricken language and delete the new language

Pages 45 to 49, delete sections 28 and 29

Page 51, line 4, reinstate everything after the first comma

Page 51, lines 5 to 8, reinstate the stricken language

Page 51, line 10, delete "managers" and insert "manager"

Page 51, line 11, delete "27" and insert "21"

Pages 52 and 53, delete sections 31 and 32

Page 54, lines 31 and 32, reinstate "regional transit board, metropolitan transit commission,"

Page 59, delete lines 4 to 12

Page 59, line 13, delete "(c)" and insert "(b)"

Page 60, lines 7 and 8, reinstate the stricken language

Page 60, line 9, reinstate the stricken "473.161" and delete "transportation," and insert "and for"

Page 60, lines 18 and 19, reinstate the stricken language

Page 61, lines 5 to 16, reinstate the stricken language and delete the new language

Page 61, delete section 43

Page 63, line 2, reinstate "transit board, transit commission,"

Page 63, line 3, reinstate the stricken comma

Page 64, line 18, strike "metropolitan"

Page 64, line 19, reinstate the stricken "regional transit board,"

Page 64, line 20, before "sports" insert "metropolitan" and reinstate the stricken comma

Page 64, lines 23, 25, 27, 29, 32, and 33, reinstate the stricken "or board"

Page 64, line 24, reinstate the stricken "or"

Page 64, line 25, reinstate the stricken "board"

Page 65, lines 1, 3, 6, and 9, reinstate the stricken "or board"

Pages 65 to 72, delete sections 48 to 54

Page 72, line 10, reinstate the stricken "other"

Pages 73 to 120, delete sections 58 to 139

Pages 142 to 150, delete sections 185 to 199

Page 152, line 4, reinstate the stricken language

Page 152, delete lines 14 to 20

Page 152, delete lines 22 to 36

Page 153, delete lines 1 to 4 and insert "Minnesota Statutes 1992, sections 115A.03, subdivision 20; 115A.33; 473.121, subdivision 21; 473.122; 473.153; 473.325, subdivision 5; 473.501, subdivision 2; 473.503; 473.504, subdivisions 1, 2, 3, 7, and 8; 473.511, subdivision 5; 473.517, subdivision 8; and 473.543, subdivision 5, are repealed."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on General Legislation, Veterans Affairs and Elections.

The report was adopted.

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

S. F. No. 2197, A bill for an act relating to elections; codifying and recodifying the legislative district boundaries used for the 1992 election, with adjustments to avoid dividing the cities of Willernie and New Hope and simplify the division of Ham Lake; providing for distribution and correction of redistricting plans; amending Minnesota Statutes 1992, sections 2.031, subdivision 2; 2.043; 2.053; 2.063; 2.073; 2.083; 2.093, subdivision 2; 2.103; 2.113; 2.123; 2.133; 2.143; 2.153, subdivision 2; 2.163; 2.173; 2.183; 2.193; 2.203, subdivision 1; 2.213; 2.223; 2.233; 2.243; 2.253; 2.263; 2.273; 2.283; 2.293; 2.313; 2.323; 2.333; 2.343; 2.353; 2.363; 2.373; 2.383; 2.393; 2.403; 2.413; 2.433; 2.443; 2.453, subdivision 1; 2.463; 2.473, subdivision 2; 2.483, subdivision 2; 2.493; 2.503; 2.513, subdivision 1; 2.523; 2.533; 2.543, subdivision 1; 2.553; 2.563; 2.573; 2.583; 2.593, subdivision 2; 2.603; 2.613, subdivision 2; 2.623; 2.633, subdivision 2; 2.643; 2.653, subdivision 1; 2.663; 2.673; 2.683, subdivision 1; 2.693; and 2.703, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 2.

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

The report was adopted.

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

S. F. No. 2199, A bill for an act relating to elections; codifying the congressional district plan adopted by the Minnesota special redistricting panel; proposing coding for new law in Minnesota Statutes, chapter 2; repealing Minnesota Statutes 1992, sections 2.741; 2.751; 2.761; 2.771; 2.781; 2.791; 2.801; and 2.811.

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. 1921, 2405, 2512, 2617, 2658, 2672, 2953 and 3004 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1826, 2197 and 2199 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Pelowski and Morrison, for the Higher Education Finance Division, introduced:

H. F. No. 3178, A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, and board of regents of the University of Minnesota, with certain conditions; changing the designation of Fond du Lac center; prescribing changes to certain financial aid programs; reinstating rules pertaining to private business, trade, and correspondence schools and technical colleges personnel licensing; limiting curricular authority of the POST board; abolishing the higher education coordinating board; adopting a post-secondary funding formula; providing for appointments; defining higher education board authority for bargaining with certain employees; designating certain higher education board employees as unclassified; clarifying transfer provisions for the merger of community colleges, state universities, and technical colleges; transferring bonding authority for the state universities to the higher education board; establishing the higher education board as the sole state agency for federal funding for vocational education; providing for appointments of additional student members on the higher education board; establishing the student board member selection process; authorizing the higher education board to supervise and control construction, improvement, and repair of its facilities; preserving distinct post-secondary missions; recognizing separate student associations; transferring excess debt service funds; amending Minnesota Statutes 1992, sections 43A.06, subdivision 1; 43A.08, subdivision 1; 43A.18, by adding a subdivision; 135A.01; 135A.02; 135A.03, as amended; 136.31; 136.32; 136.33; 136.34; 136.35; 136.36; 136.37; 136.38; 136.41, by adding a subdivision; 136.60; 136A.121, subdivision 17; 136A.125, subdivisions 2, 3, and 4; 136A.15, subdivision 6; 136C.06; and 136E.01, subdivisions 1 and 2; 179A.10, subdivision 1; Minnesota Statutes 1993 Supplement, sections 43A.18, subdivision 4; 136.41, subdivision 8; 136A.233, subdivisions 1 and 2; 136E.03; Laws 1991, chapter 356, article 9, sections 8, subdivision 1; 9; 12; and 13; Laws 1993, chapter 224, article 12, section 39; proposing coding for new law in Minnesota Statutes, chapters 135A; 136; and 136E; repealing Minnesota Statutes 1992, sections 135A.06, subdivisions 2, 3, 4, 5, and 6; 136.31, subdivision 6; 136.40; 136.41, subdivisions 1, 2, 3, 4, 5, 6, and 7; and 136.42; 136C.36; Minnesota Statutes 1993 Supplement, section 135A.061; Laws 1993, First Special Session chapter 2, article 1, section 9, subdivision 8.

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

Munger; Tunheim; Johnson, V.; Peterson and Anderson, I., introduced:

H. F. No. 3179, A bill for an act relating to waters; preservation of wetlands; drainage and filling for public roads; defining terms; board action on local government plans; action on approval of replacement plans; computation of value; appropriating money; amending Minnesota Statutes 1992, sections 103G.2242, subdivisions 1, 5, 6, 7, and 8; and 103G.237, subdivision 4; Minnesota Statutes 1993 Supplement, sections 103G.222; and 103G.2241.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Hausman introduced:

H. F. No. 3180, A bill for an act relating to contaminated sites; providing conditions for grants; providing for the property tax treatment of sites; amending Minnesota Statutes 1993 Supplement, sections 116J.556; 273.1399, subdivision 1; and 469.174, subdivision 19; repealing Minnesota Statutes 1993 Supplement, section 469.175, subdivision 7a.

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

Gruenes and Opatz introduced:

H. F. No. 3181, A bill for an act relating to capital improvements; St. Cloud; appropriating money for historic renovation of the Paramount Theater; authorizing the sale of state bonds.

The bill was read for the first time and referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

Olson, E., introduced:

H. F. No. 3182, A bill for an act relating to capital improvements; appropriating money to the commissioner of education to construct a community service center at Nay-Tah-Waush in Mahnomen county; authorizing the sale of state bonds.

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

Cooper; Garcia; Huntley; Brown, K., and Olson, K., introduced:

H. F. No. 3183, A bill for an act relating to health; requiring health program consolidation; expanding the MinnesotaCare program; establishing a standard benefit set; implementing insurance reforms; requiring other initiatives to assure health care access; increasing individual income tax liabilities; appropriating the proceeds of the increased tax to the health care access fund; amending Minnesota Statutes 1992, sections 62D.181, subdivision 8; 62J.03, by adding a subdivision; 256.9358, subdivision 3; 290.06, subdivision 2c; and 290.62; Minnesota Statutes 1993 Supplement, sections 62A.021, subdivision 1; 62E.11, subdivision 12; 256.9352, subdivision 3; 256.9353, by adding a subdivision; and 256.9357, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62J; repealing Minnesota Statutes 1992, section 62E.11, subdivisions 5 and 6; Minnesota Statutes 1993 Supplement, section 256.9357, subdivision 2.

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

Dawkins introduced:

H. F. No. 3184, A bill for an act relating to taxation; providing for the application of certain taxation and exemption provisions; amending Minnesota Statutes 1992, sections 60A.02, by adding a subdivision; and 290.01, by adding a subdivision.

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

Weaver and Lynch introduced:

H. F. No. 3185, A bill for an act relating to education; reviving rules related to school nurse licensure; amending Laws 1993, chapter 224, article 12, section 39.

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

Bishop, Simoneau, Greenfield and Orenstein introduced:

H. F. No. 3186, A bill for an act relating to health; prohibiting provision of health care to an infant diagnosed with anencephaly; amending Minnesota Statutes 1993 Supplement, section 260.015, subdivision 2a; proposing coding for new law in Minnesota Statutes, chapter 145.

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

Bishop, Simoneau, Greenfield and Orenstein introduced:

H. F. No. 3187, A bill for an act relating to health; modifying provisions relating to a durable power of attorney; amending Minnesota Statutes 1993 Supplement, section 145C.11, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 145C; repealing Minnesota Statutes 1993 Supplement, section 145C.15.

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

Simoneau introduced:

H. F. No. 3188, A bill for an act relating to health; requiring health program consolidation; expanding the MinnesotaCare program; establishing a standard benefit set; implementing insurance reforms; requiring other initiatives to assure health care access; increasing individual income tax liabilities; appropriating the proceeds of the increased tax to the health care access fund; amending Minnesota Statutes 1992, sections 62D.181, subdivision 8; 62J.03, by adding a subdivision; 256.9358, subdivision 3; 290.06, subdivision 2c; and 290.62; Minnesota Statutes 1993 Supplement, sections 62A.021, subdivision 1; 62E.11, subdivision 12; 256.9352, subdivision 3; 256.9353, by adding a subdivision; and 256.9357, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62J; repealing Minnesota Statutes 1992, section 62E.11, subdivisions 5 and 6; Minnesota Statutes 1993 Supplement, section 256.9357, subdivision 2.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 2074, A bill for an act relating to crime prevention; juvenile justice; providing for adult court jurisdiction over juveniles alleged to have committed first degree murder or first degree criminal sexual conduct after age 16; providing for presumptive certification to adult court for juveniles alleged to have committed other prison-level felonies; authorizing the court or the prosecutor to designate a juvenile a serious youthful offender; authorizing adult felony sentences for serious youthful offenders; extending juvenile court jurisdiction to age 23; limiting certification to adult court to felony offenses; extending a right to jury trial to serious youthful offenders; requiring that a juvenile have an in-person consultation with counsel before waiving right to counsel; requiring appointment of counsel or standby counsel for juveniles charged with gross misdemeanors or felonies or when out-of-home delinquency placement is proposed; providing for adult court jurisdiction over juveniles alleged to have committed nonfelony-level traffic offenses after age 16; authorizing the juvenile court to require parents to attend delinquency hearings; providing for the sharing of certain data collected or maintained on juveniles; requiring county attorneys to establish juvenile diversion programs; providing mandatory minimum sentences for drive-by shooting crimes; expanding the crime relating to the possession of dangerous weapons on school property; increasing penalties for certain firearms offenses involving youth; establishing a task force on juvenile justice programming evaluation and planning; requiring that the department of corrections provide programming for serious and repeat juvenile offenders; appropriating money; amending Minnesota Statutes 1992, sections 13.99, subdivision 79; 242.31, subdivision 1; 242.32; 260.015, subdivision 5; 260.111, by adding a subdivision; 260.115, subdivision 1; 260.121, subdivision 3; 260.125; 260.131, by adding a subdivision; 260.132; 260.155, subdivision 2, and by adding a subdivision; 260.161, subdivisions 1a, 2, and by adding a subdivision; 260.181, subdivision 4; 260.185, subdivision 3; 260.193, subdivisions 1, 3, 4, 6, and by adding a subdivision; 260.211, subdivision 1; 260.215, subdivision 1; 260.291; 268.31; 609.055, subdivision 2; 611.15; 611.19; 611.25, subdivision 1; 611A.02, by adding a subdivision; and 611A.77, subdivision 1; Minnesota Statutes 1993 Supplement, sections 13.46, subdivision 2; 144.651, subdivisions 2, 21, and 26; 253B.03, subdivisions 3 and 4; 260.155, subdivision 1; 260.161, subdivisions 1 and 3; 299A.35, subdivisions 1 and 2; 299C.65, subdivision 1; 401.065, subdivision 1, and by adding a subdivision; 609.11, subdivision 9; 609.66, subdivision 1d; 624.713, subdivision 1; 624.7132, subdivision 15; and 624.7181, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 260; 299A; 388; and 609; repealing Minnesota Statutes 1992, section 260.125, subdivision 3.

The Senate has appointed as such committee:

Ms. Ranum; Messrs. Spear; Beckman; McGowan and Laidig.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 2016, A bill for an act relating to commerce; regulating mortgage payment services; requiring a bond or other security; amending Minnesota Statutes 1992, section 332.13, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 332.

PATRICK E. FLAHAVEN, Secretary of the Senate

Asch moved that the House refuse to concur in the Senate amendments to H. F. No. 2016, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. No. 1512, A bill for an act relating to elections; providing uniform local election procedures; requiring regular city elections to be held in the fall; permitting town elections to be held in November; making uniform certain local government procedures; providing for the identification of judicial offices; authorizing special elections to be conducted by mail ballot; amending Minnesota Statutes 1992, sections 103C.305, subdivision 2; 123.33, subdivision 1; 204B.14, subdivision 8; 204B.36, subdivision 4; 205.02, subdivision 2; 205.065, subdivisions 1 and 2; 205.07, subdivision 1; 205.10, by adding a subdivision; 205.13, subdivision 1, and by adding a subdivision; 205.16, subdivisions 1 and 2; 205.17, subdivision 4; 205.175; 206.90, subdivision 6; 365.51, subdivisions 1 and 3; and 367.03; proposing coding for new law in Minnesota Statutes, chapter 204D; repealing Minnesota Statutes 1992, sections 205.065, subdivision 3; 205.18; 205.20; and 410.21.

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

Messrs. Luther, Marty and Laidig.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Osthoff moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1512. The motion prevailed.

Mr. Speaker:

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

S. F. No. 760, A bill for an act relating to natural resources; granting power to the commissioner of natural resources to give nominal gifts, acknowledge contributions, and sell advertising; appropriating money; amending Minnesota Statutes 1992, section 84.027, by adding a subdivision.

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

Messrs. Price, Morse and Merriam.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Wolf moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 760. The motion prevailed.

CONSENT CALENDAR

S. F. No. 2522, A bill for an act relating to Wadena county; permitting the consolidation of the offices of auditor and treasurer.

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 129 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Kalis Kinkel

The bill was passed and its title agreed to.

H. F. No. 942, A bill for an act relating to traffic regulations; requiring every driver to use due care in operating a motor vehicle; amending Minnesota Statutes 1992, section 169.14, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Bergson	Carlson	Davids	Erhardt	Girard	Hasskamp
Anderson, R.	Bertram	Carruthers	Dawkins	Evans	Goodno	Hausman
Asch	Bettermann	Clark	Dehler	Farrell	Greenfield	Holsten
Battaglia	Bishop	Commers	Delmont	Finseth	Greiling	Hugoson
Bauerly	Brown, C.	Cooper	Dempsey	Frerichs	Gruenes	Huntley
Beard	Brown, K.	Dauner	Dorn	Garcia	Gutknecht	Jacobs

Jefferson	Krinkie	Mariani	Olson, K.	Peterson	Smith	Vickerman
Jennings	Krueger	McCollum	Olson, M.	Pugh	Solberg	Wagenius
Johnson, A.	Lasley	McGuire	Onnen	Reding	Stanius	Waltman
Johnson, R.	Leppik	Milbert	Opatz	Rest	Steensma	Wejcman
Johnson, V.	Lieder	Molnau	Orenstein	Rhodes	Sviggum	Wenzel
Kalis	Limmer	Morrison	Orfield	Rice	Swenson	Winter
Kelley	Lindner	Mosel	Osthoff	Rodosovich	Tomassoni	Wolf
Kelso	Long	Munger	Ostrom	Rukavina	Tompkins	Worke
Kinkel	Lourey	Murphy	Ozment	Sarna	Trimble	Workman
Klinzing	Luther	Neary	Pauly	Seagren	Tunheim	Spk. Anderson, I.
Knickerbocker	Lynch	Nelson	Pawlenty	Sekhon	Van Dellen	
Knight	Macklin	Ness	Pelowski	Simoneau	Van Engen	
Koppendrayer	Mahon	Olson, E.	Perlt	Skoglund	Vellenga	

Those who voted in the negative were:

Kahn	Weaver

The bill was passed and its title agreed to.

H. F. No. 1844, A bill for an act relating to highways; designating trunk highway marked No. 212 as the Minnesota Veterans Memorial Highway; amending Minnesota Statutes 1992, section 161.14, by adding a subdivision.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 1909, A bill for an act relating to retirement; local police and salaried firefighters relief associations and consolidation accounts; requiring continuation of surviving spouse benefits upon remarriage; amending Minnesota Statutes 1992, section 423A.17; Minnesota Statutes 1993 Supplement, section 353B.11, subdivision 6.

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

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

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 1927, A bill for an act relating to public employment; authorizing a Medicare coverage referendum for certain city of Karlstad hospital employees.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 1928, A bill for an act relating to motor vehicles; authorizing special license plates for vehicles owned by volunteer ambulance drivers; amending Minnesota Statutes 1992, section 168.12, by adding a subdivision.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1752, A bill for an act relating to highways; designating the Laura Ingalls Wilder historic highway; amending Minnesota Statutes 1992, section 161.14, by adding a subdivision.

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 129 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Commers

The bill was passed and its title agreed to.

H. F. No. 2094 was reported to the House.

Bauerly moved that H. F. No. 2094 be continued on the Consent Calendar. The motion prevailed.

S. F. No. 1968, A bill for an act relating to veterans; extending eligibility for special veterans' license plates to allied veterans; amending Minnesota Statutes 1992, section 168.123, subdivisions 1 and 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 130 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Lindner

The bill was passed and its title agreed to.

H. F. No. 2159, A bill for an act relating to limited liability companies; providing for the application of unemployment compensation laws; amending Minnesota Statutes 1993 Supplement, section 268.04, subdivision 12.

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

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

Those who voted in the affirmative were:

Abrams	Bishop	Davids	Finseth	Hasskamp	Johnson, R.	Knight
Anderson, R.	Brown, C.	Dawkins	Frerichs	Hausman	Johnson, V.	Koppendrayer
Asch	Brown, K.	Dehler	Garcia	Holsten	Kahn	Krinkie
Battaglia	Carlson	Delmont	Girard	Hugoson	Kalis	Krueger
Bauerly	Carruthers	Dempsey	Goodno	Huntley	Kelley	Lasley
Beard	Clark	Dorn	Greenfield	Jacobs	Kelso	Leppik
Bergson	Commers	Erhardt	Greiling	Jefferson	Kinkel	Lieder
Bertram	Cooper	Evans	Gruenes	Jennings	Klinzing	Limmer
Bettermann	Dauner	Farrell	Gutknecht	Johnson, A.	Knickerbocker	Lindner

Long	Molnau	Olson, M.	Pelowski	Sarna	Swenson	Waltman
Lourey	Morrison	Onnen	Perlt	Seagren	Tomassoni	Weaver
Luther	Mosel	Opatz	Peterson	Sekhon	Tompkins	Wejcman
Lynch	Munger	Orenstein	Pugh	Simoneau	Trimble	Wenzel
Macklin	Murphy	Orfield	Reding	Skoglund	Tunheim	Winter
Mahon	Neary	Osthoff	Rest	Smith	Van Dellen	Wolf
Mariani	Nelson	Ostrom	Rhodes	Solberg	Van Engen	Worke
McCollum	Ness	Ozment	Rice	Stanius	Vellenga	Workman
McGuire	Olson, E.	Pauly	Rodosovich	Steensma	Vickerman	Spk. Anderson, I.
Milbert	Olson, K.	Pawlenty	Rukavina	Sviggum	Wagenius	

The bill was passed and its title agreed to.

The Speaker called Carruthers to the Chair.

H. F. No. 2269 was reported to the House.

Tunheim moved to amend H. F. No. 2269, the first engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [TEACHERS RETIREMENT ASSOCIATION; EFFECTIVE DATE FOR RETIREMENT ANNUITY ACCRUAL.]

(a) An annuitant from the teachers retirement association who terminated employment with the Roseau school district on June 30, 1982, and whose application for retirement was postmarked July 1, 1982, must have the retirement effective date revised under paragraph (b), must have the retirement annuity recomputed under paragraph (c), is entitled to a back payment of omitted postretirement adjustment amounts under paragraph (d), and must have additional retirement reserves appropriated under paragraph (e).

(b) Notwithstanding any provision of law to the contrary, the individual described in paragraph (a) must be considered to have retired effective July 1, 1982, and to have accrued a retirement annuity from that date.

(c) Notwithstanding any provision of law to the contrary, the individual described in paragraph (a) must have the future retirement annuity amount increased to account for the adjustment paid to other eligible annuitants from the Minnesota postretirement investment fund on January 1, 1984, and the compounding effect of subsequent postretirement adjustments through the date of enactment to function as the new base retirement annuity for postretirement adjustments after the date of enactment.

(d) The individual described in paragraph (a) is entitled to a lump sum payment of postretirement adjustment amounts omitted by virtue of the failure to receive the January 1, 1984, postretirement adjustment under Minnesota Statutes, section 11A.18, including the compounding effect of subsequent postretirement adjustments for the period January 1, 1984, through the date of enactment.

(e) The amount of the required reserves for the recomputed retirement annuity for transfer to the Minnesota postretirement investment fund under paragraph (c) and the amount of the lump sum back payment under paragraph (d) are appropriated from the teachers retirement fund.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to retirement; teachers retirement association; authorizing annuity adjustment for a certain annuitant."

The motion prevailed and the amendment was adopted.

H. F. No. 2269, A bill for an act relating to retirement; teachers retirement association; authorizing annuity adjustment for a certain annuitant.

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

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

Those who voted in the affirmative were:

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

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

H. F. No. 2277, A bill for an act relating to the environment; providing for the continuation of certain environmental advisory boards; amending Minnesota Statutes 1992, sections 115A.072, subdivision 1; and 115A.12.

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 114 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Hugoson	Leppik	Nelson	Reding	Trimble
Anderson, R.	Delmont	Huntley	Lieder	Ness	Rest	Tunheim
Asch	Dempsey	Jacobs	Long	Olson, E.	Rhodes	Van Dellen
Battaglia	Dorn	Jefferson	Lourey	Olson, K.	Rice	Vellenga
Bauerly	Erhardt	Jennings	Luther	Onnen	Rodosovich	Vickerman
Beard	Evans	Johnson, A.	Lynch	Opatz	Rukavina	Wagenius
Bergson	Farrell	Johnson, R.	Macklin	Orenstein	Sarna	Weaver
Bertram	Finseth	Johnson, V.	Mahon	Orfield	Seagren	Wejcman
Bishop	Frerichs	Kahn	Mariani	Osthoff	Sekhon	Wenzel
Brown, C.	Garcia	Kalis	McCollum	Ostrom	Simoneau	Winter
Brown, K.	Girard	Kelley	McGuire	Ozment	Skoglund	Wolf
Carlson	Goodno	Kelso	Milbert	Pauly	Smith	Spk. Anderson, I.
Carruthers	Greenfield	Klinzing	Morrison	Pawlenty	Solberg	
Clark	Greiling	Knickerbocker	Mosel	Pelowski	Steensma	
Commers	Gruenes	Koppendrayer	Munger	Perlt	Swenson	
Cooper	Hasskamp	Krueger	Murphy	Peterson	Tomassoni	
Dauner	Hausman	Lasley	Neary	Pugh	Tompkins	

Those who voted in the negative were:

Bettermann	Gutknecht	Krinkie	Molnau	Van Engen	Workman
Davids	Holsten	Limmer	Olson, M.	Waltman	
Dehler	Knight	Lindner	Sviggum	Worke	

The bill was passed and its title agreed to.

H. F. No. 2309, A bill for an act relating to highways; changing highway description; amending Minnesota Statutes 1992, section 161.115, subdivision 224.

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

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

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 2260 was reported to the House.

McCollum moved to amend S. F. No. 2260 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 168.012, is amended by adding a subdivision to read:

Subd. 1d. [STATE LOTTERY VEHICLES.] Unmarked passenger vehicles used by the state lottery for the purpose of conducting security or criminal investigations or ensuring that lottery retailers are in compliance with law and with their contracts are not required to display tax-exempt number plates, but must be registered and must display passenger vehicle license plates. The registrar shall furnish the license plates to the director of the state lottery at cost. On applying for initial registration or renewal of a registration under this subdivision, the director of the state lottery must certify, on a form prescribed by the registrar and signed by the director, that the vehicles will be used exclusively for the purposes of this subdivision.

Sec. 2. Minnesota Statutes 1992, section 168.042, subdivision 12, is amended to read:

Subd. 12. [ISSUANCE OF SPECIAL REGISTRATION PLATES.] A violator or registered owner may apply to the commissioner for new registration plates, which must bear a special series of numbers or letters so as to be readily identified by traffic law enforcement officers. The commissioner may authorize the issuance of special plates if:

(1) ~~a member of~~ the ~~violator's household~~ violator has a ~~valid driver's license~~ qualified licensed driver whom the violator must identify;

(2) the violator or registered owner has a limited license issued under section 171.30;

(3) the registered owner is not the violator and the registered owner has a valid or limited driver's license; or

(4) a member of the registered owner's household has a valid driver's license.

The commissioner may issue the special plates on payment of a $25 fee for each vehicle for which special plates are requested.

Sec. 3. Minnesota Statutes 1993 Supplement, section 171.06, subdivision 4, is amended to read:

Subd. 4. [APPLICATION, FILING; FEE RETAINED FOR EXPENSES.] Any applicant for an instruction permit, a driver's license, restricted license, or duplicate license may file an application with a court administrator of the district court or at a state office. The administrator or state office shall receive and accept the application. To cover all expenses involved in receiving, accepting, or forwarding to the department applications and fees, the court administrator of the district court may retain a county fee of $3.50 for each application for a Minnesota identification card, instruction permit, duplicate license, driver license, or restricted license. The amount allowed to be retained by the court administrator of the district court shall be paid into the county treasury and credited to the general revenue fund of the county. Before the end of the first working day following the final day of an established reporting period, the court administrator shall forward to the department all applications and fees collected during the reporting period, less the amount herein allowed to be retained for expenses. The court administrators of the district courts may appoint agents to assist in accepting applications, but the administrators shall require every agent to forward to the administrators by whom the agent is appointed all applications accepted and fees collected by the agent, except that an agent ~~may~~ shall retain the county fee to cover the agent's expenses involved in receiving, accepting or forwarding the applications and fees. The court administrators shall be responsible for the acts of agents appointed by them and for the forwarding to the department of all applications accepted and those fees collected by agents and by themselves as are required to be forwarded to the department.

Sec. 4. Minnesota Statutes 1992, section 171.12, subdivision 1, is amended to read:

Subdivision 1. [LICENSES FILED IN ALPHABETICAL ORDER.] The department shall file every application for a driver's license received by it and shall maintain suitable indices containing, in alphabetical order:

(1) all applications denied~~,~~ and ~~on each thereof~~ the reason for ~~such~~ denial;

(2) all applications granted; and

(3) the name of every person whose license has been suspended ~~or~~, revoked, or canceled or who has been disqualified from operating a commercial motor vehicle by the department, and after each ~~such~~ name the reasons for ~~such~~ the action.

Sec. 5. Minnesota Statutes 1992, section 171.12, subdivision 3, is amended to read:

Subd. 3. [APPLICATIONS AND RECORDS, WHEN DESTROYED.] The department may cause ~~the application~~ applications for drivers' licenses and instruction permits, and related records ~~in connection therewith~~, to be destroyed immediately after the period for which issued, except that the driver's record pertaining to revocations, suspensions, cancellations, disqualifications, convictions, and accidents shall be cumulative and kept for a period of at least five years.

Sec. 6. Minnesota Statutes 1992, section 171.12, subdivision 3a, is amended to read:

Subd. 3a. [RECORD DESTROYED WHEN ~~REVOCATION OR SUSPENSION~~ ORDER RESCINDED.] Notwithstanding subdivision 3 or section 138.163, when an order for revocation ~~or~~, suspension, or cancellation of a driver's license or disqualification of a driver from operating a commercial motor vehicle is rescinded and all rights of appeal have been exhausted or have expired, the commissioner shall remove the record of that revocation ~~or~~, suspension, cancellation, or disqualification from the computer records that are disclosed to persons or agencies outside the driver and vehicle services division, department of public safety.

Sec. 7. Minnesota Statutes 1992, section 171.165, subdivision 4, is amended to read:

Subd. 4. [SERIOUS TRAFFIC VIOLATIONS.] On receiving a record of conviction and subject to section 171.166, the commissioner shall disqualify a person from operating commercial motor vehicles for 60 days if the person is convicted of two serious traffic violations, or 120 days if convicted of three serious traffic violations. The violations

must involve separate incidents and must have been committed in a commercial motor vehicle within a three-year period. For purposes of this subdivision, a serious traffic offense includes the following:

(1) following too closely under section 169.18, subdivision 8;

(2) erratic lane change under sections 169.18, subdivisions 3 and 7; and 169.19, subdivision 4;

(3) operating the commercial vehicle at a speed 15 miles per hour or more above the posted speed limit;

~~(2)~~ (4) reckless or careless driving under section 169.13;

~~(3)~~ (5) fleeing a peace officer under section 609.487; and

~~(4)~~ (6) a violation of a moving traffic statute of Minnesota or any state, or an ordinance in conformity with a Minnesota statute, that arose in connection with a fatal accident.

Sec. 8. Minnesota Statutes 1993 Supplement, section 171.22, subdivision 1, is amended to read:

Subdivision 1. [VIOLATIONS.] With regard to any driver's license, including a commercial driver's license, it shall be unlawful for any person:

(1) to display, cause or permit to be displayed, or have in possession, any~~:~~

~~(i) canceled, revoked, or suspended driver's license;~~

~~(ii) driver's license for which the person has been disqualified; or~~

~~(iii)~~ fictitious or fraudulently altered driver's license or Minnesota identification card;

(2) to lend the person's driver's license or Minnesota identification card to any other person or knowingly permit the use thereof by another;

(3) to display or represent as one's own any driver's license or Minnesota identification card not issued to that person;

(4) to use a fictitious name or date of birth to any police officer or in any application for a driver's license or Minnesota identification card, or to knowingly make a false statement, or to knowingly conceal a material fact, or otherwise commit a fraud in any such application;

(5) to alter any driver's license or Minnesota identification card;

(6) to take any part of the driver's license examination for another or to permit another to take the examination for that person;

(7) to make a counterfeit driver's license or Minnesota identification card; or

(8) to use the name and date of birth of another person to any police officer for the purpose of falsely identifying oneself to the police officer.

Sec. 9. Minnesota Statutes 1993 Supplement, section 171.29, subdivision 2, is amended to read:

Subd. 2. [FEES, ALLOCATION.] (a) A person whose ~~drivers~~ driver's license has been revoked as provided in subdivision 1, except under section 169.121 or 169.123, shall pay a $30 fee before the ~~person's drivers~~ driver's license is reinstated.

(b) A person whose ~~drivers~~ driver's license has been revoked as provided in subdivision 1 under section 169.121 or 169.123 shall pay a $250 fee before the ~~person's drivers~~ driver's license is reinstated, to be credited as follows:

(1) ~~20~~ Twenty percent shall be credited to the trunk highway fund~~;~~.

(2) ~~55~~ Fifty-five percent shall be credited to the general fund~~;~~.

(3) Eight percent shall be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and the appropriated amount shall be ~~divided as follows: eight~~ apportioned 80 percent for laboratory costs~~; two~~ and 20 percent for carrying out the provisions of section 299C.065~~;~~.

(4) ~~12~~ Twelve percent shall be credited to a separate account to be known as the alcohol-impaired driver education account. Money in the account may be appropriated to the commissioner of education for programs in elementary and secondary schools~~; and~~.

(5) Five percent shall be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. $100,000 is annually appropriated from the account to the commissioner of human services for traumatic brain injury case management services. The remaining money in the account is annually appropriated to the commissioner of health to establish and maintain the traumatic brain injury and spinal cord injury registry created in section 144.662 and to reimburse the commissioner of jobs and training for the reasonable cost of services provided under section 268A.03, clause (o).

Sec. 10. Minnesota Statutes 1993 Supplement, section 171.30, subdivision 2a, is amended to read:

Subd. 2a. [OTHER WAITING PERIODS.] Notwithstanding subdivision 2, a limited license shall not be issued for a period of:

(1) 15 days, to a person whose license or privilege has been revoked or suspended for a violation of section 169.121 ~~or~~, 169.123, or a statute or ordinance from another state in conformity with either of those sections;

(2) 90 days, to a person who submitted to testing under section 169.123 if the person's license or privilege has been revoked or suspended for a second or subsequent violation of section 169.121 ~~or~~, 169.123, or a statute or ordinance from another state in conformity with either of those sections;

(3) 180 days, to a person who refused testing under section 169.123 if the person's license or privilege has been revoked or suspended for a second or subsequent violation of section 169.121 ~~or~~, 169.123, or a statute or ordinance from another state in conformity with either of those sections; or

(4) one year, to a person whose license or privilege has been revoked or suspended for ~~commission of the offense of~~ committing manslaughter resulting from the operation of a motor vehicle ~~or~~, committing criminal vehicular homicide or injury under section 609.21, or violating a statute or ordinance from another state in conformity with either of those offenses.

Sec. 11. Minnesota Statutes 1992, section 260.151, subdivision 1, is amended to read:

Subdivision 1. Upon request of the court the county welfare board or probation officer shall investigate the personal and family history and environment of any minor coming within the jurisdiction of the court under section 260.111 and shall report its findings to the court. The court may order any minor coming within its jurisdiction to be examined by a duly qualified physician, psychiatrist, or psychologist appointed by the court.

The court shall have a chemical use assessment conducted when a child is (1) found to be delinquent for violating a provision of chapter 152, or for committing a felony-level violation of a provision of chapter 609 if the probation officer determines that alcohol or drug use was a contributing factor in the commission of the offense, or (2) alleged to be delinquent for violating a provision of chapter 152, if the child is being held in custody under a detention order. The assessor's qualifications and the assessment criteria shall comply with Minnesota Rules, parts 9530.6600 to 9530.6655. If funds under chapter 254B are to be used to pay for the recommended treatment, the assessment and placement must comply with all provisions of Minnesota Rules, parts 9530.6600 to 9530.6655 and 9530.7000 to 9530.7030. The commissioner of ~~public safety~~ human services shall reimburse the court for the cost of the chemical use assessment, up to a maximum of $100.

With the consent of the commissioner of corrections and agreement of the county to pay the costs thereof, the court may, by order, place a minor coming within its jurisdiction in an institution maintained by the commissioner for the detention, diagnosis, custody and treatment of persons adjudicated to be delinquent, in order that the condition of

the minor be given due consideration in the disposition of the case. Adoption investigations shall be conducted in accordance with the laws relating to adoptions. Any funds received under the provisions of this subdivision shall not cancel until the end of the fiscal year immediately following the fiscal year in which the funds were received. The funds are available for use by the commissioner of corrections during that period and are hereby appropriated annually to the commissioner of corrections as reimbursement of the costs of providing these services to the juvenile courts."

Delete the title and insert:

"A bill for an act relating to public safety; making technical corrections; exempting state lottery from registration tax for license plates on vehicles used for conducting security or criminal investigations; requiring district court agents to retain filing fee for receiving and forwarding drivers' license applications and fees; allowing special, coded license plates to be issued, following impoundment of former plates, to licensed driver identified by vehicle's registered owner; requiring department of public safety to keep records for five years of cancellations and disqualifications of drivers' licenses, unless rescinded; classifying offenses of following too closely and erratic lane change as serious traffic offenses for purposes of disqualifying driver from operating commercial motor vehicle; requiring same waiting period for Minnesota limited driver's license whether offense was committed in Minnesota or in another state; amending Minnesota Statutes 1992, sections 168.012, by adding a subdivision; 168.042, subdivision 12; 171.12, subdivisions 1, 3, and 3a; 171.165, subdivision 4; and 260.151, subdivision 1; Minnesota Statutes 1993 Supplement, sections 171.06, subdivision 4; 171.22, subdivision 1; 171.29, subdivision 2; and 171.30, subdivision 2a."

The motion prevailed and the amendment was adopted.

S. F. No. 2260, A bill for an act relating to public safety; making technical corrections; allowing special, coded license plates to be issued, following impoundment of former plates, to licensed driver identified by vehicle's registered owner; requiring department of public safety to keep records for five years of cancellations and disqualifications of drivers' licenses, unless rescinded; classifying offenses of following too closely and erratic lane change as serious traffic offenses for purposes of disqualifying driver from operating commercial motor vehicle; imposing a penalty for displaying invalid driver's license as being valid; requiring same waiting period for Minnesota limited driver's license whether offense was committed in Minnesota or in another state; amending Minnesota Statutes 1992, sections 168.042, subdivision 12; 171.12, subdivisions 1, 3, and 3a; 171.165, subdivision 4; and 260.151, subdivision 1; Minnesota Statutes 1993 Supplement, sections 171.22, subdivision 1; 171.29, subdivision 2; and 171.30, subdivision 2a.

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

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 3 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Davids	Dempsey	Wejcman

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

H. F. No. 2362 was reported to the House.

Lasley moved to amend H. F. No. 2362, the second engrossment, as follows:

Page 1, line 16, after "the" insert "dog"

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

H. F. No. 2362, A bill for an act relating to animals; changing the definition of a potentially dangerous dog; changing the identification tag requirements for a dangerous dog; amending Minnesota Statutes 1992, sections 347.50, subdivision 3; and 347.51, subdivision 7.

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

The question was taken on the passage of the bill and the roll was called. There were 114 yeas and 17 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Jacobs	Long	Ness	Rest	Trimble
Anderson, R.	Delmont	Jaros	Lourey	Olson, E.	Rhodes	Tunheim
Asch	Dorn	Jefferson	Luther	Olson, K.	Rice	Van Dellen
Battaglia	Erhardt	Jennings	Lynch	Onnen	Rodosovich	Vellenga
Bauerly	Evans	Johnson, A.	Macklin	Opatz	Rukavina	Vickerman
Beard	Farrell	Johnson, R.	Mahon	Orenstein	Sarna	Wagenius
Bergson	Frerichs	Kelley	Mariani	Orfield	Seagren	Weaver
Bettermann	Garcia	Kelso	McCollum	Osthoff	Sekhon	Wejcman
Bishop	Girard	Kinkel	McGuire	Ostrom	Simoneau	Wenzel
Brown, C.	Greenfield	Klinzing	Milbert	Ozment	Skoglund	Winter
Brown, K.	Greiling	Knickerbocker	Molnau	Pauly	Smith	Worke
Carlson	Gutknecht	Koppendrayer	Morrison	Pawlenty	Solberg	Spk. Anderson, I.
Carruthers	Hasskamp	Krueger	Mosel	Pelowski	Steensma	
Clark	Hausman	Lasley	Munger	Perlt	Sviggum	
Commers	Holsten	Leppik	Murphy	Peterson	Swenson	
Cooper	Hugoson	Lieder	Neary	Pugh	Tomassoni	
Dauner	Huntley	Limmer	Nelson	Reding	Tompkins	

Those who voted in the negative were:

Davids	Finseth	Johnson, V.	Krinkie	Stanius	Wolf
Dehler	Goodno	Kalis	Lindner	Van Engen	Workman
Dempsey	Gruenes	Knight	Olson, M.	Waltman	

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

H. F. No. 2365 was reported to the House.

Morrison moved to amend H. F. No. 2365, the first engrossment, as follows:

Amend the title as follows:

Page 1, line 8, delete "three" and insert "ten"

The motion prevailed and the amendment was adopted.

H. F. No. 2365, A bill for an act relating to traffic regulations; making technical changes; removing requirement for auxiliary low beam lights to be removed or covered when snowplow blade removed; requiring seat belts for commercial motor vehicles; allowing transportation within state of raw farm and forest products exceeding maximum weight limitation by not more than ten percent; amending Minnesota Statutes 1992, sections 169.743; and 169.851, subdivision 5; Minnesota Statutes 1993 Supplement, sections 169.122, subdivision 5; 169.47, subdivision 1; 169.522, subdivision 1; 169.56, subdivision 5; and 169.686, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Girard Tunheim

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

S. F. No. 1983, A bill for an act relating to economic development; clarifying applications and criteria for Minnesota companies to participate in the international business partnership program; amending Minnesota Statutes 1992, section 116J.974.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1967, A bill for an act relating to drivers' licenses; allowing commissioner of public safety to determine driver's test taken for license reinstatement; amending Minnesota Statutes 1992, section 171.29, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, R.

The bill was passed and its title agreed to.

H. F. No. 2508 was reported to the House.

Steensma moved that H. F. No. 2508 be continued on the Consent Calendar. The motion prevailed.

H. F. No. 2511 was reported to the House.

Steensma moved to amend H. F. No. 2511, the first engrossment, as follows:

Page 1, line 26, after "to" insert "(1) either"

Page 2, line 2, delete "a rail"

Page 2, line 3, delete the new language

Page 2, line 5, before the period, insert ", or (2) a rail carrier for rehabilitation of locomotives"

The motion prevailed and the amendment was adopted.

H. F. No. 2511, A bill for an act relating to railroads; authorizing rail carriers to participate in loan guarantee program; defining terms; amending eligibility requirements; amending Minnesota Statutes 1992, sections 222.55; 222.56, subdivisions 5, 6, and by adding subdivisions; 222.57; and 222.58, subdivision 2.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

H. F. No. 2625 was reported to the House.

Mahon moved that H. F. No. 2625 be stricken from the Consent Calendar and be placed on General Orders. The motion prevailed.

S. F. No. 2415, A bill for an act relating to traffic regulations; increasing from $500 to $1,000 the threshold level of reportable motor vehicle accidents; amending Minnesota Statutes 1993 Supplement, section 169.09, 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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

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.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2762, A bill for an act relating to traffic regulations; regulating use and operation of Head Start school buses; amending Minnesota Statutes 1992, sections 169.01, by adding a subdivision; 169.28, subdivision 1; 169.441, subdivisions 2 and 4; 169.442, subdivision 5; 169.443, subdivisions 5 and 6; 169.447; 169.448, subdivisions 1 and 3; 169.451; 169.64, subdivision 8; 169.781, subdivision 1; 169.87, subdivision 3; 171.01, by adding a subdivision; 171.3215; 221.011, subdivision 21; and 631.40, subdivision 1a; Minnesota Statutes 1993 Supplement, sections 171.321, subdivision 2; 221.025; and 221.031, 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

Carruthers moved that the remaining bills on the Consent Calendar for today be continued. The motion prevailed.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Carruthers, from the Committee on Rules and Legislative Administration, pursuant to rule 1.09, designated the following bills as Special Orders to be acted upon immediately preceding General Orders for today:

H. F. Nos. 2139, 2513, 2784, 664, 2034, 2244, 2882, 3057 and 2572; and S. F. No. 1692.

SPECIAL ORDERS

Carruthers moved that the bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Carruthers moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Wejcman moved that the name of Orenstein be added as an author on H. F. No. 2434. The motion prevailed.

Kahn moved that the name of Kinkel be shown as chief author on H. F. No. 3120. The motion prevailed.

Lieder moved that the name of Johnson, V., be added as an author on H. F. No. 3172. The motion prevailed.

Dehler moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Tuesday, March 29, 1994, when the vote was taken on the final passage of H. F. No. 1778." The motion prevailed.

Krueger moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Tuesday, March 29, 1994, when the vote was taken on the final passage of H. F. No. 1778." The motion prevailed.

Leppik moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Tuesday, March 29, 1994, when the vote was taken on the final passage of H. F. No. 1778." The motion prevailed.

Tomassoni moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Tuesday, March 29, 1994, when the vote was taken on the final passage of H. F. No. 1778." The motion prevailed.

Rice moved that H. F. No. 1918, now on General Orders, be re-referred to the Committee on Economic Development, Infrastructure and Regulation Finance. The motion prevailed.

Clark moved that H. F. No. 2349 be recalled from the Committee on Environment and Natural Resources Finance and be re-referred to the Committee on Governmental Operations and Gambling. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2016:

Asch; Johnson, R., and Davids.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1512:

Osthoff, Solberg and Abrams.

ADJOURNMENT

Carruthers moved that when the House adjourns today it adjourn until 2:30 p.m., Monday, April 4, 1994. The motion prevailed.

Carruthers moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Monday, April 4, 1994.

EDWARD A. BURDICK, Chief Clerk, House of Representatives