

VOLUME 2
JOURNAL
OF THE
HOUSE
OF REPRESENTATIVES
SEVENTY-SIXTH SESSION
OF THE
LEGISLATURE
STATE OF MINNESOTA

1989

RAMALEY PRINTING COMPANY

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

THIRTY-FIRST DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 13, 1989

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

Prayer was offered by the Reverend Martin L. Warren of St. Matthew's Catholic Church, St. Paul, Minnesota.

The roll was called and the following members were present:

Abrams	Frerichs	Krueger	Orenstein	Segal
Anderson, G.	Girard	Lasley	Osthoff	Simoneau
Anderson, R.	Greenfield	Lieder	Ostrom	Skoglund
Battaglia	Gruenes	Limmer	Otis	Solberg
Bauerly	Gutknecht	Long	Ozment	Sparby
Beard	Hartle	Lynch	Pappas	Stanius
Begich	Hasskamp	Macklin	Pauly	Steenasma
Bennett	Haukoos	Marsh	Pellow	Sviggum
Bertram	Heap	McDonald	Pelowski	Swenson
Bishop	Henry	McEachern	Peterson	Tjornhom
Blatz	Himle	McGuire	Poppenhagen	Tompkins
Boo	Hugoson	McLaughlin	Price	Trimble
Brown	Jacobs	McPherson	Pugh	Tunheim
Burger	Janezich	Milbert	Quinn	Uphus
Carlson, D.	Jaros	Miller	Redalen	Valento
Carlson, L.	Jefferson	Morrison	Reding	Vellenga
Carruthers	Jennings	Munger	Rest	Wagenius
Clark	Johnson, A.	Murphy	Rice	Waltman
Conway	Johnson, R.	Nelson, C.	Richter	Weaver
Cooper	Johnson, V.	Neuenschwander	Rodosovich	Welle
Dauner	Kahn	O'Connor	Rukavina	Wenzel
Dawkins	Kalis	Ogren	Runbeck	Williams
Dempsey	Kelly	Olsen, S.	Sarna	Winter
Dille	Kelso	Olson, E.	Schafer	Wynia
Dorn	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Forsythe	Knickerbocker	Omamn	Schreiber	
Frederick	Kostohryz	Onnen	Seaberg	

A quorum was present.

Nelson, K., was excused.

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

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 412, 483, 916, 930, 1048, 1197, 1357, 1405, 1416, 1438, 1460, 1503, 65, 110, 116, 132, 156, 166, 193, 456, 557, 564, 595, 635, 678, 693, 700, 731, 761, 786, 837, 949, 1016, 1069, 1118, 1151, 1415 and 1429 and S. F. Nos. 778, 1080, 936, 1444, 358 and 104 have been placed in the members' files.

S. F. No. 1080 and H. F. No. 1216, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Marsh moved that the rules be so far suspended that S. F. No. 1080 be substituted for H. F. No. 1216 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 294 and H. F. No. 132, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Bertram moved that the rules be so far suspended that S. F. No. 294 be substituted for H. F. No. 132 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

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

H. F. No. 53, A bill for an act relating to veterans; authorizing establishment of a veterans home in the city of Fergus Falls; proposing coding for new law in Minnesota Statutes, chapter 198.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [198.36] [VETERANS HOME; FERGUS FALLS.]

Subdivision 1. [ESTABLISHMENT.] The Minnesota veterans homes board of directors shall establish a veterans home of no less than 60 beds in Fergus Falls on land owned by the state of Minnesota. The Minnesota veterans homes board of directors and the Otter Tail county board shall enter into a joint powers agreement to build the veterans home, which will then be owned jointly by the state and the county. Construction of the veterans home is subject to the commissioner of administration's authority regarding capital improvements under chapter 16B. Buildings constructed for the veterans home must comply with federal requirements for the receipt of federal funds for the nursing and boarding care of veterans.

At least 35 percent of the total cost must come from nonstate sources and the remainder from the United States Veterans Administration. The commissioner of finance shall review the financing plan for the facility; the plan must be approved by the commissioner before the financing plan is implemented.

Subd. 2. [BONDS.] Notwithstanding any statutory provisions limiting tax levies, restricting outstanding public indebtedness, or requiring an election or the approval of voters in the county, Otter Tail county may issue approximately \$2,000,000 in principal amount of bonds or other obligations to finance its share of the cost of constructing the veterans home in Fergus Falls under subdivision 1. The levy for the bonds must be reduced by building lease payments made by the state for use of the county's portion of the facility, and the state's payments are pledged to pay the principal and interest on the bonds.

Subd. 3. [LEASE.] Other law to the contrary notwithstanding, the Minnesota veterans homes board of directors shall execute and enter into a lease of the county's portion of the facility constructed under subdivision 1 for the full term of the bond schedule for the bonds issued under subdivision 2. The lease agreement must provide sufficient payments to the county for the retirement of principal and interest for the bonds issued under subdivision 2. The state is responsible for capital improvements to the veterans home during the term of the lease. Lease payments to the county must be made by the Minnesota veterans homes board of directors from operating funds and other money available to it. The lease under this section must allow the state to buy the county's share of the veterans home at any time at a price of no more than the outstanding principal on the bonds issued under subdivision 2."

Delete the title and insert:

"A bill for an act relating to veterans; authorizing establishment of a veterans home in the city of Fergus Falls, the issuance of bonds for its construction, and a long-term lease; proposing coding for new law in Minnesota Statutes, chapter 198."

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

The report was adopted.

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

H. F. No. 105, A bill for an act relating to highways; redesignating the AMVETS memorial highway as the American Veterans Memorial Highway; amending Minnesota Statutes 1988, section 161.14, subdivision 23.

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

The report was adopted.

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

H. F. No. 191, A bill for an act relating to the military; requiring the adjutant general to furnish flags for certain deceased members of the national guard regardless of their number of years of service; amending Minnesota Statutes 1988, section 192.381.

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

The report was adopted.

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

H. F. No. 337, A bill for an act relating to health; including anabolic steroids in the list of controlled substances; amending Minnesota Statutes 1988; section 152.02, subdivision 5.

Reported the same back with the following amendments:

Page 1, line 22, before the period insert "provided that anabolic substances that are expressly intended to be administered through

implants to cattle or other nonhuman species and that are approved by the food and drug administration for that use, are exempted from schedule IV and are not controlled substances for the purposes of this chapter.

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

The report was adopted.

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

H. F. No. 355, A bill for an act relating to veterans; authorizing officers and employees of the Military Order of the Purple Heart to purchase certain insurance benefits; amending Minnesota Statutes 1988, section 43A.27, subdivision 2.

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

The report was adopted.

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

H. F. No. 540, A bill for an act relating to community development; providing for a community resources program for cities of the first class; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 466A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1: [144.853] [LEAD SCREENING FOR CHILDREN.]

The commissioner shall contract with the local health boards of Minneapolis, St. Paul, and Duluth to promote and subsidize a baseline blood lead test of all children at risk who live in the high risk areas served by these local health boards and who are under six years of age. The lead screening shall be advocated through the proactive education efforts of the local health boards. The lead screening shall be promoted to be carried out in conjunction with routine blood tests.

Sec. 2. Minnesota Statutes 1988, section 145.882, subdivision 3, is amended to read:

Subd. 3. [ALLOCATION TO COMMUNITY HEALTH SERVICES AREAS.] The maternal and child health block grant money remaining after distributions made under subdivisions 1 and subdivision 2 must be allocated according to the formula in subdivision 4 to community health services areas for distribution by community health boards as defined in section 145A.02, subdivision 5, to qualified programs that provide essential services within the community health services area: as long as:

(1) the Minneapolis community health service area is allocated at least \$1,626,215 per year; and

(2) the St. Paul community health service area is allocated at least \$822,931 per year.

A decrease in the allocation amounts for the Minneapolis and St. Paul community health service areas must be according to subdivision 1.

Sec. 3. [254A.145] [INHALANT ABUSE DEMONSTRATION PROJECT.]

Within the limits of the available appropriation and notwithstanding the requirements of chapter 254B, the commissioner of human services shall create a demonstration project to provide intervention and to coordinate community services for inhalant abusers aged seven to 14. The project shall be established in a community that has been shown to be at great risk of such inhalant abuse and shall include assessment, education, and case management components. For individuals identified as inhalant abusers, case managers shall make referrals to services otherwise offered in the community. The case manager shall also monitor the progress of the individuals referred.

As part of this project, the commissioner of human services shall work with other agencies that provide services to youth and children, including education agencies and other drug treatment and counseling agencies, to increase public awareness concerning inhalant abuse among youth and children.

Sec. 4. [REPORT ON INHALANT ABUSE DEMONSTRATION PROJECT.]

The commissioner shall prepare a report on the outcome of the inhalant abuse demonstration project in section 3, to be presented to the legislature by February 1, 1991. In that report, the commissioner shall include information on the effectiveness of the chemical dependency treatment system for children under 14 years of age, particularly children who are inhalant abusers, and shall issue

recommendations for the appropriate provision of services for this population group.

Sec. 5. [PLANNING GRANT.]

The commissioner of human services is authorized to award, for the biennium ending June 30, 1991, a planning grant to a public or private agency or program experienced in working with youth and inhalant or chemical abuse, to establish a treatment program for children under age 12 identified as inhalant abusers. This treatment program shall evaluate clients, provide treatment and after-care services, and coordinate services provided with existing agencies. The agency or program receiving the planning grant must report program results and recommendations to the commissioner of human services by February 15, 1991.

Sec. 6. [254A.18] [YOUTH PILOT PROGRAMS.]

Subdivision 1. [PROGRAMS ESTABLISHED.] The commissioner shall establish or designate one chemical dependency pilot program in Hennepin county and one in Ramsey county to provide chemical dependency treatment and services for youths.

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them.

(a) "County boards" means the county board in Ramsey county and the county board in Hennepin county.

(b) "Pilot programs" means the pilot programs established under this section to provide chemical dependency treatment and related services for youths.

Subd. 3. [PROGRAM REQUIREMENTS.] The pilot programs must be designed to meet the needs, especially cultural and social needs, of youths who have chemical dependency problems.

Subd. 4. [ELIGIBILITY.] A person who is under age 18, who is eligible for chemical dependency services under section 254B.04, subdivision 1, and the person's family are eligible for chemical dependency services under the pilot programs. The county boards shall use the sliding fee scale for chemical dependency programs in Minnesota Rules, part 9530.7020, to determine the amount a person must contribute if the person's income and nonexempt property are greater than the standards for eligibility under section 254B.04, subdivision 1.

Subd. 5. [SERVICES PROVIDED.] The commissioner shall ensure that the pilot programs provide the following services for youths with chemical dependency:

(1) residential treatment;

(2) aftercare treatment;

(3) services relating to education, prevention, and community awareness of chemical dependency issues;

(4) services relating to education and community awareness of the health problems that chemical abuse during pregnancy causes for mothers, unborn children, and infants; and

(5) training programs designed to prepare staff for addressing chemical dependency issues specifically relating to youths.

Subd. 6. [COMMUNITY INVOLVEMENT.] In developing and planning the pilot programs, the commissioner shall consult with the county boards to establish how the pilot programs shall be implemented. The commissioner shall also consult with the Council on Affairs of Spanish-speaking People, Council on Black Minnesotans, and Council on Asian-Pacific Minnesotans to identify the needs of the communities that must be served by the pilot programs, and to identify appropriate services and providers to meet those needs. The councils shall give the commissioner names of other groups or individuals with whom the commissioner and the county boards can consult in developing and planning the pilot programs.

Subd. 7. [STAFF REQUIREMENTS.] The commissioner must ensure that the pilot programs are staffed by people who are sensitive to the cultural background and the needs of youths with chemical dependency. Staff must be experienced in treating people who are chemically dependent.

Subd. 8. [IMPLEMENTING THE PILOT PROGRAMS.] The county boards shall coordinate and implement, or designate, the pilot programs required by this section, according to section 254A.07.

Subd. 9. [FUNDING.] The commissioner shall issue grants to the county boards to start the pilot programs. The grants are conditioned upon the county boards' cooperation and consultation with the commissioner in developing and implementing pilot programs that meet the requirements of this section. The county boards shall allocate the grants to the appropriate local agencies to pay for the pilot programs. The county boards may request additional funds under section 254A.14 to develop services required for the pilot programs.

Sec. 7. [466A.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to sections 7 to 12.

Subd. 2. [ASSISTED HOUSING.] "Assisted housing" means any property used for residential housing that is:

(1) either owned or is under the direct management and control of a housing agency, and is used in a manner authorized and contemplated by sections 469.001 to 469.047;

(2) defined as emergency shelter under section 272.02, clause (12);

(3) transitional housing as defined in section 272.02, clause (19);

(4) classified as class 4c property under section 273.13, subdivision 25, paragraph (c), clause (4);

(5) a qualified low income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1987; or (ii) meets the requirements of that section and construction or rehabilitation of which began prior to May 1, 1988; or

(6) otherwise owned or operated by a governmental unit or nonprofit organization.

Subd. 3. [CITY.] "City" means a city of the first class as defined in section 410.01.

Subd. 4. [CITY COUNCIL.] "City council" means the city council of a city as defined in subdivision 3.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of state planning.

Subd. 6. [COMMUNITY.] "Community" means all or part of a targeted neighborhood.

Subd. 7. [COMMUNITY RESOURCE MONEY.] "Community resource money" means the money designated in the community resources program to be used to implement the community resource program.

Subd. 8. [COMMUNITY RESOURCES PROGRAM.] "Community resources program" or "program" means a community resources program adopted according to section 9.

Subd. 9. [COMMUNITY RESOURCES SERVICES.] "Community resources services" means programs, activities, and services in-

tended to meet the objectives stated in section 9, subdivision 2. Programs, activities, and services may include:

- (1) community planning and organizing efforts;
- (2) employment and training services programs defined in section 256.736, subdivision 1a, clause (d);
- (3) services to residents of assisted housing;
- (4) services to stabilize neighborhoods; or
- (5) services to families and individuals intended to stabilize families and individuals or provide assistance for family needs including services to improve the educational achievement and development of minor family members;
- (6) child care services;
- (7) personal and family counseling;
- (8) health services;
- (9) parenting skills;
- (10) chemical dependency, counseling and treatment services;
- (11) crime prevention services;
- (12) services for victims of crime;
- (13) security services for assisted housing;
- (14) independent living services;
- (15) residential safe houses for teenage youth;
- (16) recreational alternatives for youth;
- (17) programs to facilitate cultural identity and cross cultural understanding; and
- (18) efforts to facilitate the deconcentration of residential facilities licensed by the departments of health, human services, and corrections.

Subd. 10. [COUNTY BOARD.] "County board" means the board of county commissioners of a county containing a city.

Subd. 11. [SCHOOL BOARD.] “School board” means the school board of an independent school district or special school district having a student enrollment of 10,500 or more located wholly or partially within a city.

Subd. 12. [TARGETED NEIGHBORHOOD.] “Targeted neighborhood” means an area including one or more census tracts as determined and measured by the Bureau of Census of the United States Department of Commerce that a city council determines by resolution meets the criteria of section 8, subdivision 2, and any additional area designated under section 8.

Sec. 8. [466A.02] [DESIGNATION OF TARGETED NEIGHBORHOODS.]

Subdivision 1. [CITY AUTHORITY.] A city may by resolution designate targeted neighborhoods within its borders after adopting detailed findings that the designated neighborhoods meet the eligibility requirements in subdivision 2 or 3.

Subd. 2. [ELIGIBILITY REQUIREMENTS FOR TARGETED NEIGHBORHOODS.] An area within a city is eligible for designation as a targeted neighborhood if the area meets at least two of the following three criteria:

(a) The area had an unemployment rate that was twice the unemployment rate for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(b) The median household income in the area was no more than half the median household income for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(c) The area is characterized by residential dwelling units in need of substantial rehabilitation. An area qualifies under this clause if 25 percent or more of the residential dwelling units are in substandard condition as determined by the city or 70 percent or more of the residential dwelling units in the area were built before 1940 as determined by the 1980 federal decennial census.

Subd. 3. [ADDITIONAL AREA ELIGIBLE FOR INCLUSION IN TARGETED NEIGHBORHOOD.] (a) The city may add to the area designated as a targeted neighborhood under subdivision 2 additional area extending up to four contiguous city blocks in all directions from the designated targeted neighborhood. For the purpose of this subdivision, “city block” has the meaning determined by the city.

(b) The city may add to the area designated as a targeted neighborhood under subdivision 2 an additional area in a contiguous census tract to the targeted neighborhood provided that the city council first finds that the additional area meets at least two of the three criteria of subdivision 2.

Sec. 9. [466A.03] [COMMUNITY RESOURCES PROGRAM.]

Subdivision 1. [COMMUNITY RESOURCES PROGRAM; REQUIREMENT.] A city must prepare an annual comprehensive community resources program that is consistent with the recommendations of targeted neighborhood residents and organizations serving or representing these residents. The program must describe the specific community resource services and means by which the community intends to pursue and implement the program objectives outlined in subdivision 2 for each targeted neighborhood served under the program.

Subd. 2. [COMMUNITY RESOURCES PROGRAM OBJECTIVES.] A community resources program must address the following objectives:

(a) Establish means for stabilizing families so family members can become more functional as a family unit and as members of the community. This objective addresses family stabilization by insuring that children attend and adequately participate in schools providing elementary and secondary education, strengthening the family unit through counseling and other services, and increasing the family unit's health through nutrition, parenting skills, health assessment, drug abuse programs, and other services.

(b) Provide opportunities for families and individuals that lead to greater self-sufficiency through improved housing, health, environment, education, job training, employment, and independent living.

(c) Establish the community as a safer environment by finding the means to reduce crime and the fear of crime in the community and other parts of the city.

(d) Establish means to stabilize the neighborhood or community by building the capacity of the community's neighborhood-based organizations and institutions to build cohesiveness through planning and organizing residents, to provide or ensure the provision of necessary services, and to meet the other program objectives.

Subd. 3. [COMMUNITY RESOURCES PROGRAM; CONTENTS.]

(a) The community resources program must include the following information:

(1) the means to identify families and individuals who need

community resources services so that the program objectives identified in subdivision 2 can be met;

(2) the specific activities, programs, or means by which the city intends to pursue and implement the objectives in subdivision 2;

(3) a statement of the intended outcomes to be achieved by implementing the community resources program;

(4) the method to measure the outcomes to be achieved by implementing the community resources program, how the outcomes will be measured both qualitatively and quantitatively, and the estimated time over which they will occur;

(5) identification of the targeted neighborhoods, assisted housing, and other parts of the city that will receive community resources services;

(6) a detailed statement of how the community resources services will be coordinated with similar services being offered by the city, county, school district, state, and other providers;

(7) a description of the process used and the staff services provided to ensure the required community or neighborhood participation in the preparation of the program; and

(8) a budget that identifies the financial resources necessary to implement the community resources program. The budget must include the following items: (i) the estimated total cost to implement the community resources program; (ii) the estimated cost to implement each activity in the community resources program identified in clause (2); and (iii) the estimated amount of financial resources that will be available from all sources other than from the appropriation available under section 13 to implement the community resources program, including the amount of private funding to be made available to assist in funding the community resources program.

(b) The information required to be in the program under this subdivision must be specific to a targeted neighborhood to the greatest extent possible. If information is not specific to a targeted neighborhood that is to receive assistance under the program, the program must include a statement explaining the reason.

Subd. 4. [COMMUNITY PARTICIPATION.] (a) Each city must adopt a process to involve the residents of targeted neighborhoods and assisted housing in planning, developing, and implementing the program. As part of this process, the city must ensure that this community-based process has sufficient resources to assist in the development of the program.

(b) Beginning with the program for 1991, each targeted neighborhood or group of targeted neighborhoods must have a strategic planning group whose members include residents of the targeted neighborhood, representatives of community resources service providers in the neighborhood, and representatives of institutions in the neighborhood. The group must, as part of its responsibilities, develop a strategic plan for the neighborhood. This strategic plan must include the elements that the planning group recommends as part of the community resources program. The strategic plan must also address how the targeted neighborhood portions of the comprehensive revitalization and financing program will be integrated with the elements that are recommended to be included as part of the community resources program.

(c) The city must ensure that the strategic planning group required under paragraph (b) is established. An existing group or organization that reflects the required membership under paragraph (b) may be designated as the strategic planning group. The city may provide financial and staff resources to ensure the establishment of the strategic planning groups. The city may use part of the money received for the community resources program from the state to assist in the establishment of the targeted neighborhood strategic planning groups.

(d) As part of the process for the development of the community resources plan, each targeted neighborhood strategic planning group must submit recommendations for the community resources program to the city and the advisory board established under subdivision 5. The recommendations must include the specific neighborhood services and other means to meet the objectives outlined in subdivision 2.

Subd. 5. [COMMUNITY RESOURCES PROGRAM ADVISORY BOARD.] Each city must establish a community resources program advisory board to assist the city in developing and implementing the community resources program. The advisory board must consist of at least two representatives of the city council appointed by the city council, one or more representatives of the county board appointed by the county board, one or more representatives of the school board appointed by the school board, and representatives of the targeted neighborhoods. The representatives of the targeted neighborhoods must represent a majority of the membership of the advisory board and reflect the geographic, cultural, racial, and ethnic diversity of the targeted neighborhoods. The city may determine the size of the advisory board and may designate an existing entity as the advisory board if the entity meets the membership requirements outlined in this subdivision.

Subd. 6. [DEVELOPMENT OF COMMUNITY RESOURCES PROGRAM.] (a) The advisory board must work closely with city staff in developing and drafting the community resources program.

The advisory board must be involved in assessing needs, prioritizing funds, and developing criteria for evaluating program proposals. In developing the program, the advisory board must give priority to the recommendations made by the targeted neighborhood strategic planning groups. In addition, the community resources program must give priority to proposals or recommendations which (i) will create jobs for targeted neighborhood residents at living wages, and (ii) document efforts to create and maintain jobs for targeted neighborhood residents.

(b) The advisory board must conduct a public hearing and secure input from residents of targeted neighborhoods, governmental units affected by the program, and other organizations and persons.

(c) The advisory board may make any changes to the program resulting from testimony given at the public hearing. The advisory board must formally recommend to the city council a proposed community resources program.

(d) The advisory board will meet quarterly after recommending the program to the city council to monitor and review the programs, initiatives, and other activities that have been funded with community resource money.

Subd. 7. [REVIEW BY AFFECTED GOVERNMENTAL UNITS.] The city must develop a process to consult with affected governmental units including the state, county, and school districts. These affected governmental units may provide technical and informational assistance to the city and advisory board to ensure that the community resources services that are included in the program are coordinated with services provided by other governmental units and do not unnecessarily duplicate any existing services. The process must also include a comment period for the county board, school board, and commissioner to review a draft program and to provide comments to the city. If the county board, school board, or commissioner have comments, they must respond to the city in writing within 30 days. The city must respond to comments received from the county board and school board in writing before the city adopts the program.

Subd. 8. [CITY APPROVAL.] The city council must hold a public hearing before submitting the program to the commissioner for approval. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing. In addition, to the maximum extent possible, notice shall be published in the most widely circulated community newspaper in the targeted neighborhoods.

Subd. 9. [REVIEW AND APPROVAL BY COMMISSIONER.] (a)

Before the city adopts a community resources program, the commissioner must approve the program.

(b) The commissioner must establish an advisory panel to assist the commissioner in reviewing the programs. The panel must consist of the commissioner; the commissioners of human services, health, jobs and training, Minnesota housing finance agency, and public safety; one representative of each of the cities that have submitted a program appointed by the appropriate city council; and two members of the public appointed by the commissioner.

(c) The advisory panel must review each city's community resources program to determine if the process, including any information required to be in the program objectives, meets the requirements of subdivisions 4 to 8. The panel will also review the program to insure that there is not unnecessary duplication of services already provided in the targeted neighborhood.

(d) The commissioner must notify the city in writing within 30 days after receiving the program of a preliminary decision on the approval of the program and any recommendations of the commissioner for modification of the program. The commissioner must specify in writing the reasons for each recommendation for modification of the program. If the commissioner has no recommendations for the program's modification, the commissioner must approve the program. The commissioner may not disapprove any part of the program unless the commissioner determines that (1) the process, including any information required to be in the program, by which that part of the program was developed, does not meet the requirements of subdivisions 4 to 8, (2) the program is inconsistent with program objectives, or (3) the program results in unnecessary duplication of services already provided in the targeted neighborhood. If modifications to the program are recommended by the commissioner, the city must modify the program and resubmit it to the commissioner within 30 days for approval.

(e) If the city does not accept all of the commissioner's recommendations, the city must notify the commissioner in writing within 15 days after receiving the commissioner's recommendations. The city must specify in writing the reasons for not accepting the commissioner's recommendations.

(f) The commissioner must notify the city, within ten days after receiving the city's decision, of the commissioner's approval or disapproval of specific programs, projects, or elements of the program. State funding may only be released to the city for those programs, projects, or elements given final approval by the commissioner.

Subd. 10. [PROGRAM CERTIFICATION.] The city council may only adopt those programs, projects, or elements of the community

resources program that the commissioner has approved. A certification by the city that a community resources program has been approved by the city council must be provided to the commissioner together with a copy of the program. A copy of the program must also be provided to the county board and school board.

Subd. 11. [COMMUNITY RESOURCES PROGRAM MODIFICATION.] The community resources program may be modified at any time by the city council after review by the community resources advisory board and a public hearing. Notice of the public hearing must be published in a newspaper of general circulation in the city not less than ten days nor more than 30 days before the date of the hearing. In addition, to the maximum extent possible, notice shall be published in the most widely circulated community newspaper in the targeted neighborhoods. If the city council or advisory board determines that the proposed modification is a significant modification to the program originally certified under subdivision 10, it must implement the community resources program approval and certification process of subdivisions 5 to 10 for the proposed modification.

Sec. 10. [466A.04] [CITY POWERS.]

Subdivision 1. [GENERAL POWERS.] A city may exercise any of its corporate powers in implementing the community resources program.

Subd. 2. [GRANTS AND LOANS.] In addition to the authority granted by other law, a city, through a request for proposal process, may make grants, loans, and other forms of assistance to, and enter into service contracts with, individuals, for profit and nonprofit corporations, and other organizations to implement a community resources program. The contracts entered into by the city under this subdivision must contain terms concerning use of money, repayment, and other conditions the city deems proper to implement a community resources program.

Subd. 3. [COMMUNITY INITIATIVES PROGRAM.] A city may establish a community initiatives program as part of the community resources program. At least ten percent of the community resource money must be distributed to organizations under the community initiatives program. A community initiatives program, in addition to the authority granted by other law, authorizes a city to set aside funds and to develop a process to request proposals for the purpose of making grants, loans, and other forms of assistance to, or entering into service contracts with, nonprofit organizations, including neighborhood organizations, representing community residents. The organizations may also represent residents from a contiguous neighborhood. Financial assistance or service contracts awarded under this subdivision are limited to \$25,000 to any one organization in any one year. State money used for the community initiatives program must be used for implementing activities included in

the community resources program. The contracts entered into by the city with a nonprofit organization under this subdivision must contain terms concerning use of money and other conditions the city deems proper to implement a community initiatives program.

Subd. 4. [ELIGIBLE USES FOR COMMUNITY RESOURCE MONEY.] The city may spend community resource money for any purpose authorized by subdivisions 1 to 3 except that an amount equal to at least 90 percent of the state payment according to section 11 made available to the city must be spent in or for residents in targeted neighborhoods or assisted housing. Use of community resources money must be authorized in a community resources program. If a resident of a targeted neighborhood or assisted housing is a recipient of community resource services and moves to a residence in (i) another part of the city, (ii) another location in the same county, or (iii) a location in an adjacent county located in the state, eligibility continues for the community resources services.

Sec. 11. [466A.05] [PAYMENT; DRAWDOWN; USES OF STATE MONEY.]

Subdivision 1. [PAYMENT OF STATE MONEY.] Upon receiving from a city the certification that a community resources program has been adopted or modified, the commissioner shall, within 30 days after receiving the certification, pay to the city the amount of state money identified as necessary to implement the community resources program or program modification. State money may be paid to the city only to the extent that the appropriation limit for the city specified in subdivision 2 is not exceeded. Once the state money has been paid to the city, it becomes community resource money for use by the city according to an adopted community resources program and subject to the restrictions on its use in sections 7 to 12.

Subd. 2. [ALLOCATION.] A city may receive a part of the appropriations made available that is the proportion that the population of the city bears to the combined population of the cities. A city may agree to reduce its entitlement amount and to make it available to another city. The population of each city for the purposes of this subdivision is determined according to the most recent estimates available to the commissioner.

Sec. 12. [466A.06] [ANNUAL REPORT.]

A city that begins to implement a community resources program in a calendar year must, by March 1 of the succeeding calendar year, provide a detailed report to the commissioner and legislature on the community resources program or programs being implemented in the city. The report must describe the status of the program implementation and analyze whether the intended outcomes identified in section 9, subdivision 3, paragraph (a), clause (3), are being achieved.

Sec. 13. [APPROPRIATION; DISTRIBUTION.]

\$ is appropriated from the general fund to the commissioner of health for the biennium ending June 30, 1991, to implement section 1.

\$ is appropriated from the general fund to the commissioner of health for the biennium ending June 30, 1991, for purposes of section 2.

\$ is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for the demonstration project, report, and planning grant required by sections 3 to 5.

\$ is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, to implement section 6.

\$ is appropriated from the general fund for the biennium ending June 30, 1991, to the commissioner of state planning for payment to the cities as provided in section 11. \$ is for fiscal year 1990 and \$ is for fiscal year 1991.

Sec. 14. [EFFECTIVE DATE.]

Sections 7 to 12 are effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to community development; providing for a community resources program for cities of the first class; appropriating money; amending Minnesota Statutes 1988, section 145.882, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 144 and 254A; proposing coding for new law as Minnesota Statutes, chapter 466A."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 661, A bill for an act relating to pollution; regulating the disposal of infectious and pathological wastes; providing for penalties for violation; appropriating money; amending Minnesota Statutes 1988, section 609.671, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116.

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

The report was adopted.

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

H. F. No. 723, A bill for an act relating to veterans; providing for establishment of a veterans home in Luverne; proposing coding for new law in Minnesota Statutes, chapter 198.

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

The report was adopted.

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

H. F. No. 750, A bill for an act relating to motor vehicles; providing for special license plates for veterans wounded in combat; amending Minnesota Statutes 1988, section 168.123, subdivision 2.

Reported the same back with the following amendments:

Page 2, line 15, after the first "a" insert "combat wounded"

Page 2, line 18, after "medal" insert "and the letters "c" over "w" with the first letter directly over the second letter"

Page 2, after line 19, insert:

"Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective after December 31, 1989."

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

The report was adopted.

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

H. F. No. 762, A resolution memorializing Congress of ratification of a proposed amendment to the Constitution of the United States to

provide for a delay in an increase in compensation to members of Congress until an intervening election of representatives has occurred.

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

The report was adopted.

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

H. F. No. 788, A bill for an act relating to human services; establishing state child mortality review panel; authorizing the state to require local reviews; protecting data generated by the review panel as confidential and nondiscoverable; clarifying neglect or endangerment of a child; authorizing a pilot project for peer review of child protection cases; amending Minnesota Statutes 1988, sections 256.01, by adding a subdivision; 609.378; 626.556, subdivisions 2 and 10e; and 626.558; proposing coding for new law in Minnesota Statutes, chapters 145 and 626.

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 790, A bill for an act relating to education; appropriating money to establish and expand post-secondary nursing programs and for nursing scholarships.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [APPROPRIATION FOR GRANTS FOR NURSING EDUCATION.]

Subdivision 1. [NURSING EDUCATION.] There is appropriated from the general fund to the higher education coordinating board \$675,000 for fiscal year 1990 and \$500,000 for fiscal year 1991 for nursing education program grants and for nursing scholarships. The purpose is:

(1) to address the shortage of registered nurses in Minnesota; and

(2) to promote recruitment and long-term retention of registered nurses by increasing access to nursing education.

Subd. 2. [OUTREACH PROGRAM GRANTS.] \$175,000 is appropriated from the general fund to the higher education coordinating board for fiscal year 1990 for grants to establish or expand baccalaureate and masters completion programs for currently licensed registered nurses.

Public or private post-secondary institutions that have nursing programs are eligible to receive grants. To obtain a grant, an institution must submit an application to the higher education coordinating board. The board may award grants after consulting with the advisory task force. Grants may be awarded only to institutions that design programs that meet the following criteria:

(1) assess and give credit for prior learning;

(2) provide opportunities for part-time enrollment; and

(3) are offered in regions of the state that demonstrate the greatest need for baccalaureate and masters completion programs.

Subd. 3. [SCHOLARSHIPS.] Up to \$250,000 of the appropriation for each fiscal year is for scholarships for part-time or full-time students enrolled in programs designed to prepare individuals to become registered nurses. Up to \$250,000 of the appropriation for each fiscal year is for scholarships for part-time or full-time students enrolled in baccalaureate, masters, or doctorate degree programs in nursing. If the amount appropriated for either type of scholarship is insufficient, the appropriation for the other type of scholarship is available.

The higher education coordinating board shall establish a nursing scholarship program. The board may award scholarships after consulting with the advisory task force.

Subd. 4. [ADVISORY TASK FORCE.] The higher education coordinating board shall appoint an advisory task force to:

(1) review applications and make recommendations about the grants for nursing education programs with special emphasis on recruiting minorities;

(2) recommend to the board eligibility requirements for scholarship recipients, procedures for awarding scholarships, procedures for allowing the use of matching grants, and alternate methods of determining award amounts;

(3) recommend, as necessary, other policy matters concerning the nursing education program grants and nursing scholarships; and

(4) recommend the conditions under which a nursing scholarship would not be included in the calculation of awards under Minnesota Statutes, chapter 136A.

Subd. 5. [CARRYOVER.] Any unencumbered balance of the appropriation in this section for fiscal year 1990 does not cancel but is available for fiscal year 1991.

Subd. 6. [REPORT TO LEGISLATURE.] The higher education coordinating board shall submit a two-page report about the out-reach program grants and the scholarship program to the education and appropriations or finance committees of the legislature by January 1, 1990, and January 1, 1991.

Sec. 2. [HEALTH PROFESSIONS STUDY.]

There is appropriated \$57,000 for fiscal year 1990 from the general fund to the higher education coordinating board for a study of the educational needs of health care professions. The board shall:

- (1) determine where employee shortages are occurring; and
- (2) study shortages resulting from changes in educational requirements for health practitioners other than registered nurses.

The board shall make recommendations about assistance that could be provided by post-secondary institutions to help alleviate the shortages. The board shall submit its report to the education committees and higher education finance divisions of the legislature by January 1, 1990."

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

The report was adopted.

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

H. F. No. 871, A bill for an act relating to taxation; allowing a special levy to the cities of Windom and Jackson to meet costs of operating municipal hospitals; amending Minnesota Statutes 1988, section 275.50, subdivision 5, and by adding a subdivision.

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

The report was adopted.

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

H. F. No. 932, A bill for an act relating to health; establishing a blood lead level screening program for children; requiring local health boards to conduct environmental inspections; providing subsidized lead abatement services; requiring a report on soil and blood lead; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [144.851] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 7.

Subd. 2. [ABATEMENT.] “Abatement” means the use of the best available technology to remove or encapsulate deteriorating or intact lead paint or to reduce the availability of lead in soil and house dust, medicine, water, and any other sources considered a lead hazard by the commissioner.

Subd. 3. [BOARD OF HEALTH.] “Board of health” means an administrative authority established under section 145A.03 or 145A.07.

Subd. 4. [COMMISSIONER.] “Commissioner” means the commissioner of health.

Subd. 5. [DEPARTMENT.] “Department” means the department of health.

Subd. 6. [ELEVATED BLOOD LEAD LEVEL.] “Elevated blood lead level” means at least 25 micrograms per deciliter.

Subd. 7. [ENCAPSULATION.] “Encapsulation” refers to the covering or containment of a lead source in soil or paint to prevent harmful exposure to lead. Encapsulation includes, but is not limited to, covering of bare soil that contains more than acceptable levels of lead under rules adopted under section 8 with sod or soil that contains less than acceptable parts per million lead under rules

adopted under section 8, seeding, and treatment for walkways and parking areas.

Subd. 8. [LEAD ABATEMENT CONTRACTOR.] "Lead abatement contractor" means an employer or other person or entity who, for financial gain, directly performs or causes to be performed, through subcontracting or similar delegation, work related to lead hazard abatement or immediate hazard removal.

Subd. 9. [LOCAL HEALTH BOARD.] "Local health board" means a city or county board of health established under section 145A.03 or 145A.07.

Sec. 2. [144.852] [PROACTIVE LEAD EDUCATION STRATEGY.]

The commissioner shall contract with local health boards, lead advocacy organizations, and businesses to design and implement a uniform, proactive educational program to introduce sections 1 to 7 and promote the prevention of exposure to all sources of lead to target populations. Priority shall be given to provide ongoing education to health care and social service providers, registered lead abatement contractors, building trades professionals and nonprofessionals, property owners, and parents. Educational materials shall be multilingual and multicultural to meet the needs of diverse populations.

Sec. 3. [144.853] [LEAD SCREENING FOR CHILDREN.]

The commissioner shall contract with the local health boards of Minneapolis, St. Paul, and Duluth to promote and subsidize a baseline blood lead test of all children at risk who live in the high risk areas served by these local health boards and who are under six years of age. The lead screening shall be advocated on a statewide basis through the proactive education efforts of local health boards. The lead screening shall be promoted to be carried out in conjunction with routine blood tests.

The information obtained from the screenings shall be reported by census tract and made available for research and to the public.

The commissioner shall work through the statewide WIC program to ensure that E.P. testing of children for lead toxicity is integrated as a state reimbursed screening component of WIC services. The commissioner shall also evaluate the accessibility and affordability of lead screening for children throughout the state as provided by other health care providers and report the findings to the legislature by January 1990.

Sec. 4. [144.854] [ASSESSMENT AND ABATEMENT.]

Subdivision 1. [RESIDENCE ASSESSMENT.] If a child or pregnant woman is identified as having a blood level that exceeds 25 micrograms per deciliter or the Center for Disease Control recommendation for elevated blood level, the local health board must do a timely assessment of the child's or pregnant woman's residence to determine the sources of lead contamination and must provide education to the residents and the owner on the best means of reducing the danger of the lead sources.

Subd. 2. [ABATEMENT ORDERS.] If the level of lead in paint, soil, or dust found during the assessment conducted under subdivision 1 exceeds the toxic level of lead standards established in rules adopted under section 8, the board of health must order the property owner to abate the lead sources.

Subd. 3. [WARNING NOTICE.] A warning notice must be posted on all entrances to properties for which an order to abate a lead source has been issued by a board of health. This notice must remain posted until the abatement has been completed in accordance with the order, or until the board of health removes it. This warning must be at least 8½ by 11 inches in size, and must include the following provisions, or provisions using substantially similar language:

(a) "This property contains dangerous amounts of lead to which children under age six and pregnant women should not be exposed."

(b) "It is unlawful to remove or deface this warning. This warning may be removed only upon the direction of the local board of health."

Subd. 4. [RELOCATION OF RESIDENTS.] Relocation of residents is required from rooms or dwellings for removal of intact paint and the removal or disruption of lead painted surfaces and plaster walls during construction or remodeling projects. The commissioner shall contract with local boards of health for safe housing for relocation requirements. Efforts must be made to minimize disruption and ensure that a family may return to their place of residence if they desire, after abatement is completed.

Subd. 5. [RETESTING REQUIRED.] After completion of the abatement as ordered, the local health board must retest the paint, soil, and dust previously in violation to assure the violations no longer exist.

Sec. 5. [144.856] [REGISTRATION OF ABATEMENT CONTRACTORS.]

After July 1, 1989, abatement contractors who contract for the removal of leaded soil, dust, or deteriorating paint must register by phone, mail, or in person with the commissioner and notify the local board of health of all abatement projects undertaken in response to

an abatement order. All abatement contractors shall be given instructional materials on safe abatement methods and the requirements of relocation from rooms or dwellings by residents. By July 1, 1990, the commissioner shall develop a training program for abatement contractors and adopt rules specifying the abatement methods that must be used by contractors to provide for the safe collection, handling, storage, encapsulation, removal, transportation, and disposal of lead containing material. The commission may adopt emergency rules for abatement methods for cities of the first class. By January 1, 1991, the commissioner shall report to the legislature concerning the need for licensure or certification of lead abatement contractors.

Sec. 6. [144.860] [LEAD ABATEMENT ADVOCATE.]

The commissioner shall create and administer a program to fund locally based advocates who, following the issuance of an abatement order, will visit the family in their residence to instruct them about safety measures, materials, and methods to be followed before, during, and after the abatement process.

Sec. 7. [144.861] [STUDY ON ABATEMENT COSTS.]

The commissioner of state planning shall convene a task force of representatives of the Minnesota housing finance agency, the pollution control agency, the department of health, the state planning agency, abatement contractors, realtors, community residents including both tenants and landowners, lead advocacy organizations, and cultural groups at high risk of lead poisoning to evaluate the costs of providing assistance to property owners and local communities required to do abatement under this law and to provide subsidized programs to assist them. The task force shall also present recommendations for a statewide subsidized abatement service program. The agency shall report its findings and recommendations to the legislature by January 1990.

Sec. 8. [RULES.]

By June 30, 1990, the commissioner of the pollution control agency and the commissioner of health shall jointly adopt rules to set toxic lead levels for paint, bare soil, dust, and drinking water from public facilities.

Sec. 9. [APPROPRIATION.]

\$ is appropriated from the general fund to the commissioner of health for the biennium ending June 30, 1991, to implement sections 2 to 6. Of this amount, \$ must be appropriated to the city of Minneapolis, \$ to the city of St. Paul, and \$ to the city of Duluth.

\$ is appropriated from the general fund to the commissioner of state planning for the biennium ending June 30, 1991, for the study on abatement costs under section 7."

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 960, A bill for an act relating to conservation; changing certain responsibilities; defining certain terms; adopting eligibility criteria; changing agreement terms and payment procedures; providing for enforcement; authorizing sale of certain bonds; appropriating money; amending Minnesota Statutes 1988, sections 40.42; 40.43; 40.44; 40.45; 84.95, subdivision 2; and Laws 1986, chapter 383, section 17, subdivision 4.

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 996, A bill for an act relating to education; allowing a school board to compel attendance of enrolled pupils under the age of seven; making conforming changes; amending Minnesota Statutes 1988, sections 120.101, subdivision 5, and by adding a subdivision; and 127.20.

Reported the same back with the following amendments:

Page 2, line 1, after the period insert "A dispute resolution process that involves a neutral third party facilitator for resolving disputes between parents and a school district must be included in a school board policy."

Page 2, line 6, delete "such as" and insert "; good cause includes"

Page 2; line 10, after the period insert "At the time of enrollment,"

Page 2, line 12, delete "personnel" and insert "school"

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1108, A bill for an act relating to agriculture; repealing a provision that sellers of grain may require that multiple loads delivered within two days be averaged; repealing Minnesota Statutes 1988, section 17B.048.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 17B.048, is amended to read:

17B.048 [SELLER OPTION TO AVERAGE LOADS MAY BE AVERAGED.]

Subdivision 1. [LOADS AVERAGED BY MUTUAL AGREEMENT.] A purchaser and a seller of corn, soybeans, or wheat must allow a seller who delivers the grain in multiple loads within a period of two consecutive calendar days, at the option of the seller, to may, by mutual agreement, average the measurements from the multiple loads of acceptable quality with respect to test weight, moisture content, and protein analysis. All loads allowed to be averaged under this section must be of a quality acceptable to the purchaser those factors used to determine price.

Subd. 2. [NOTICE TO BE POSTED.] A business licensed to buy or receive grain must post at the place of business a notice informing persons of the option to average by mutual agreement under subdivision 1. The commissioner shall provide copies of the notice to each business licensed to buy or receive grain."

Delete the title and insert:

"A bill for an act relating to agriculture; changing a provision that allows averaging of certain multiple loads of grain; amending Minnesota Statutes 1988, section 17B.048."

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1113, A bill for an act relating to motor fuels; abolishing requirement that labeling of gasoline-alcohol blends be placed on dispenser; amending Minnesota Statutes 1988, section 239.79, subdivision 2.

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

The report was adopted.

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

H. F. No. 1172, A bill for an act relating to state lands; authorizing private sale of certain tax-forfeited land in Carlton county.

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

The report was adopted.

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

H. F. No. 1210, A bill for an act relating to the environment; authorizing participation in the Great Lakes Protection Fund; appropriating money.

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 1280, A bill for an act relating to motor vehicles; providing for suspension of apportioned license plates and fuel tax compact licenses for certain interstate vehicle fleet owners who are delinquent in required filings or payments; providing for installment payments by interstate fleet owners; amending Minnesota Statutes 1988, sections 168.187, by adding a subdivision; and 168.31, subdivision 4, and by adding a subdivision.

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

The report was adopted.

Skoglund from the Committee on Insurance to which was referred:

H. F. No. 1285, A bill for an act relating to insurance; the Minnesota comprehensive health insurance plan; requiring reasonable cost controls that do not impair the quality or amount of services provided; requiring that the association develop new methods to enlist the participation of the enrollee in the control of health care costs; requiring the writing carrier to be liable for the direct and indirect expenses of administration; making technical changes; amending Minnesota Statutes 1988, sections 62D.181, subdivisions 4 and 8; 62E.02, subdivision 18; 62E.08, by adding a subdivision; 62E.09; 62E.10, subdivisions 1, 2, 3, 7, and 9; 62E.11, subdivisions 3, 4, 9, and 10; 62E.12; 62E.13, subdivisions 2, 3, and 5; and 62E.16; repealing Minnesota Statutes 1988, sections 62E.02, subdivisions 21, 22, and 23; 62E.035; 62E.08, subdivisions 1 and 2; 62E.11, subdivisions 5, 6, and 7; and 62E.13, subdivision 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 62E.10, subdivision 2a, is amended to read:

Subd. 2a. [APPEALS.] A person may appeal to the commissioner within 30 days after notice of an action, ruling, or decision by the board. If the appeal relates to an action taken by the writing carrier, the person must first exhaust the writing carrier's internal grievance process before appealing to the commissioner, except in emergency or life-threatening situations. If the internal grievance process is not concluded within 45 days after it is commenced, the person may appeal to the commissioner before the internal process has been exhausted.

A final action or order of the commissioner under this subdivision is subject to judicial review in the manner provided by chapter 14.

In lieu of the appeal to the commissioner, a person may seek judicial review of the board's action.

Sec. 2. Minnesota Statutes 1988, section 62E.10, subdivision 7, is amended to read:

Subd. 7. [GENERAL POWERS.] The association may:

(a) Exercise the powers granted to insurers under the laws of this state;

(b) Sue or be sued;

(c) Enter into contracts with insurers, similar associations in other states or with other persons for the performance of administrative functions including the functions provided for in clauses (e) and (f);

(d) Establish administrative and accounting procedures for the operation of the association;

(e) Provide for the reinsuring of risks incurred as a result of issuing the coverages required by sections 62E.04 and 62E.16 by members of the association. Each member which elects to reinsure its required risks shall determine the categories of coverage it elects to reinsure in the association. The categories of coverage are:

(1) Individual qualified plans, excluding group conversions;

(2) Group conversions;

(3) Group qualified plans with fewer than 50 employees or members; and

(4) Major medical coverage.

A separate election may be made for each category of coverage. If a member elects to reinsure the risks of a category of coverage, it must reinsure the risk of the coverage of every life covered under every policy issued in that category. A member electing to reinsure risks of a category of coverage shall enter into a contract with the association establishing a reinsurance plan for the risks. This contract may include provision for the pooling of members' risks reinsured through the association and it may provide for assessment of each member reinsuring risks for losses and operating and administrative expenses incurred, or estimated to be incurred in the operation of the reinsurance plan. This reinsurance plan shall be approved by the commissioner before it is effective. Members electing to administer the risks which are reinsured in the association shall comply with the benefit determination guidelines and accounting procedures established by the association. The fee charged by the association for the reinsurance of risks shall not be less than 110 percent of the total anticipated expenses incurred by the association for the reinsurance; and

(f) Provide for the administration by the association of policies which are reinsured pursuant to clause (e). Each member electing to reinsure one or more categories of coverage in the association may

elect to have the association administer the categories of coverage on the member's behalf. If a member elects to have the association administer the categories of coverage, it must do so for every life covered under every policy issued in that category. The fee for the administration shall not be less than 110 percent of the total anticipated expenses incurred by the association for the administration;

(g) Establish a fee schedule for payments for services covered by the comprehensive health insurance plan. As a condition of receiving a payment for services covered by the plan, a provider must agree not to charge to or collect from the enrollee any amount in excess of the fee schedule payment for a service, not including any applicable copayments or deductibles. A provider who accepts a payment from the writing carrier is considered to have agreed to this condition; and

(h) Provide for the assignment of benefits on the terms and subject to the conditions it determines are appropriate.

Sec. 3. Minnesota Statutes 1988, section 62E.10, subdivision 9, is amended to read:

Subd. 9. [EXPERIMENTAL DELIVERY METHOD.] The association may petition the commissioner of commerce for a waiver to allow the experimental use of alternative means of health care delivery. The commissioner may approve the use of the alternative means the commissioner considers appropriate. The commissioner may waive any of the requirements of this chapter and chapters 60A, 62A, and 62D in granting the waiver. The commissioner may also grant to the association any additional powers as are necessary to facilitate the specific waiver, including the power to implement a provider payment schedule.

~~This subdivision is effective until August 1, 1990.~~

The commissioner of commerce in consultation with the governor's commission on health plan regulatory reform shall study and report to the legislature by January 15, 1989, on the current means utilized to finance the annual operating deficits incurred under the association. In conducting the study, the commissioner shall analyze any negative financial impacts which the current deficits are having on the contributing members of the association and recommend alternative sources of funding or other approaches which could be utilized to finance the operating deficit. The study shall also address the current association funding inequities between employers which self-insure for employee health benefit coverage and those employers which have health coverage subject to state regulation.

Sec. 4. Minnesota Statutes 1988, section 62E.12, is amended to read:

62E.12 [MINIMUM BENEFITS OF COMPREHENSIVE HEALTH INSURANCE PLAN.]

The association through its comprehensive health insurance plan shall offer policies which provide the benefits of a number one qualified plan, a number two qualified plan and a qualified medicare supplement ~~plan~~ plans. They shall offer health maintenance organization contracts in those areas of the state where a health maintenance organization has agreed to make the coverage available and has been selected as a writing carrier. Notwithstanding the provisions of section 62E.06 the state plan shall exclude coverage of:

(1) services of a private duty nurse other than on an inpatient basis ~~and~~;

(2) any charges for treatment in a hospital located outside of the state of Minnesota in which the covered person is receiving treatment for a mental or nervous disorder, unless similar treatment for the mental or nervous disorder is medically necessary, unavailable in Minnesota and provided upon referral by a licensed Minnesota medical practitioner; and

(3) covered services that are not medically necessary.

Sec. 5. [DATA COLLECTION; REPORT.]

The board of directors of the comprehensive health association shall collect data concerning the characteristics of the persons enrolled in the plan, the types and locations of providers who serve enrollees, the amounts of payments made to providers for covered services, and other related information. The board shall report to the legislature by November 1, 1990, with a summary and analysis of the data collected and recommendations for administrative and legislative changes to improve the efficiency and effectiveness of the comprehensive health insurance plan, including:

(1) the feasibility of an assumption of risk by the writing carrier;

(2) an analysis of the risk factors in the population served by the plan;

(3) the feasibility of developing and implementing outcome measurements;

(4) the types and locations of medical providers who serve enrollees;

(5) a description and analysis of the demographics of the enrollee population, including those who are eligible but not enrolled in the

plan and those groups whose health care needs could better be met by the plan;

(6) the effectiveness of current and potential cost-containment activities;

(7) additional alternative health care delivery methods; and

(8) other information and recommendations the board considers appropriate.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective July 1, 1989, and apply to policies issued or renewed on or after that date."

Delete the title and insert:

"A bill for an act relating to health insurance; changing coverage and administrative procedures relating to the comprehensive health insurance plan; requiring a report; amending Minnesota Statutes 1988, sections 62E.10, subdivisions 2a, 7, and 9; and 62E.12."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1295, A bill for an act relating to economic development; establishing a cold weather resource center at International Falls; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 116Q.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [116Q.01] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section apply to sections 1 to 6.

Subd. 2. [BOARD.] "Board" means the board of directors of the cold weather resource center.

Subd. 3. [CENTER.] "Center" means the Minnesota cold weather resource center established in section 2.

Sec. 2. [116Q.02] [COLD WEATHER RESOURCE CENTER.]

Subdivision 1. [INTRODUCTION.] The Minnesota cold weather resource center is established as a nonprofit corporation under chapter 317 and is subject to the provisions of that chapter. The purpose of the center is to foster economic development by promoting, attracting, and coordinating cold weather research, testing, and related activities throughout this state. The center shall provide coordination and services to institutions and companies that conduct cold weather testing and research and shall not directly conduct its own research or testing. The center shall only provide services that the private sector will not provide. The legislature anticipates that the center will require a state subsidy for the indefinite future.

Subd. 2. [BOARD OF DIRECTORS.] The center is governed by a board of 16 directors. The term of a director is three years. A director may not serve more than two terms in succession and must remain off the board for at least two years before being appointed again. Each of the following categories must be represented on the board:

- (1) industries engaged in cold weather testing or research;
- (2) development organizations involved in applied research and business development;
- (3) state and local government;
- (4) department of transportation;
- (5) technical institutes;
- (6) community colleges;
- (7) University of Minnesota; and
- (8) state university system.

Appointments must be made to provide a fair geographic balance from communities with two or more private sector firms currently conducting cold weather testing or research, wherever practical. Vacancies are filled by the board.

Subd. 3. [OPEN MEETINGS.] Meetings of the board are governed by the Minnesota open meeting law, section 471.705, except as provided in this subdivision. The board of directors may by a majority vote in a public meeting decide to hold a closed meeting to

discuss application and investigative data described in subdivision 8. The time and place of the closed meeting must be announced at the public meeting. A written roll of members present at the closed meeting must be made available to the public after the closed meeting. The proceedings of a closed meeting must be tape recorded at the expense of the board and must be preserved by the board for two years. The data on the tape is nonpublic data under section 13.02, subdivision 9.

Subd. 4. [EXECUTIVE DIRECTOR.] The board shall employ an executive director. The executive director shall manage the center. The executive director shall report to the board and may hire staff to accomplish the objectives of the board.

Subd. 5. [OFFICES.] The center shall locate its offices in or near the city of International Falls and the board may establish field offices. Rainy River community college shall assist the center to obtain office space and administrative services, to be paid for by the center. The city of International Falls shall assist the center by providing it with public or private money, or with in-kind contributions of land, buildings, support services, or other things of value, as negotiated between the city and the center.

Subd. 6. [ETHICAL PRACTICES.] Directors and the executive director are public officials for purposes of chapter 10A, relating to ethics in government.

Subd. 7. [ACCESS TO DATA.] The center is governed by the Minnesota government data practices act, chapter 13.

Subd. 8. [APPLICATION AND INVESTIGATIVE DATA.] The following data is classified as private data with regard to data on individuals under section 13.02, subdivision 12, or as nonpublic data with regard to data not on individuals under section 13.02, subdivision 9, whichever applies:

(1) financial data, statistics, and information given in connection with assistance or proposed assistance from the center, including credit reports, financial statements, statements of net worth, income tax returns, either personal or corporate, and any other business and personal financial records; or

(2) security information, trade secret information, or labor relations information, as defined in section 13.37, subdivision 1, disclosed to members of the board or employees of the center.

Sec. 3. [116Q.03] [ARTICLES OF INCORPORATION.]

The articles of incorporation of the Minnesota cold weather research center must be filed with the secretary of state under

chapter 317 and must be consistent with the purpose of the corporation under section 2 and the other provisions of sections 1 to 6.

Sec. 4. [116Q.04] [ADVISORY COMMITTEES.]

The board may appoint advisory committees to assist the board. Appointments to advisory committees must be made to provide a fair geographic balance wherever practical.

Sec. 5. [116Q.05] [ANNUAL REPORT; AUDIT.]

Subdivision 1. [ANNUAL REPORT.] The center shall submit an annual report by January 15 of each year to the legislature and the governor. The report must include a description of the center's activities for the past year, a listing of the contracts entered into by the center, and a summary of the center's expenditures.

Subd. 2. [AUDIT.] The center shall contract with a certified public accounting firm to perform a financial and compliance audit of the center and any subsidiary annually in accordance with generally accepted accounting standards.

Sec. 6. [116Q.06] [STATE NOT LIABLE.]

The state is not liable for the debts of the center.

Sec. 7. [INITIAL APPOINTMENTS.]

Notwithstanding section 2, subdivision 2, the governor shall appoint the initial members of the board of directors of the Minnesota cold weather research center as follows: five to one-year terms; five to two-year terms; and six to three-year terms.

Sec. 8. [APPROPRIATION.]

\$1,500,000 is appropriated from the general fund to the commissioner of trade and economic development for a grant to the Minnesota cold weather resource center established in section 2. \$650,000 is for the fiscal year ending June 30, 1990, and \$850,000 is for the fiscal year ending June 30, 1991. Any unencumbered balance remaining in the first year does not cancel and is available for the second year."

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

The report was adopted.

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

H. F. No. 1307, A bill for an act relating to economic development; clarifying the responsibilities of the science and technology office; appropriating money; amending Minnesota Statutes 1988, sections 116J.970; and 116J.971; subdivisions 4, 6, 7, 8, and 9:

Reported the same back with the following amendments:

Page 5, line 20, strike "executive"

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1316, A bill for an act relating to agriculture; developing a portable computerized system adapting fertilization rates to soil characteristics; appropriating money.

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1339, A bill for an act relating to agricultural societies; permitting county board members to serve on societies; amending Minnesota Statutes 1988, section 38.04.

Reported the same back with the following amendments:

Page 1, line 11, strike "on or before the third Tuesday in November"

Page 1, lines 12 to 14, delete the new language and insert: "Service on the county agricultural society board or as an officer of the board is not a public office.

Elected officials of the state or its political subdivisions may serve on the board or be elected as officers."

Amend the title as follows:

Page 1, line 2, delete "county"

Page 1, line 3, delete "board members" and insert "certain officials"

With the recommendation that when so amended the bill pass.

The report was adopted.

Skoglund from the Committee on Insurance to which was referred:

H. F. No. 1353, A bill for an act relating to insurance; requiring insurers to pay the insured's deductible first when recovering from an uninsured motorist under a subrogation claim; amending Minnesota Statutes 1988, section 72A.201, subdivision 6.

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1396, A bill for an act relating to natural resources; promoting Minnesota horticultural peat; appropriating money.

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

The report was adopted.

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

H. F. No. 1420, A bill for an act relating to human services; expanding the powers and duties of the council for the hearing impaired; amending Minnesota Statutes 1988, section 256C.28, subdivision 3, and by adding subdivisions.

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

The report was adopted.

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

H. F. No. 1459, A bill for an act relating to handicapped persons; permitting training of guide dogs in public accommodations; amending Minnesota Statutes 1988, section 256C.02.

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 1461, A bill for an act relating to drivers' licenses; appropriating money to the commissioner of public safety to improve driver license security and legibility.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1478, A bill for an act relating to the community dispute resolution program; giving the state planning agency joint responsibility with the state court administrator's office for administration of the program; establishing eligibility criteria for grant recipients; appropriating money; amending Minnesota Statutes 1988, sections 494.01, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 494; repealing Minnesota Statutes 1988, sections 494.01, subdivisions 3, 4, and 5; and 494.04.

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

The report was adopted.

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

H. F. No. 1488, A bill for an act relating to economic development; establishing the Minnesota Project Outreach Corporation; appropriating money.

Reported the same back with the following amendments:

Page 1, line 8, delete "private"

Page 1, line 16, delete "seven-member" and insert "nine-member"

Page 1, line 22, after "Corporation," insert "a member of the state senate appointed by the subcommittee on committees of the senate rules and administration committee, a member of the house of representatives appointed by the speaker,"

Page 2, line 1, delete "The governor shall appoint" and insert "Vacancies on the board for"

Page 2, line 3, before the period insert "shall be filled by the board"

Page 3, line 1, after "directors" insert "representing manufacturing firms and the general public shall be"

Page 3, lines 1 and 2, delete "shall be appointed"

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

The report was adopted.

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

H. F. No. 1489, A bill for an act relating to solid waste; providing for household battery management programs; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 115A and 297A.

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

The report was adopted.

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

H. F. No. 1491, A bill for an act relating to state government; authorizing the use of certain mechanical lifting devices in public buildings; amending Minnesota Statutes 1988, section 16B.61, subdivision 5.

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

The report was adopted.

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

H. F. No. 1604, A bill for an act relating to economic development; clarifying the powers and duties of the Greater Minnesota Corporation; expanding auditing and reporting requirements; amending Minnesota Statutes 1988, sections 116O.02, by adding a subdivision; 116O.03, subdivision 1, and by adding a subdivision; 116O.04, by adding a subdivision; 116O.05; 116O.06, subdivisions 1 and 5; 116O.08, subdivision 2; 116O.12; 116O.14; and 116O.15.

Reported the same back with the following amendments:

Page 2, line 1, delete the comma and insert "and"

Page 2, line 2, delete ", and employees"

Page 2, line 21, delete "only" and after "exercise" insert "only"

Page 2, line 22, delete "only" and after "out" insert "only"

Page 3, line 2, delete "businesses and" and insert "individuals, sole proprietorships, partnerships, corporations, other business entities, and nonprofit"

Page 3, line 24, delete "to find new markets or expand"

Page 3, line 25, delete everything before the semicolon

Page 4, line 28, strike everything after the period

Page 4, lines 29 to 31, strike the old language and delete the new language

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 191, 355, 762, 996, 1108, 1113, 1172, 1285, 1339, 1353, 1459, 1491 and 1604 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1080 and 294 were read for the second time.

**INTRODUCTION AND FIRST READING
OF HOUSE BILLS**

The following House Files were introduced:

Tjornhom introduced:

H. F. No. 1662, A bill for an act relating to taxation; sales and use; motor vehicle excise; reducing the general rate to five percent; amending Minnesota Statutes 1988, sections 297A.02, subdivision 1; and 297A.03, subdivision 2.

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

Tjornhom introduced:

H. F. No. 1663, A bill for an act relating to tax; property taxation; extending homestead classification to certain homesteads in estates for transitional period; amending Minnesota Statutes 1988, section 273.124, by adding a subdivision.

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

Milbert introduced:

H. F. No. 1664, A bill for an act relating to education; equalizing a portion of the referendum levy; proposing coding for new law in Minnesota Statutes, chapter 124A.

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

Sarna, Pugh, Kelso, Heap and Schreiber introduced:

H. F. No. 1665, A bill for an act relating to commerce; creating a lien for public improvements and expenditures made for the benefit of certain corporations; proposing coding for new law in Minnesota Statutes, chapter 514.

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

Greenfield and Vellenga introduced:

H. F. No. 1666, A bill for an act relating to arrest; providing for the extradition and rendition of accused persons, escapees, and other persons subject to orders in criminal proceedings; enacting the uniform extradition and rendition act; amending Minnesota Statutes 1988, sections 480.059, subdivision 7; 611.14; and 629.404, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 629A; repealing Minnesota Statutes 1988, sections 629.01 to 629.29.

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

Greenfield introduced:

H. F. No. 1667, A bill for an act relating to human services; creating a temporary licensure exemption for supportive living arrangements for persons who have mental retardation or chemical dependency or who are frail elderly, or have other functional impairments; requiring the commissioner to adopt licensing rules; amending Minnesota Statutes 1988, section 245A.03, subdivision 2.

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

McGuire, Hasskamp, Battaglia, Omann and Sviggum introduced:

H. F. No. 1668, A bill for an act relating to state lands; authorizing the sale of certain state lands bordering on public waters; authorizing the sale of certain trust fund land in Itasca, St. Louis, and Cook counties; authorizing the sale of certain surplus land for recreational purposes in the cities of Faribault, Anoka, Warroad, and Ortonville; authorizing the sale of a certain gifted city lot in the city of Brainerd; authorizing a private sale of certain land in Goodhue county to resolve an inadvertent trespass.

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

Morrison, Pauly, Schreiber, O'Connor and Osthoff introduced:

H. F. No. 1669, A bill for an act relating to housing; requiring the housing finance agency to restrict funding for new single family

housing under certain circumstances; proposing coding for new law in Minnesota Statutes, chapter 462A.

The bill was read for the first time and referred to the Committee on Financial Institutions and Housing.

Heap, Limmer, Poppenhagen, Henry and Lynch introduced:

H. F. No. 1670, A bill for an act relating to human services; requiring applicants for general assistance, general assistance medical care, and work readiness to have a Minnesota driver's license or identification card; proposing coding for new law in Minnesota Statutes, chapter 256D.

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

Ozment, Valento and Anderson, G., introduced:

H. F. No. 1671, A bill for an act relating to building codes; transferring building code division to department of public safety; providing for inspection of public buildings; regulating temporary certificates of occupancy; evaluating state office building construction dispute; amending Minnesota Statutes 1988, section 16B.61, subdivisions 1a, 4, and by adding a subdivision.

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

Ozment, Jennings and Olson, K., introduced:

H. F. No. 1672, A bill for an act relating to motor vehicles; defining classic motorcycle; amending Minnesota Statutes 1988, section 168.105, subdivision 1.

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

Stanisus, Greenfield; Anderson, R., and Boo introduced:

H. F. No. 1673, A bill for an act relating to occupations and professions regulating the use of medical devices by the board of pharmacy; amending Minnesota Statutes 1988, sections 151.01, subdivisions 3, 11, and by adding a subdivision; 151.06, subdivision 1; 151.13, subdivision 1; 151.19, subdivision 3; and 151.34.

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

Neuenschwander introduced:

H. F. No. 1674, A bill for an act relating to economic development; providing for economic development in the city of Northome; appropriating money.

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

Pauly introduced:

H. F. No. 1675, A bill for an act relating to taxation; allowing home rule and statutory cities to impose a sales tax; proposing coding for new law in Minnesota Statutes, chapter 469.

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

Onnen, Lynch, Runbeck, Henry and Limmer introduced:

H. F. No. 1676, A bill for an act relating to taxation; income; excluding \$500 of unearned income of a minor in certain cases; amending Minnesota Statutes 1988, section 290.01, subdivision 19b.

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

Valento introduced:

H. F. No. 1677, A bill for an act relating to motor vehicles; providing for quarterly and consecutive monthly registration of certain trucks, tractors, and truck-tractor and semitrailer combinations; amending Minnesota Statutes 1988, section 168.018; proposing coding for new law in Minnesota Statutes, chapter 168.

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

Tjornhom introduced:

H. F. No. 1678, A bill for an act relating to insurance; prohibiting insurers from maintaining subrogation actions against insureds; proposing coding for new law in Minnesota Statutes, chapter 60A.

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

Redalen introduced:

H. F. No. 1679, A bill for an act relating to education; approving a capital loan to the Preston-Fountain school district.

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

Ogren introduced:

H. F. No. 1680, A bill for an act relating to tourism; appropriating money for the Cloquet tourist information center.

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

Ogren and Murphy introduced:

H. F. No. 1681, A bill for an act relating to historical preservation; directing an archaeological site assessment and tourism study of the Fond du Lac area; appropriating funds.

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

Carlson, D., introduced:

H. F. No. 1682, A bill for an act relating to appropriations; providing planning funds for a Hinckley fire history center.

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

Carlson, D., introduced:

H. F. No. 1683, A bill for an act relating to capital improvements; appropriating money to build an environmental learning center in the Kettle River-Sandstone area; authorizing the issuance and sale of state bonds.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Kahn, Sarna, Greenfield and Nelson, K., introduced:

H. F. No. 1684, A bill for an act relating to appropriations; appropriating money to help retain Northwest Airlines in the state; authorizing the issuance of state bonds.

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

Carlson, D., introduced:

H. F. No. 1685, A bill for an act relating to appropriations; appropriating money to the University of Minnesota for a midwest native plant center.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

CALENDAR

H. F. No. 269 was reported to the House and given its third reading.

Carruthers moved that H. F. No. 269 be continued on the Calendar. The motion prevailed.

S. F. No. 104 was reported to the House and given its third reading.

Winter moved that S. F. No. 104 be continued on the Calendar until Thursday, April 20, 1989. The motion prevailed.

H. F. No. 159, A bill for an act relating to crimes; providing for termination, cancellation, and forfeiture of real estate interests related to contraband or controlled substance seizures; amending Minnesota Statutes 1988, sections 566.02; 609.531; 609.5311, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapters 566 and 609.

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

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

Those who voted in the affirmative were:

Abrams	Girard	Lieder	Osthoff	Simoneau
Anderson, G.	Greenfield	Limmer	Ostrom	Skoglund
Anderson, R.	Gruenes	Long	Otis	Solberg
Battaglia	Gutknecht	Eynch	Ozment	Sparby
Bauerly	Hartle	Macklin	Pappas	Stanius
Beard	Hasskamp	Marsh	Pauly	Steensma
Begich	Haukoos	McDonald	Pellow	Sviggum
Bennett	Heap	McEachern	Pelowski	Swenson
Bertram	Henry	McGuire	Peterson	Tjornhom
Bishop	Himle	McLaughlin	Poppenhagen	Tompkins
Blatz	Hugoson	McPherson	Price	Trimble
Boo	Jacobs	Milbert	Pugh	Tunheim
Burger	Janezich	Miller	Quinn	Uphus
Carlson, D.	Jefferson	Morrison	Redalen	Valento
Carlson, L.	Jennings	Munger	Reding	Vellenga
Carruthers	Johnson, A.	Murphy	Rest	Wagenius
Clark	Johnson, R.	Nelson, C.	Rice	Waltman
Conway	Johnson, V.	Neuenschwander	Richter	Weaver
Cooper	Kalis	O'Connor	Rodosovich	Welle
Dawkins	Kelly	Ogren	Runbeck	Wenzel
Dempsey	Kelso	Olsen, S.	Sarna	Williams
Dille	Kinkel	Olson, E.	Schafer	Winter
Dorn	Knickrbocker	Olson, K.	Scheid	Wynia
Forsythe	Kostohryz	Omann	Schreiber	Spk. Vanasek
Frederick	Krueger	Onnen	Seaberg	
Frerichs	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 169, A bill for an act relating to game and fish; authorizing elderly residents to take fish by spearing without a license; amending Minnesota Statutes 1988, section 97A.451, 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 109 yeas and 17 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dorn	Kahn	Murphy	Price
Anderson, R.	Forsythe	Kalis	Nelson, C.	Pugh
Battaglia	Frederick	Kelso	Neuenschwander	Quinn
Bauerly	Frerichs	Kinkel	O'Connor	Redalen
Beard	Girard	Kostohryz	Ogren	Reding
Begich	Gruenes	Krueger	Olsen, S.	Rest
Bertram	Hartle	Lieder	Olson, E.	Rice
Bishop	Hasskamp	Limmer	Olson, K.	Rodosovich
Boo	Haukoos	Long	Omann	Rukavina
Burger	Heap	Lynch	Onnen	Runbeck
Carlson, D.	Henry	Macklin	Orenstein	Sarna
Carlson, L.	Hugoson	Marsh	Ostrom	Schafer
Carruthers	Jacobs	McEachern	Otis	Segal
Clark	Janezich	McGuire	Ozment	Simoneau
Conway	Jefferson	McLaughlin	Pappas	Solberg
Cooper	Jennings	McPherson	Pauly	Sparby
Dauner	Johnson, A.	Milbert	Pelowski	Steensma
Dawkins	Johnson, R.	Morrison	Peterson	Sviggum
Dempsey	Johnson, V.	Munger	Poppenhagen	Swenson

Tjornhom	Tunheim	Waltman	Wenzel	Wynia
Tompkins	Uphus	Weaver	Williams	Spk. Vanasek
Trimble	Valento	Welle	Winter	

Those who voted in the negative were:

Abrams	Gutknecht	McDonald	Schreiber	Wagenius
Bennett	Himle	Miller	Seaberg	
Blatz	Knickerbocker	Pellow	Skoglund	
Greenfield	Lasley	Richter	Stanius	

The bill was passed and its title agreed to.

H. F. No. 438, A bill for an act relating to courts; specifying the income standard for proceeding in forma pauperis; amending Minnesota Statutes 1988, section 563.01, subdivision 3.

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

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

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Osthoff	Simoneau
Anderson, G.	Greenfield	Lieder	Ostrom	Skoglund
Anderson, R.	Gruenes	Limmer	Otis	Solberg
Battaglia	Gutknecht	Long	Ozment	Sparby
Bauerly	Hartle	Lynch	Pappas	Stanius
Beard	Hasskamp	Macklin	Pauly	Steensma
Begich	Haukoos	Marsh	Pellow	Sviggun
Bennett	Heap	McDonald	Pelowski	Swenson
Bertram	Henry	McEachern	Peterson	Tjornhom
Bishop	Himle	McGuire	Poppenhagen	Tompkins
Blatz	Hugoson	McLaughlin	Price	Trimble
Boo	Jacobs	McPherson	Pugh	Tunheim
Burger	Janezich	Milbert	Quinn	Uphus
Carlson, D.	Jaros	Miller	Redalen	Valento
Carlson, L.	Jefferson	Morrison	Reding	Vellenga
Carruthers	Jennings	Munger	Rest	Wagenius
Clark	Johnson, A.	Murphy	Rice	Waltman
Conway	Johnson, R.	Nelson, C.	Richter	Weaver
Cooper	Johnson, V.	Neuenschwander	Rodosovich	Welle
Dauner	Kahn	O'Connor	Rukavina	Wenzel
Dawkins	Kalis	Ogren	Runbeck	Williams
Dempsey	Kelly	Olsen, S.	Sarna	Winter
Dille	Kelso	Olson, E.	Schafer	Wynia
Dorn	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Forsythe	Knickerbocker	Omman	Schreiber	
Frederick	Kostohryz	Onnen	Seaberg	
Frerichs	Krueger	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 505, A bill for an act relating to veterans; removing a limitation on veterans in the category of protected groups for the

purpose of state employment; amending Minnesota Statutes 1988, section 43A.02, subdivision 33.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Ferichs	Krueger	Orenstein	Segal
Anderson, G.	Girard	Lasley	Osthoff	Simoneau
Anderson, R.	Greenfield	Lieder	Ostrom	Skoglund
Battaglia	Gruenes	Limmer	Otis	Solberg
Bauerly	Gutknecht	Long	Ozment	Sparby
Beard	Hartle	Lynch	Pappas	Stanius
Begich	Hasskamp	Macklin	Pauly	Steenasma
Bennett	Haukoos	Marsh	Pellow	Sviggum
Bertram	Heap	McDonald	Pelowski	Swenson
Bishop	Henry	McEachern	Peterson	Tjornhom
Blatz	Himle	McGuire	Poppenhagen	Tompkins
Boo	Hugoson	McLaughlin	Price	Trimble
Brown	Jacobs	McPherson	Pugh	Tunheim
Burger	Janezich	Milbert	Quinn	Uphu
Carlson, D.	Jaros	Miller	Redalen	Valento
Carlson, L.	Jefferson	Morrison	Reding	Vellenga
Carruthers	Jennings	Munger	Rest	Wagenius
Clark	Johnson, A.	Murphy	Rice	Waltman
Conway	Johnson, R.	Nelson, C.	Richter	Weaver
Cooper	Johnson, V.	Neuenschwander	Rodosovich	Welle
Dauner	Kahn	O'Connor	Rukavina	Wenzel
Dawkins	Kalis	Ogren	Runbeck	Williams
Dempsey	Kelly	Olsen, S.	Sarna	Winter
Dille	Kelso	Olson, E.	Schafer	Wynia
Dorn	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Forsythe	Knickerbocker	Omann	Schreiber	
Frederick	Kostohryz	Onnen	Seaberg	

The bill was passed and its title agreed to.

S. F. No. 358, A bill for an act relating to liquor; clarifying license eligibility; changing the time of sale on certain holidays; allowing for the dispensing of samples of malt liquor; amending Minnesota Statutes 1988, sections 340A.402; 340A.504, subdivisions 2, 3, and 4; and 340A.510.

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 116 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Abrams	Anderson, G.	Anderson, R.	Battaglia	Bauerly
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Beard	Girard	Knickerbocker	Olson, E.	Sarna
Begich	Greenfield	Kostohryz	Olson, K.	Schreiber
Bennett	Gruenes	Krueger	Omamm	Segal
Bertram	Gutknecht	Lasley	Orenstein	Simoneau
Bishop	Hartle	Lieder	Osthoff	Solberg
Blatz	Hasskamp	Limmer	Ostrom	Sparby
Boo	Heap	Long	Otis	Stanius
Brown	Henry	Lynch	Ozment	Steensma
Burger	Himle	Macklin	Pappas	Swenson
Carlson, D.	Jacobs	McEachern	Pauly	Tjornhom
Carlson, L.	Janezich	McGuire	Pellow	Tompkins
Carruthers	Jaros	McLaughlin	Pelowski	Trimble
Clark	Jefferson	Milbert	Peterson	Tunheim
Conway	Jennings	Miller	Price	Uphus
Cooper	Johnson, A.	Morrison	Pugh	Valento
Dauner	Johnson, R.	Munger	Quinn	Vellenga
Dawkins	Johnson, V.	Murphy	Redalen	Weaver
Dempsey	Kahn	Nelson, C.	Reding	Welle
Dille	Kalis	Neuenschwander	Rest	Wenzel
Dorn	Kelly	O'Connor	Rodosovich	Williams
Frederick	Kelso	Ogren	Rukavina	Winter
Frerichs	Kinkel	Olsen, S.	Runbeck	Wynia
				Spk. Vanasek

Those who voted in the negative were:

Forsythe	Marsh	Poppenhagen	Schafer	Sviggum
Haukoos	McDonald	Rice	Seaberg	Wagenius
Hugoson	Onnen	Richter	Skoglund	Waltman

The bill was passed and its title agreed to.

H. F. No. 611, A bill for an act relating to insurance; regulating agent licensing; regulating Medicare supplement plans; modifying required levels of coverages; prescribing penalties; amending Minnesota Statutes 1988, sections 60A.17, subdivision 6c, and by adding a subdivision; 62A.31, subdivisions 1 and 2; 62A.41; 62D.104; 62D.121, subdivision 3; 62D.181, subdivision 4; 62E.07; and 62E.14, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 62A; repealing Minnesota Statutes 1988, sections 62A.32; 62A.33; 62A.34; 62A.35; and Minnesota Rules, part 2795.0900.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bertram	Carruthers	Dorn	Hartle
Anderson, G.	Bishop	Clark	Forsythe	Hasskamp
Anderson, R.	Blatz	Conway	Frederick	Haukoos
Battaglia	Boo	Cooper	Frerichs	Heap
Bauerly	Brown	Dauner	Girard	Henry
Beard	Burger	Dawkins	Greenfield	Himle
Begich	Carlson, D.	Dempsey	Gruenes	Hugoson
Bennett	Carlson, L.	Dille	Gutknecht	Jacobs

Janezich	Lynch	Olson, K.	Rest	Swenson
Jaros	Macklin	Omann	Rice	Tjornhom
Jefferson	Marsh	Onnen	Richter	Tompkins
Jennings	McDonald	Orenstein	Rodosovich	Trimble
Johnson, A.	McEachern	Osthoff	Rukavina	Tunheim
Johnson, R.	McGuire	Ostrom	Runbeck	Uphus
Johnson, V.	McLaughlin	Otis	Sarna	Valento
Kahn	McPherson	Ozment	Schafer	Vellenga
Kalis	Milbert	Pappas	Scheid	Wagenius
Kelly	Miller	Pauly	Schreiber	Waltman
Kelso	Morrison	Pellow	Seaberg	Weaver
Kinkel	Munger	Pelowski	Segal	Welle
Knickerbocker	Murphy	Peterson	Simoneau	Wenzel
Kostohryz	Nelson, C.	Poppenhagen	Skoglund	Williams
Krueger	Neuenschwander	Price	Solberg	Winter
Lasley	O'Connor	Pugh	Sparby	Wynia
Lieder	Ogren	Quinn	Stanuis	Spk. Vanasek
Limmer	Olsen, S.	Redalen	Steensma	
Long	Olson, E.	Reding	Sviggum	

The bill was passed and its title agreed to.

H. F. No. 719, A bill for an act relating to economic development; authorizing certain local jurisdictions to contribute to local or regional economic development organizations; proposing coding for new law in Minnesota Statutes, chapter 469.

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	Girard	Krueger	Onnen	Seaberg
Anderson, G.	Greenfield	Lasley	Orenstein	Segal
Anderson, R.	Gruenes	Lieder	Osthoff	Simoneau
Battaglia	Gutknecht	Limmer	Ostrom	Skoglund
Bauerly	Hartle	Long	Otis	Solberg
Beard	Hasskamp	Lynch	Ozment	Sparby
Begich	Haukoos	Macklin	Pappas	Stanuis
Bennett	Heap	Marsh	Pauly	Steensma
Bertram	Henry	McDonald	Pellow	Sviggum
Bishop	Himle	McEachern	Pelowski	Swenson
Boo	Hugoson	McGuire	Peterson	Tjornhom
Burger	Jacobs	McLaughlin	Poppenhagen	Tompkins
Carlson, D.	Janezich	McPherson	Price	Trimble
Carlson, L.	Jaros	Milbert	Pugh	Tunheim
Carruthers	Jefferson	Miller	Quinn	Uphus
Clark	Jennings	Morrison	Redalen	Valento
Conway	Johnson, A.	Munger	Reding	Vellenga
Cooper	Johnson, R.	Murphy	Rest	Wagenius
Dauner	Johnson, V.	Nelson, C.	Rice	Waltman
Dawkins	Kahn	Neuenschwander	Richter	Weaver
Dempsey	Kalis	O'Connor	Rodosovich	Welle
Dille	Kelly	Ogren	Rukavina	Wenzel
Dorn	Kelso	Olsen, S.	Runbeck	Williams
Forsythe	Kinkel	Olson, E.	Sarna	Winter
Frederick	Knickerbocker	Olson, K.	Schafer	Wynia
Frerichs	Kostohryz	Omann	Scheid	Spk. Vanasek

Those who voted in the negative were:

Blatz

Schreiber

The bill was passed and its title agreed to.

GENERAL ORDERS

Pursuant to Rules of the House, the House resolved itself into the Committee of the Whole with Vanasek in the Chair for consideration of bills pending on General Orders of the day. Quinn presided during a portion of the meeting of the Committee of the Whole. After some time spent therein the Committee arose.

REPORT OF THE COMMITTEE OF THE WHOLE

The Speaker resumed the Chair, whereupon the following recommendations of the Committee were reported to the House:

H. F. Nos. 1029, 1077, 1104, 1267, 1311, 1330, 386, 400, 655, 796, 812, 1149, 1160, 1351 and 1411 were recommended to pass.

S. F. Nos. 271, 332, 681 and 478 were recommended to pass.

H. F. Nos. 296 and 13 were recommended for progress.

H. F. Nos. 1471 and 1472 were recommended for progress until Wednesday, April 19, 1989.

H. F. No. 1225 was recommended for progress until Monday, May 1, 1989.

H. F. No. 843 was recommended for progress until Monday, May 15, 1989.

H. F. No. 955 which it recommended to pass with the following amendment offered by Rodosovich:

Page 2, line 22, after "activity" insert "authorized for a national bank, a bank holding company, or a subsidiary of a national bank or bank holding company under federal law or regulation and" and delete "commission" and insert "commissioner"

H. F. No. 1283, the first engrossment, which it recommended to pass with the following amendment offered by Carruthers, Winter and Dempsey:

Page 1, line 31, after "liability insurance" insert "with limits of liability greater than \$100,000"

S. F. No. 192 which it recommended to pass with the following amendment offered by Johnson, R.:

Page 1, line 9, reinstate the stricken language

Page 1, line 10, reinstate "contract for a forestry development project"

Page 1, line 11, reinstate the comma

On the motion of Krueger the report of the Committee of the Whole was adopted.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

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

S. F. No. 156.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 156

A bill for an act relating to gambling; authorizing the governor to negotiate a tribal-state compact pursuant to the Indian gaming regulatory act; proposing coding for new law in Minnesota Statutes, chapter 3.

April 11, 1989

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 156, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 156 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [3.9221] [INDIAN TRIBES; COMPACTS TO BE NEGOTIATED.]

Subdivision 1. [DEFINITION.] For purposes of this section, “act” means the Indian gaming regulatory act, Public Law Number 100-497, and future amendments to it.

Subd. 2. [NEGOTIATIONS AUTHORIZED.] The governor or the governor’s designated representatives shall, pursuant to section 11 of the act, negotiate in good faith a tribal-state compact regulating the conduct of class III gambling, as defined in section 4 of the act, on Indian lands of a tribe requesting negotiations. The agreement may include any provision authorized under section 11(d)(3)(C) of the act. The attorney general is the legal counsel for the governor or the governor’s representatives in regard to negotiating a compact under this section.

Subd. 3. [TIME LIMITS.] (a) In the case of negotiations undertaken pursuant to a request for negotiations received before the effective date of this act, the authority granted under subdivision 2 to negotiate with an Indian tribe expires 180 days after the effective date of this act.

(b) In the case of negotiations undertaken pursuant to a request for negotiations received after the effective date of this act, the authority granted under subdivision 2 to negotiate with an Indian tribe expires 180 days after receipt of the request by the governor.

Subd. 4. [TERMS OF COMPACT; RIGHTS OF PARTIES.] A compact agreed to on behalf of the state under this section must contain:

(1) a provision recognizing the right of each party to the agreement, including the legislature by joint resolution, to request that

the agreement be renegotiated or replaced by a new compact, and providing the terms under which either party, including the legislature, can request a renegotiation or the negotiation of a new compact; and

(2) a provision that in the event of a request for a renegotiation or a new compact the existing compact will remain in effect until renegotiated or replaced.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to gambling; authorizing the governor or the governor's representatives to negotiate a tribal-state compact pursuant to the Indian gaming regulatory act; proposing coding for new law in Minnesota Statutes, chapter 3."

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

Senate Conferees: MARILYN M. LANTRY AND RANDOLPH W. PETERSON.

House Conferees: JOSEPH QUINN AND BECKY KELSO.

Kostohryz moved that the report of the Conference Committee on S. F. No. 156 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 156, A bill for an act relating to gambling; authorizing the governor to negotiate a tribal-state compact pursuant to the Indian gaming regulatory act; proposing coding for new law in Minnesota Statutes, chapter 3.

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

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Bertram	Burger	Clark
Anderson, G.	Beard	Blatz	Carlson, D.	Conway
Anderson, R.	Begich	Boo	Carlson, L.	Cooper
Battaglia	Bennett	Brown	Carruthers	Dauner

Dawkins	Jennings	McLaughlin	Fellow	Skoglund
Dempsey	Johnson, A.	McPherson	Pelowski	Solberg
Dille	Johnson, R.	Milbert	Peterson	Sparby
Dorn	Johnson, V.	Morrison	Poppenhagen	Stanuis
Forsythe	Kahn	Munger	Price	Steensma
Frederick	Kalis	Murphy	Pugh	Sviggum
Frerichs	Kelly	Nelson, C.	Quinn	Swenson
Girard	Kelso	Neuenschwander	Redalen	Tjornhom
Greenfield	Kinkel	O'Connor	Reding	Tompkins
Gruenes	Knickerbocker	Ogren	Rest	Trimble
Gutknecht	Kostohryz	Olsen, S.	Rice	Tunheim
Hartle	Krueger	Olson, E.	Richter	Uphus
Hasskamp	Lasley	Olson, K.	Rodosovich	Valento
Haukoos	Lieder	Omann	Rukavina	Vellenga
Heap	Limmer	Onnen	Rumbeck	Wagenius
Henry	Long	Orenstein	Sarna	Waltman
Himle	Lynch	Osthoff	Schafer	Weaver
Hugoson	Macklin	Ostrom	Scheid	Welle
Jacobs	Marsh	Otis	Schreiber	Wenzel
Janezich	McDonald	Ozment	Seaberg	Williams
Jaros	McEachern	Pappas	Segal	Winter
Jefferson	McGuire	Pauly	Simoneau	Wynia
				Spk. Vanasek

Those who voted in the negative were:

Miller

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

MOTIONS AND RESOLUTIONS

Trimble moved that the name of Marsh be stricken and the name of Lynch be added as an author on H. F. No. 341. The motion prevailed.

Vellenga moved that the names of Johnson, A.; McDonald and Trimble be added as authors on H. F. No. 423. The motion prevailed.

Dorn moved that the name of Tjornhom be added as an author on H. F. No. 1009. The motion prevailed.

McLaughlin moved that the names of Anderson, G., and Anderson, R., be added as authors on H. F. No. 1272. The motion prevailed.

Tjornhom and Quinn moved that their names be stricken as authors on H. F. No. 1388. The motion prevailed.

Otis moved that the name of Kelly be added as an author on H. F. No. 1388. The motion prevailed.

Jennings moved that the name of Johnson, V., be added as an author on H. F. No. 1654. The motion prevailed.

Bishop moved that the name of Abrams be added as an author on H. F. No. 1661. The motion prevailed.

Beard moved that H. F. No. 1415, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Kostohryz moved that S. F. No. 115 be recalled from the Committee on General Legislation, Veterans Affairs and Gaming and together with H. F. No. 191, now on the Technical Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

Kostohryz moved that S. F. No. 1011 be recalled from the Committee on General Legislation, Veterans Affairs and Gaming and be re-referred to the Committee on Appropriations. 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. 702:

Wagenius, Bishop and Kelly.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 227:

Quinn, Carruthers and Dempsey.

ADJOURNMENT

Krueger moved that when the House adjourns today it adjourn until 2:30 p.m., Monday, April 17, 1989. The motion prevailed.

Krueger moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Monday, April 17, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

THIRTY-SECOND DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 17, 1989

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

Prayer was offered by the Reverend Robert J. Fitzpatrick of St. John's Church of Little Canada, Little Canada, Minnesota.

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

The roll was called and the following members were present:

Abrams	Girard	Lasley	Orenstein	Segal
Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Limmer	Ostrom	Skoglund
Battaglia	Gutknecht	Long	Otis	Solberg
Bauerly	Hartle	Lynch	Ozment	Sparby
Beard	Hasskamp	Macklin	Pappas	Stanius
Begich	Haukoos	Marsh	Pauly	Steenma
Bennett	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Swenson
Blatz	Himle	McGuire	Peterson	Tjornhom
Boo	Hugoson	McLaughlin	Poppenhagen	Tompkins
Brown	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Tunheim
Carlson, D.	Jaros	Miller	Quinn	Uphus
Carlson, L.	Jefferson	Morrison	Redalen	Valento
Carruthers	Jennings	Munger	Reding	Vellenga
Clark	Johnson, A.	Murphy	Rest	Wagenius
Conway	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olsen, E.	Schafer	Wynia
Forsythe	Knickerbocker	Olsen, K.	Scheid	Spk. Vanasek
Frederick	Kostohryz	Omänn	Schreiber	
Frerichs	Krueger	Onnen	Seaberg	

A quorum was present.

Bertram was excused.

The Chief Clerk proceeded to read the Journal of the preceding

day. Murphy moved that further reading of the Journal be dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 1586, 191, 355, 762, 1113, 1172, 1353, 1459, 1491, 1108, 1285, 1339, 1604, 996, 955 and 1283 and S. F. No. 192 have been placed in the members' files.

S. F. No. 115 and H. F. No. 191, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Steensma moved that S. F. No. 115 be substituted for H. F. No. 191 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 33, A bill for an act relating to town roads; permitting town ordinances to regulate the burning of vegetation; amending Minnesota Statutes 1988, section 164.02, subdivision 1.

Reported the same back with the following amendments:

Page 1, line 17, delete "Maintenance may include"

Page 1, delete lines 18 and 19 and insert:

"Subject to sections 88.16, 88.17, and 88.22, maintenance may include town ordinances to regulate the burning of vegetation on town road rights-of-way. The ordinance shall set forth limits and conditions on burning to minimize the danger of fire escaping. Any town adopting an ordinance under this section shall submit a copy of the ordinance to the department of natural resources."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 41, A bill for an act relating to family law; making surrogate mother agreements void and unenforceable; prohibiting advertisements for surrogate mothers; prohibiting the arranging of surrogate mother agreements; proposing coding for new law in Minnesota Statutes, chapters 257 and 259.

Reported the same back with the following amendments:

Page 1, line 21, after the first "to" insert "impregnate or"

Page 2, delete lines 24 and 25, and insert "court shall award court costs and attorney fees to the attorney general or county attorney, if the attorney general or county attorney prevails the action."

Injunctive relief under this section is not available against any medium in which an advertisement appears or through which it is disseminated nor against the owner or any employee of the medium."

Page 2, line 31, after the second "to" insert "such"

Page 2, delete lines 33 and 34, and insert "The court shall award court costs and attorney fees to the attorney general or county attorney, if the attorney general or county attorney prevails the action."

Amend the title as follows:

Page 1, line 6, delete "chapters" and insert "chapter"

Page 1, line 7, delete "and 259"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 118, A bill for an act relating to retirement; providing lump sum payments to certain retired or disabled public employees or their surviving spouses; appropriating money.

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

The report was adopted.

Osthoff from the Committee on Financial Institutions and Housing to which was referred:

H. F. No. 140, A bill for an act relating to housing; authorizing nonprofit neighborhood corporations to buy, rehabilitate, and sell housing to members of the community; establishing pilot programs for nonprofit neighborhood corporations; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 462A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [462A.057] [MINNESOTA RURAL AND URBAN HOMESTEADING PROGRAM.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] There is established the Minnesota rural and urban homesteading program to be administered by the agency for grants to eligible applicants to acquire, rehabilitate, and sell eligible property. The program is designed to prevent the spread of blight, conserve the existing housing supply, strengthen neighborhoods, and provide safe and affordable housing. The program is directed at single family residential properties in need of rehabilitation that are sold to "at risk" homebuyers committed to strengthening the neighborhood and following a good neighbor policy.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them.

(1) "Contract for deed" is the agreement between the homebuyer and eligible applicant that meets the requirements of subdivision 8.

(2) "Eligible organization" or "organization" means a political subdivision, nonprofit or cooperative organization, as defined by the agency, housing and redevelopment authority, or other organization designated by the agency, which demonstrates the capacity to perform the duties outlined in subdivision 5.

(3) "Eligible property" or "property" means a single family residential dwelling and surrounding property that is vacant, condemned, abandoned, or otherwise defined as eligible by the agency, which, if rehabilitated, may prevent or arrest the spread of blight.

(4) "Homebuyer" means an individual or family who has not owned a residential dwelling in the past three years and meets the definition of "at risk" established by the agency under subdivision 4.

(5) "Designated home ownership area" or "designated area" means a specific area where the acquisition, rehabilitation, and sale

of eligible properties may take place under this section. In the metropolitan area, as defined in section 473.121, subdivision 2, a designated area must be a specific four square block area.

(6) "Neighborhood volunteer resident advisory board" or "advisory board" means the board established by an organization under subdivision 6.

(7) "Program" means the Minnesota rural and urban homesteading program established in subdivision 1.

Subd. 3. [GRANTS.] The agency may award grants of up to \$300,000 to eligible organizations. The grants must be used by the organization to buy eligible properties and pay for the costs of rehabilitating those properties. Up to \$30,000 of the grant award may be used for the administrative costs of the organization and for other costs associated with the acquisition and sale of properties under this program including the payment of taxes on the property during the period between the purchase and sale of the property.

Subd. 4. [AGENCY POWERS; DUTIES.] (a) The agency must:

(1) establish criteria for selecting which eligible organizations that apply for grants under this section receive the grants;

(2) establish criteria for targeting the program to homebuyers who are at risk which is defined to include families and individuals who are homeless, receiving public assistance, or otherwise cannot afford home ownership;

(3) establish the terms and provisions of the contract for deed under subdivision 8;

(4) establish the standards for being a good neighbor in consultation with other state agencies, local governmental agencies, and other organizations. The good neighbor standards must include: (i) attendance at home maintenance classes organized by the eligible applicant; (ii) continued maintenance of the property to ensure that the property retains its value; (iii) continued payment of heat, electricity, sewer, water, and other utilities; (iv) attendance at job training, chemical dependency services, educational programs, including progress toward a G.E.D., and other social services that would move the homebuyer toward self-sufficiency; and (v) participation in neighborhood functions including assisting others in home maintenance.

(5) establish construction and safety standards for properties that have been rehabilitated that must be met prior to the organization selling the property to a homebuyer. These standards should be

designed to reduce the likelihood that major repairs will be necessary within at least five years;

(6) work with organizations in seeking waivers from building code requirements that may be barriers to providing affordable housing but do not jeopardize the structural integrity or safety of the property; and

(7) monitor the financial and other activities related to this program of the organizations that have received grants under this section including auditing the financial records of the organizations.

(b) The agency may require that all contracts related to properties under the program, including the contract for deed under subdivision 8, be approved by the agency before the execution of the contract. The agency may also require appraisals of property under the program.

Subd. 5. [ELIGIBLE ORGANIZATION; CAPACITY.] The eligible organization must demonstrate to the agency that it has the capacity to:

(1) organize and continue an ongoing relationship with the neighborhood volunteer resident advisory boards required under subdivision 6;

(2) provide the necessary staff to administer the program on the local level for an extended period;

(3) link homebuyers who buy property under this program to social services that may be required to move the homebuyer toward self-sufficiency and maintain the good neighbor provisions of the contract for deed under subdivision 8;

(4) select and acquire property that meets the requirements established for this program and contract with businesses or organizations for the rehabilitation of the property;

(5) raise funds or in-kind contributions from persons, foundations, government units, and businesses to assist in the funding for this program. In-kind contributions may include tools and equipment for the tool library and property at no or minimal cost to the organization;

(6) organize and maintain or arrange for a tool library for the lending of tools to homebuyers and other residents of the neighborhood area for the maintenance or improvement of their property;

(7) provide or arrange for classes on home maintenance and other

topics relevant to homebuyers and other neighborhood residents; and

(8) monitor the progress of homebuyers who have acquired property under this section to determine if they maintain the good neighbor policies required under subdivision 8.

Subd. 6. [NEIGHBORHOOD VOLUNTEER RESIDENT ADVISORY BOARD.] Each organization must establish a neighborhood volunteer resident advisory board for each designated area. The advisory board must consist of residents of the designated area who reflect the racial composition of the area and who have demonstrated a commitment to strengthening their neighborhood and assisting homebuyers. In the metropolitan area, as defined in section 473.121, subdivision 2, at least 20 percent of the advisory board must be minority residents. The advisory board must:

(1) recommend to the organization properties that may be acquired for the program in the designated area;

(2) consent to the purchase of properties by the organization for the program;

(3) recommend to the organization the selection of homebuyers;

(4) make recommendations for any termination of a contract for deed made under subdivision 11;

(5) assist and nurture the homebuyer by ensuring that the homebuyer receives training in home maintenance and the necessary social services to move the homebuyer toward self-sufficiency; and

(6) assist the organization in monitoring the homebuyer's progress in maintaining the good neighbor provisions of the contract for deed.

Subd. 7. [PURCHASE AND REHABILITATION.] An eligible organization may acquire up to five properties in a designated area with the consent of the advisory board for that area. The organization must rehabilitate these properties to the standards established by the agency. All rehabilitation of the properties except menial labor must be contracted out to businesses or organizations experienced in rehabilitation of residential property. The total maximum cost of the acquisition, rehabilitation, closing costs, and back taxes must be no greater than \$50,000 per individual property. The \$50,000 maximum may be exceeded if the excess costs over \$50,000 are attributed to rehabilitation or improvements to make the property handicapped accessible.

Subd. 8. [SALE OF PROPERTY TO HOMEBUYER.] The eligible organization may sell rehabilitated property to homebuyers. The organization's selection of the homebuyer must have the recommendation of the advisory board in the designated area in which the property is located. The organization may not discriminate against the homebuyer in the sale of the property based on race or sex. A contract for deed agreement between the homebuyer and the organization must be entered into for each sale of property under this subdivision. The terms and other provisions of the contract for deed must be established by the agency and the following requirements must be included in the contract:

(1) the organization must retain title to the property until the entire purchase price is paid to the eligible organization;

(2) the purchase price paid by the homebuyer must be equal to the total costs of acquiring and rehabilitating the property;

(3) no down payment or interest payment is required of the homebuyer;

(4) the monthly payment must equal 25 percent of the homebuyer's gross monthly income and must be applied according to subdivision 9;

(5) the organization retains the option to require verification of a homebuyer's income;

(6) the organization retains the option to require escrow for payment of property taxes and hazard insurance; or the organization may require the verification that payments of property taxes and hazard insurance have been made by the homeowner;

(7) the homebuyer may prepay the entire purchase price at any time during the term of the contract for deed and the title to the property must be transferred to the homeowner at the time of prepayment;

(8) the organization has the option to repurchase the property according to the terms established under subdivision 10;

(9) the homebuyer agrees to meet the good neighbor standards set by the agency; and

(10) any other requirements established by the agency that meet the requirements and purposes of this section.

The contract for deed must be reviewed every five years to determine if the homebuyer may be eligible to receive mortgage financing from another financing source including a mortgage

company or other private financial institution. If other financing is made available to the homebuyer, the contract for deed must be prepaid.

Subd. 9. [APPLICATION OF PAYMENTS.] The monthly payments required under subdivision 8 must be applied or distributed in the following order:

- (1) hazard insurance for the property;
- (2) property taxes due on the property; and
- (3) the contract for deed principal amount.

The amount applied to the contract for deed principal amount may be used by the organization for (i) reasonable administrative costs of the organization directly related to the property; (ii) an escrow account for the maintenance and improvement of the property; and (iii) a seed account maintained by the organization for further acquisition and rehabilitation of eligible properties under the program.

The agency may audit the financial records of the organization to determine if the organization is collecting reasonable administrative costs from the monthly payment.

If the monthly payment is not sufficient to pay the hazard insurance and property taxes, the organization may use money from the amount collected under clause (3), money received from the grant award under subdivision 3, or other money of the organization to pay the difference. An amount equal to the amount that would be required to offset the difference between the monthly payment and payments for hazard insurance and property taxes must be added to the contract purchase price.

If the monthly payment is not sufficient to pay the hazard insurance and property taxes, the homebuyer shall agree to work toward increasing the homebuyer's income so that monthly payments are sufficient to pay the hazard insurance and property taxes. If the organization determines that the homebuyer is not making sufficient effort to increase the homebuyer's income after six months, the organization may find that the homebuyer has failed to meet good neighbor standards and the contract for deed may be terminated.

Subd. 10. [RIGHT TO REPURCHASE.] The organization has the option to repurchase the property if the homebuyer rents, assigns, vacates, transfers, or offers to sell the property within 20 years of the purchase of the property from the organization. This option to repurchase does not apply to a transfer of the property to a surviving

joint tenant or heir of the homebuyer. If the organization chooses not to exercise its option to repurchase the property, the agency may repurchase the property.

The repurchase price paid by the organization or the agency may not exceed the lesser of the (i) appraised value of the property at the time of repurchase; or (ii) the sum of:

(1) the total amount paid by the homeowner to the organization for debt payment on the contract for deed;

(2) the value of any major improvements to the property that were paid directly by the homebuyer and were not part of the monthly payment required under subdivision 8; and

(3) the product of the sum of clauses (1) and (2), and the increase in inflation based on the housing component of the federal Consumer Price Index.

Subd. 11. [TERMINATION OF CONTRACT FOR DEED.] The contract for deed under subdivision 8 may be terminated by the organization if any of the following occurs:

(1) the homebuyer fails to make timely payments required by the contract for deed;

(2) the homebuyer refuses to provide verification of income at the request of the organization;

(3) the homebuyer fails to adequately maintain the property in compliance with all state, county, or municipal building, fire, health, or other codes and standards applicable to the eligible housing;

(4) the homebuyer is found to be guilty of a criminal action relating to controlled substances, firearms, assault, or other serious offenses as determined by the agency; or

(5) the homebuyer fails to meet the good neighbor standards established by the agency.

The organization shall consult with the advisory board before terminating the contract for deed except in the case where required payments are not made in a timely manner.

If the organization terminates the contract for deed, the homebuyer may be evicted from the property. The homebuyer is not entitled to any compensation for the payments made for the property when a contract for deed is terminated.

Subd. 12. [SUCCESSOR TO NEIGHBORHOOD ORGANIZATION.] If an organization is dissolved for any purpose or if the agency determines that the organization is unable to administer the program, the agency is the legal successor in any properties, accounts, and other assets related to the program, and all contracts, property, and other assets and liabilities of the organization related to the program are the contracts, property, and other assets and liabilities of the agency. The agency is subject to the liabilities related to the program of the organization only to the extent of the fair market value of the properties and other assets.

Subd. 13. [REPORTS.] Each organization that receives a grant under this section shall submit an annual report to the agency by December 1 of each year that describes the use of grant funds received under this section. The report must include a description of the number of eligible properties acquired, the number of properties purchased by homebuyers, the amount of nonpublic money used for the program, the effort by the organization and the advisory boards in ensuring that the homebuyers maintain a good neighbor status, and any other information required by the agency.

The agency shall prepare and submit an annual report to the legislature and the governor by January 15 of each year, beginning in 1991, that summarizes the reports of the organizations. The agency's report may also include recommendations to improve the program.

Sec. 2. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 15. It may make grants to eligible organizations for the Minnesota rural and urban homesteading program under section 1 and may pay the costs and expenses necessary and incidental to the grant program.

Sec. 3. [APPROPRIATION; MINNESOTA RURAL AND URBAN HOMESTEADING PROGRAM PILOT PROJECT.]

\$ is appropriated from the general fund to the Minnesota housing finance agency for a pilot project of the Minnesota rural and urban homesteading program established under section 1. The Minnesota housing finance agency may award five pilot project grants. The agency may not award more than two pilot project grants in a county. The agency shall award five pilot project grants to five different organizations that would administer the program in one of the following areas: (1) city of Minneapolis; (2) city of St. Paul; (3) a city in the seven county metropolitan area other than the cities of St. Paul or Minneapolis; (4) a city located outside the seven county metropolitan area with a population greater than 35,000; and (5) a city located outside the seven county metropolitan area with a population less than 35,000.

Delete the title and insert:

"A bill for an act relating to housing; establishing the Minnesota rural and urban homesteading program; providing for pilot project grants; appropriating money; amending Minnesota Statutes 1988, section 462A.21, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 462A."

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

The report was adopted.

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

H. F. No. 150, A bill for an act relating to health care; providing a program of affordable health care coverage for Minnesota residents; creating a health care access commission to implement and administer the program; establishing eligibility requirements and funding sources; modifying income eligibility requirements for medical assistance; imposing penalties; appropriating money; amending Minnesota Statutes 1988, section 256B.056, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 290; proposing coding for new law as Minnesota Statutes, chapter 62J.

Reported the same back with the following amendments:

Page 3, after line 15, insert:

"The commission shall be treated as an executive branch agency for purposes of sections 16A.095, 16A.10, 16A.11, 16A.123, 16A.14, and 16A.15."

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

The report was adopted.

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

H. F. No. 153, A bill for an act relating to retirement; judges' retirement fund; providing coverage under the combined service annuity, disability, and survivor benefit provisions; amending Minnesota Statutes 1988, sections 356.30, subdivision 3; 356.302, subdivision 7; and 356.303, subdivision 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“ARTICLE 1

PURCHASE OF PRIOR SERVICE CREDIT

Section 1. [PURCHASE OF CREDIT FOR CERTAIN PRIOR SERVICE.]

Subdivision 1. [HIGHLAND GOLF COURSE EMPLOYEE.] A person who was born on October 1, 1925, who was a member of the public employees retirement association as of December 1, 1988, who is a seasonal employee of the city of St. Paul at the Highland golf course, and who was employed in that capacity between June 25, 1979, and July 31, 1984, is entitled to purchase allowable service credit from the public employees retirement association for that period of service if not otherwise credited as allowable service by the public employees retirement association.

Subd. 2. [RAMSEY COUNTY COURT COMMISSIONER.] A member of the public employees retirement association with prior service as an elected court commissioner in Ramsey county between January 1, 1963, and December 31, 1974, may purchase allowable service credit in the association for that period of service.

Subd. 3. [HENNEPIN COUNTY EMPLOYEE.] Notwithstanding the limitations in Minnesota Statutes, section 353.36, subdivision 2, a person whose employment with Hennepin county began in July 1973, but for whom no salary deductions were taken out for the public employees retirement association between October 1973 and July 1976, may purchase credit for the prior public service for which salary deductions were omitted.

Subd. 4. [DAKOTA COUNTY RECORDER.] A member of the public employees retirement association with prior service as an elected county recorder in Dakota county between January 1, 1983, and December 31, 1987, may purchase allowable service credit in the association for that period of service.

Subd. 5. [BLOOMINGTON CITY EMPLOYEE.] A person who was born on May 11, 1927, whose employment by the city of Bloomington began in March 1960 and continued during the years 1960 and 1961, and for whom no salary deductions were taken for the public employees retirement association may purchase credit for that service from the public employees retirement association.

Subd. 6. [PURCHASE PAYMENT AMOUNT.] For a person eligi-

ble to purchase credit for prior service under subdivisions 1 to 5, there must be paid to the public employees retirement association an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity that would be obtained by virtue of the purchase of the additional service credit, using the preretirement interest rate specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the public employees retirement association and assuming continuous future service in the public employees retirement association until, and retirement at, the age at which the minimum requirements of the retirement association for normal retirement or retirement with an annuity unreduced for retirement at an early age, including Minnesota Statutes, section 356.30, are met with the additional service credit purchased, and also assuming a future salary history that includes annual salary increases at the salary increase rate specified in Minnesota Statutes, section 356.215, subdivision 4d. The person requesting the purchase of prior service shall establish in the records of the public employees retirement association proof of the service for which the purchase of prior service is requested. The manner of the proof of service must be in accordance with procedures prescribed by the executive director of the public employees retirement association.

Subd. 7. [PAYMENT; CREDITING SERVICE.] Payment must be made in one lump sum, unless the executive director of the public employees retirement association agrees to accept payment in installments over a period not to exceed three years from the date of the agreement, with interest at a rate deemed appropriate by the executive director. The period of allowable service may be credited to the account of the person only after receipt of full payment by the executive director.

Subd. 8. [OPTIONAL EMPLOYER PARTIAL PAYMENT.] Payment must be made by the person entitled to purchase prior service. However, the current or former employer of a person specified in subdivisions 1 to 5, may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect for the public employees retirement association during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of six percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made.

Sec. 2. Laws 1988, chapter 709, article 3, section 1, subdivision 4, is amended to read:

Subd. 4. [OPTIONAL EMPLOYER PARTIAL PAYMENT.] Payment must be made by the person entitled to purchase prior service. However, the current or former employer of a person specified in subdivision 1, clause (1), (2), (4), (5), (6), or (7) may, at its discretion,

and the metropolitan sports facilities commission for a person specified in subdivision 1, clause (3), shall pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect for the retirement fund during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of six percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made.

Sec. 3. [PURCHASE AMOUNT.]

Notwithstanding Laws 1988, chapter 709, article 3, section 1, subdivision 2, the amounts required to purchase credit for prior service under Laws 1988, chapter 709, article 3, section 1, subdivision 1, clause (3), must be calculated assuming the affected employees will retire at age 65. Notwithstanding any contrary provision in Minnesota Statutes, section 352.116, if an employee who purchases service under Laws 1988, chapter 709, article 3, section 1, subdivision 1, clause (3) retires before age 65, the annuity must be reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the employee deferred receipt from the day the annuity begins to accrue to age 65.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment. Section 2 applies retroactively to May 4, 1988.

ARTICLE 2

OTHER RETIREMENT ISSUES

Section 1. Minnesota Statutes 1988, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] (a) The following persons are excluded from the meaning of "public employee":

(1) persons employed for professional services where the service is incidental to regular professional duties, determined on the basis that compensation for the service amounts to no more than 25 percent of the person's total annual gross earnings for all professional duties;

(2) election officers;

(3) independent contractors and their employees;

(4) patient and inmate help in governmental subdivision charitable, penal, and correctional institutions;

(5) members of boards, commissions, bands, and others who serve the governmental subdivision intermittently;

(6) employees whose employment is not expected to continue for a period longer than six consecutive months;

(7) part-time employees who receive monthly compensation from a governmental subdivision not exceeding \$425, and part-time employees and elected officials whose annual compensation from a governmental subdivision is stipulated in advance, in writing, to be not more than \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$5,100 per employment period for employment expected to be of less than a full year's duration, except that members continue their membership until termination of public service;

(8) persons who first occupy an elected office after July 1, 1988, the compensation for which does not exceed \$425 per month;

(9) emergency employees who are employed by reason of work caused by fire, flood, storm, or similar disaster;

(10) employees who by virtue of their employment as an officer or employee of a governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the state employees retirement system, the teachers retirement fund, the state patrol retirement fund, the Duluth teachers retirement fund association, the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, the Minnesota state retirement system correctional officers retirement plan, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees police and fire fund and for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10, other than as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement association;

(11) police matrons employed in a police department of a city who are transferred to the jurisdiction of a joint city and county detention and corrections authority;

(12) persons who are excluded from coverage under the federal old age, survivors, disability, and health insurance program for the

performance of service as specified in United States Code, title 42, section 410(a) (8) (A), as amended through January 1, 1987;

(13) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university and who are not employed full time by a governmental subdivision;

(14) resident physicians, medical interns, and pharmacist interns who are serving in public hospitals;

(15) appointed or elected officers, paid entirely on a fee basis, who were not members on June 30, 1971;

(16) persons holding a part-time adult supplementary technical institute license who render part-time teaching service in a technical institute if the service is incidental to the person's regular nonteaching occupation, the applicable technical institute stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year, and the part-time teaching service actually does not exceed 300 hours in a fiscal year; and

(17) persons exempt from licensure under section 125.031; and

(18) persons employed by the Minneapolis community development agency.

(b) Immediately following the expiration of a six-month period of employment by an employee covered by paragraph (a), clause (6), if the employee continues in public service and earns more than \$425 from a governmental subdivision in any one calendar month, the department head shall report the employee for membership and cause employee contributions to be made on behalf of the employee in accordance with section 353.27, subdivision 4, and the employee remains a member until termination of public service. This paragraph may not be construed to exclude an employee from membership whose employment is expected to continue for more than six months but who is serving a probationary period.

(c) If compensation from a governmental subdivision to an employee covered by paragraph (a), clause (7), exceeds \$5,100 per calendar year or school year after being stipulated in advance, the stipulation is no longer valid and contributions must be made on behalf of the employee in accordance with section 353.27, subdivision 12, from the month in which the employee first exceeded \$425.

(d) Paragraph (a), clause (10), does not prevent a person from being a member of and contributing to the public employees retirement association and also belonging to or contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public

employee" in subdivision 2, by virtue of other service occurring during the same period of time shall become a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association in accordance with section 354.05, subdivision 2.

Sec. 2. Minnesota Statutes 1988, section 355.90, subdivision 3, is amended to read:

Subd. 3. [REFERENDUM.] A referendum on the question of extending the provisions of United States Code, title 42, sections 426, 426-1, and 1395c, must be held for each public employee pension plan listed in section 356.30, subdivision 3, except clauses (5) and (6), that has current members or participants who do not have coverage by the federal old age, survivors, and disability insurance program for the employment giving rise to that pension plan membership. The state agency shall supervise the referendum in accordance with United States Code, title 42, section 418, on the date or dates set by the governor for each pension plan. The notice of the referendum provided to each employee must contain a statement sufficient to inform the person of the rights available to the person as an employee in Medicare qualified government employment and the employee contribution rates applicable to the program. The referendum is approved if a majority of the members or participants indicate their desire to have the coverage on a form prescribed by the state agency. If the referendum is approved, The referendum must permit each employee the opportunity to select or reject Medicare coverage. The governor shall certify that fact to the Secretary of Health and Human Services, and that the conditions specified in United States Code, title 42, section 418(d)(7) have been met. Coverage is effective for all members or participants of the plan who select it on the first of the month after the certification unless the participant or member elects coverage effective retroactively to April 1, 1986.

Sec. 3. Minnesota Statutes 1988, section 355.90, subdivision 4, is amended to read:

Subd. 4. [EMPLOYEE AND EMPLOYER CONTRIBUTIONS.] (a) If the referendum is approved, Beginning on the first of the month after the certification of approval by the governor, the employer of each member or participant covered by selecting coverage under the referendum shall deduct from the wages of the employee an amount equal to the tax that would be imposed under United States Code, title 26, section 3101(b), if the services of the employee for which wages were paid constituted employment as defined in United States Code, title 26, section 3121.

(b) In addition to the deduction specified in paragraph (a), the employer of each member or participant covered by the referendum

shall also pay an amount equal to the tax that would be imposed under United States Code, title 26, section 3111(b), on the same wage base specified in paragraph (a).

(c) The amounts under paragraphs (a) and (b) shall be paid by the employer to the Secretary of the Treasury in the manner required by the secretary.

Sec. 4. Minnesota Statutes 1988, section 356.30, subdivision 3, is amended to read:

Subd. 3. [COVERED FUNDS.] ~~The provisions of This section shall apply~~ applies to the following retirement funds:

- (1) state employees retirement fund established pursuant to chapter 352;
- (2) correctional employees retirement program, established pursuant to chapter 352;
- (3) unclassified employees retirement plan, established pursuant to chapter 352D;
- (4) state patrol retirement fund, established pursuant to chapter 352B;
- (5) legislators' retirement plan, established pursuant to chapter 3A;
- (6) elective state officers' retirement plan, established pursuant to chapter 352C;
- (7) public employees retirement association, established pursuant to chapter 353;
- (8) public employees police and fire fund, established pursuant to chapter 353;
- (9) teachers retirement fund, established pursuant to chapter 354;
- (10) Minneapolis employees retirement fund, established pursuant to chapter 422A;
- (11) Minneapolis teachers retirement fund association, established pursuant to chapter 354A;
- (12) St. Paul teachers retirement fund association, established pursuant to chapter 354A;

(13) Duluth teachers retirement fund association, established pursuant to chapter 354A;

(14) public employees local government correctional service retirement plan established by sections 353C.01 to 353C.10; and

(15) judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 5. Minnesota Statutes 1988, section 356.302, subdivision 7, is amended to read:

Subd. 7. [COVERED RETIREMENT PLANS.] This section applies to the following retirement plans:

(1) state employees retirement fund, established by chapter 352;

(2) unclassified employees retirement plan, established by chapter 352D;

(3) public employees retirement association, established by chapter 353;

(4) teachers retirement fund, established by chapter 354;

(5) Duluth teachers retirement fund association, established by chapter 354A;

(6) Minneapolis teachers retirement fund association, established by chapter 354A;

(7) St. Paul teachers retirement fund association, established by chapter 354A;

(8) Minneapolis employees retirement fund, established by chapter 422A;

(9) correctional employees retirement plan, established by chapter 352;

(10) state patrol retirement fund, established by chapter 352B; and

(11) public employees police and fire fund, established by chapter 353; and

(12) judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 6. Minnesota Statutes 1988, section 356.303, subdivision 4, is amended to read:

Subd. 4. [COVERED RETIREMENT PLANS.] This section applies to the following retirement plans:

- (1) legislators retirement plan, established by chapter 3A;
- (2) state employees retirement fund, established by chapter 352;
- (3) correctional employees retirement plan, established by chapter 352;
- (4) state patrol retirement fund, established by chapter 352B;
- (5) elective state officers retirement plan, established by chapter 352C;
- (6) unclassified employees retirement plan, established by chapter 352D;
- (7) public employees retirement association, established by chapter 353;
- (8) public employees police and fire fund, established by chapter 353;
- (9) teachers retirement fund, established by chapter 354;
- (10) Duluth teachers retirement fund association, established by chapter 354A;
- (11) Minneapolis teachers retirement fund association, established by chapter 354A;
- (12) St. Paul teachers retirement fund association, established by chapter 354A; and
- (13) Minneapolis employees retirement fund, established by chapter 422A; and
- (14) judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 7. Minnesota Statutes 1988, section 490.124, subdivision 12, is amended to read:

Subd. 12. [REFUND.] (a) Any person who ceases to be a judge but who does not qualify for a retirement annuity or other benefit under

section 490.121 shall be entitled to a refund in an amount equal to all the person's contributions to the judges' retirement fund plus interest computed to the first day of the month in which the refund is processed based on fiscal year balances at the rate of five percent per annum compounded annually.

(b) A refund of contributions under paragraph (a) terminates all service credits and all rights and benefits of the judge and the judge's survivors. A person who becomes a judge again after taking a refund under paragraph (a) may reinstate previously terminated service credits, rights, and benefits by repaying all refunds. A repayment must include interest at six percent per annum, compounded annually.

Sec. 8. Laws 1980, chapter 595, section 2, subdivision 4, is amended to read:

Subd. 4. All employees of the agency shall be considered employees of the housing and redevelopment authority and not the city of Minneapolis for the purposes of exclusion from membership in the public employee retirement association. An employee of the agency or the Minneapolis housing and redevelopment authority who is transferred to employment of the department or agency or the Minneapolis industrial development commission or the city of Minneapolis shall elect one of the following options with respect to retirement programs within six months after the date of transfer:

(a) The employee may continue as a member of the retirement program established by the Minneapolis housing and redevelopment authority and in effect on the date of transfer, and the agency or department or the city of Minneapolis shall make the necessary employer contributions to the program instead of becoming a member of the public employees retirement association.

(b) The employee may become a member of the public employees retirement association.

An employee of the city of Minneapolis who is transferred to employment of the agency or the Minneapolis housing and redevelopment authority shall remain a member of the retirement fund to which the employee belonged prior to the transfer, during the employment. An employee of the city of Minneapolis who is a member of the Minneapolis municipal employees retirement fund who is transferred to employment of the agency shall remain a member of the fund during the employment.

Sec. 9. [REFUND OF EXCESS EMPLOYEE CONTRIBUTIONS.]

A former employee of the bureau of health of the city of Saint Paul who, under Laws 1973, chapter 767, section 4, elected to retire with

benefits calculated in accordance with Minnesota Statutes, chapter 425, as modified by Laws 1969, chapter 1102, may, upon application to the executive director of the public employees retirement association or a form prescribed by the executive director, receive a refund of excess employee contributions to the bureau of health pension fund. The amount to be refunded is the difference between the amount actually deducted from the employee's monthly pay from the effective date of Laws 1969, chapter 1102, to the effective date of Laws 1973, chapter 767, and an amount equal to six percent of the monthly salary of a health sanitarian in the employment of the city of Saint Paul on January 1, 1969, plus interest at the rate of six percent a year compounded annually. The refund is payable from the public employees retirement fund.

Sec. 10. [PAYMENT OF REFUNDS BY ASSOCIATION.]

The executive director of the public employees retirement association shall notify each former employee of the bureau of health of the city of Saint Paul covered by section 1 who is receiving a retirement annuity from the public employees retirement association of the person's right to apply for a refund of excess contributions under that section. Application must be made within 60 days following notice, or eligibility for the refund expires. Upon receipt of an application for a refund from a person, the executive director of the association shall pay to the person a refund calculated in accordance with section 1.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 and 8 are effective upon approval by the city council of the city of Minneapolis and upon compliance with Minnesota Statutes, section 645.021, subdivision 3, and apply retroactively to July 13, 1980. Sections 2 to 7 are effective the day following final enactment. Sections 4, 5, and 6 apply retroactively to August 1, 1987. Sections 9 and 10 are effective July 1, 1989."

Delete the title and insert:

"A bill for an act relating to retirement; permitting certain purchases of prior service; excluding certain employees and providing for certain refunds from the public employees retirement association; providing for a referendum on Medicare coverage; providing a combined-service annuity for the judges' retirement fund; providing for repayment of refunds to the judges' retirement fund; amending Minnesota Statutes 1988, sections 353.01, subdivision 2b; 355.90, subdivisions 3 and 4; 356.30, subdivision 3; 356.302, subdivision 7; 356.303, subdivision 4; and 490.124, subdivision 12; Laws 1980, chapter 595, section 2, subdivision 4; and Laws 1988, chapter 709, article 3, section 1, subdivision 4."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 163, A bill for an act relating to crime; enhancing penalties for offenders who unlawfully distribute controlled substances on school premises, at bus stops, or enroute to or from school; making possession and use of dangerous weapons while involved in unlawful controlled substance transactions a separate crime; requiring the attorney general to draft and disseminate a plain language version of these laws; amending Minnesota Statutes 1988, section 152.15, subdivision 1, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 152.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [152.152] [CONTROLLED SUBSTANCE TRANSACTIONS IN PUBLIC PARKS AND DRUG FREE SCHOOL ZONES; DISSEMINATION OF INFORMATION.]

Subdivision 1. [DEFINITIONS.] As used in this section:

(1) “Drug free school zone” includes the following locations: (a) school premises, as defined in clause (3); (b) the area within a school bus; and (c) property within 300 feet or one city block, whichever distance is greater, of a designated school bus stop when one or more students are awaiting the bus, or after one or more students have exited the bus if the bus is still within 300 feet or one city block, whichever distance is greater, of the designated school bus stop.

(2) “Public park” means an area designated as a public park by the federal government, the state, a local unit of government, a park district board, or a park and recreation board in a city of the first class. “Public park” includes the area within 300 feet or one city block, whichever distance is greater, of the park boundary.

(3) “School premises” means any property owned, leased, or controlled by a school district or an organization operating a nonpublic school, as defined in section 123.932, subdivision 3, and the area within 300 feet or one city block, whichever distance is greater, of the property, where an elementary, middle, secondary school, secondary vocational center, or other school providing educational services in grade 1 through grade 12 is located, or used for educational purposes, or where extracurricular or cocurricular activities are regularly provided.

Subd. 2. [ATTORNEY GENERAL DUTIES.] The attorney general shall disseminate information relating to the provisions of sections 2 and 3 to the public. In conjunction with the informational promotion of sections 2 and 3, the attorney general shall draft a plain language version of sections 2 and 3 that describes in a clear and coherent manner using words with common and everyday meanings the contents of these sections. The attorney general shall publicize and disseminate the plain language version as widely as practicable, including distributing the version to school boards and local governments.

Subd. 3. [SCHOOL BOARDS, LOCAL GOVERNMENTS, AND PARK AGENCIES.] Every school board shall post the plain language version of sections 2 and 3 in conspicuous locations in school buildings and school buses. Every local government shall post the plain language version of sections 2 and 3 conspicuously at appropriate locations in public buildings. Every government agency responsible for administration of a public park shall post the plain language version of sections 2 and 3 conspicuously at appropriate locations within the park.

Subd. 4. [DRUG FREE SCHOOL ZONES.] Every school board is strongly encouraged to post signs at conspicuous locations on and near school premises stating that the school premises, the area within 300 feet or one city block, whichever distance is greater, of the school property, school buses, and designated school bus stops are within a drug free school zone. Local governments are strongly encouraged to cooperate with school boards in placing the signs.

Subd. 5. [DRUG FREE PARK ZONES.] The government agency responsible for administration of a public park is strongly encouraged to post signs at conspicuous locations in the park stating that the park and the area within 300 feet or one city block, whichever distance is greater, of the park boundary are within a drug free park zone.

Sec. 2. [244.095] [SENTENCING GUIDELINES MODIFICATION; UPWARD DEPARTURE FOR CERTAIN DRUG OFFENSES.]

Subdivision 1. [DEFINITIONS.] As used in this section, "public park" and "drug free school zone" have the meanings given them in section 1, subdivision 1.

Subd. 2. [AGGRAVATING FACTOR FOR DRUG OFFENSES COMMITTED IN PUBLIC PARKS AND IN DRUG FREE SCHOOL ZONES.] The commission shall modify the list of aggravating factors contained in the sentencing guidelines so as to authorize the sentencing judge to depart from the presumptive sentence with respect to either disposition or duration when the following circumstances are present:

(1) the defendant was convicted of unlawfully selling or possessing controlled substances in violation of chapter 152; and

(2) the crime was committed in a public park or in a drug free school zone.

This aggravating factor shall not apply to a person convicted of unlawfully possessing controlled substances in a private residence located within a drug free school zone or located within 300 feet or one city block, whichever distance is greater, of a public park boundary if no person under the age of 18 was present in the residence when the offense was committed.

Subd. 3. [REPORT TO LEGISLATURE.] The commission shall collect data on the number and types of cases involving a sentencing departure based on the aggravating factor created in subdivision 2, and shall report its findings to the legislature on or before February 1, 1991.

Sec. 3. Minnesota Statutes 1988, section 260.125, subdivision 3, is amended to read:

Subd. 3. A prima facie case that the public safety is not served or that the child is not suitable for treatment shall have been established if the child was at least 16 years of age at the time of the alleged offense and:

(1) Is alleged by delinquency petition to have committed an aggravated felony against the person and (a) in committing the offense, the child acted with particular cruelty or disregard for the life or safety of another; or (b) the offense involved a high degree of sophistication or planning by the juvenile; or

(2) Is alleged by delinquency petition to have committed murder in the first degree; or

(3) Is alleged by delinquency petition (a) to have committed the delinquent act of escape from confinement to a state juvenile correctional facility and (b) to have committed an offense as part of, or subsequent to, escape from custody that would be a felony listed in section 609.11, subdivision 9, if committed by an adult; or

(4) Has been found by the court, pursuant to an admission in court or after trial, to have committed an offense within the preceding 24 months which would be a felony if committed by an adult, and is alleged by delinquency petition to have committed murder in the second or third degree, manslaughter in the first degree, criminal sexual conduct in the first degree or assault in the first degree; or

(5) Has been found by the court, pursuant to an admission in court

or after trial, to have committed two offenses, not in the same behavioral incident, within the preceding 24 months which would be felonies if committed by an adult, and is alleged by delinquency petition to have committed manslaughter in the second degree, kidnapping, criminal sexual conduct in the second degree, arson in the first degree, aggravated robbery, or assault in the second degree; or

(6) Has been found by the court, pursuant to an admission in court or after trial, to have committed two offenses, not in the same behavioral incident, within the preceding 24 months, one or both of which would be the felony of burglary of a dwelling if committed by an adult, and the child is alleged by the delinquency petition to have committed another burglary of a dwelling. For purposes of this subdivision, "dwelling" means a building which is, in whole or in part, usually occupied by one or more persons living there at night; or

(7) Has previously been found by the court, pursuant to an admission in court or after trial, to have committed three offenses, none in the same behavioral incident, within the preceding 24 months which would be felonies if committed by an adult, and is alleged by delinquency petition to have committed any felony other than those described in clause (2); (4), or (5); or

(8) Is alleged by delinquency petition to have committed an aggravated felony against the person, other than a violation of section 609.713, in furtherance of criminal activity by an organized gang; or

(9) Has previously been found by the court, pursuant to an admission in court or after trial, to have committed an offense which would be a felony if committed by an adult, and is alleged by delinquency petition to have committed a felony-level violation of chapter 152 involving the unlawful sale or possession of a schedule I or II controlled substance, while in a public park or a drug free school zone as defined in section 1, subdivision 1. This clause does not apply to a juvenile alleged to have unlawfully possessed a controlled substance in a private residence located within the drug free school zone or located within 300 feet or one city block, whichever distance is greater, of a public park boundary.

For the purposes of this subdivision, "aggravated felony against the person" means a violation of any of the following provisions: section 609.185; 609.19; 609.195; 609.20, subdivision 1 or 2; 609.221; 609.222; 609.223; 609.245; 609.25; 609.342; 609.343; 609.344, subdivision 1, clause (c) or (d); 609.345, subdivision 1, clause (c) or (d); 609.561; 609.582, subdivision 1, clause (b) or (c); or 609.713.

For the purposes of this subdivision, an "organized gang" means an association of five or more persons, with an established hierarchy,

formed to encourage members of the association to perpetrate crimes or to provide support to members of the association who do commit crimes.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective August 1, 1989. Sections 2 and 3 are effective August 1, 1989, and apply to offenses occurring on or after that date."

Delete the title and insert:

"A bill for an act relating to crime; controlled substances; authorizing a sentencing judge to depart from the presumptive sentence when a defendant commits a controlled substance offense in a public park or in a drug free school zone; providing for a prima facie case of reference to adult court when a juvenile commits certain controlled substance offenses in a public park or in a drug free school zone; requiring the attorney general to draft and disseminate a plain language version of these provisions; encouraging school boards and local governments to post drug free school and park zone signs; amending Minnesota Statutes 1988, section 260.125, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 152 and 244."

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

The report was adopted.

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

H. F. No. 299, A bill for an act relating to occupations and professions; requiring the licensing of interior designers; defining the practice of interior design; providing for administration of licensing requirements; amending Minnesota Statutes 1988, sections 214.01, subdivision 3; 214.04, subdivision 3; 326.02, subdivision 1, and by adding a subdivision; 326.03, subdivision 1; 326.031; 326.04; 326.05; 326.06; 326.07; 326.08, subdivision 2; 326.09; 326.10, subdivisions 1, 2, and 2a; 326.11, subdivision 1; 326.12; 326.13; and 326.14.

Reported the same back with the following amendments:

Page 9, line 8, delete "or an"

Page 9, lines 9 and 10, delete the new language

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 314, A bill for an act relating to obscenity; providing civil and equitable remedies against owners of businesses in which obscene materials or performances are sold or exhibited; proposing coding for new law in Minnesota Statutes, chapter 617.

Reported the same back with the following amendments:

Page 1, line 23, delete "civil penalties, or both," and insert "to prevent the exhibition, sale, printing, offering for sale, giving away, circulating, publishing, or distributing of obscene material described or identified in the petition. In addition or in the alternative, the prosecuting attorney may seek civil penalties. The action shall be brought"

Page 2, line 15, before the period insert "per petition"

Page 2, after line 18, insert:

"Sec. 2. [REPEALER.]

Section 1 is repealed August 1, 1993."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 333, A bill for an act relating to recreational vehicles; regulating all-terrain vehicles; setting fees; revising liability provisions; imposing a penalty; amending Minnesota Statutes 1988, sections 3.736, subdivision 3; 84.92, subdivision 1, and by adding subdivisions; 84.922, subdivisions 1 and 5, and by adding subdivisions; 84.924, subdivision 3; 84.9256, subdivisions 1, 2, and 3; 84.928, subdivisions 1, 2, and 6; 84.929; and 171.03; proposing coding for new law in Minnesota Statutes, chapter 84; repealing Minnesota Statutes 1988, sections 84.922, subdivision 8; 84.925, subdivision 2; and 84.928, subdivision 7.

Reported the same back with the following amendments:

Page 3, line 12, strike "and"

Page 3, line 17, strike the period and insert "and"

(o) a loss incurred by a visitor to the Minnesota zoological garden, except that the state is liable for conduct that would entitle a trespasser to damages against a private person."

Page 7, after line 9, insert:

"(e) Notwithstanding any contrary provisions in this section or section 84.928, a person under 12 years of age may operate an all-terrain vehicle powered by an engine under 90 cubic centimeters in size on public lands, public waters, public all-terrain vehicle trails, and on those public roads and road rights-of-way where a driver's license is not required if accompanied by a parent or guardian."

Page 11, delete section 20 and insert:

"Sec. 20. Minnesota Statutes 1988, section 169.02, subdivision 1, is amended to read:

Subdivision 1. The provisions of this chapter relating to the operation of vehicles refer exclusively to the operation of vehicles upon highways, and upon highways, streets, private roads, and roadways situated on property owned, leased, or occupied by the regents of the University of Minnesota, or the University of Minnesota, except:

(1) where a different place is specifically referred to in a given section;

(2) the provisions of sections 169.09 to 169.13 apply to any person who drives, operates, or is in physical control of a motor vehicle within this state or upon the ice of any boundary water of this state, and to any person who drives, operates, or is in physical control of a snowmobile on a snowmobile trail within this state."

Amend the title as follows:

Page 1, line 4, before the first semicolon insert "regarding recreational areas and the Minnesota zoological garden"

Page 1, line 9, before the second "and" insert "169.02, subdivision 1;"

Page 1, line 10, delete everything after the semicolon

Page 1, line 11, delete everything before "repealing"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 340, A bill for an act relating to charitable gambling; making sales of pull-tabs and tipboards to exempt organizations exempt from state tax; amending Minnesota Statutes 1988, section 349.212, subdivision 4.

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

The report was adopted.

Begich from the Committee on Labor-Management Relations to which was referred:

H. F. No. 367, A bill for an act relating to employment; providing a medical leave of absence and a leave to care for family members; amending Minnesota Statutes 1988, sections 181.940, subdivision 1, and by adding subdivisions; 181.942; 181.943; 181.944; proposing coding for new law in Minnesota Statutes, chapter 181.

Reported the same back with the following amendments:

Page 1, after line 13, insert:

"Sec. 2. Minnesota Statutes 1988, section 181.940, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER.] For the purposes of leaves of absence under section 181.941, "employer" means a person or entity that employs 21 or more employees at at least one site and. For the purposes of leaves under section 181.945, employer means a person or entity that employs one or more employees in Minnesota. Employer includes an individual, corporation, partnership, association, nonprofit organization, group of persons, state, county, town, city, school district, or other governmental subdivision."

Page 1, lines 19 to 20, delete "needs the care of an adult" and insert "is a dependent of the employee or employee's spouse"

Page 2, line 1, before the period insert "or accredited Christian Science practitioner"

Page 3, line 28, delete "two weeks" and insert "ten work days"

Page 3, line 30, after "parent" insert ", including a parent-in-law,"

Page 3, line 31, before the semicolon insert ", as medically necessary"

Page 3, line 32, delete "or other school visits"

Page 3, line 33, after "child" insert ", provided the conference cannot be scheduled during nonwork hours"

Page 3, line 36, delete "two weeks" and insert "ten work days"

Page 4, line 1, after the period insert "The leave may be taken only as medically necessary."

Page 4, line 25, after "child" insert ", for such reasonable periods as the employee's attendance may be necessary,"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "subdivision 1" and insert "subdivisions 1, 3"

With the recommendation that when so amended the bill pass.

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 374, A bill for an act relating to utilities; establishing circumstances under which certain utility customers may be considered as being located outside municipalities.

Reported the same back with the following amendments:

Page 1, line 14, delete "outside" and insert "within"

With the recommendation that when so amended the bill pass.

The report was adopted.

Osthoff from the Committee on Financial Institutions and Housing to which was referred:

H. F. No. 399, A bill for an act relating to housing; regulating the powers and duties of the housing finance agency; amending Minnesota Statutes 1988, sections 462A.03, subdivision 12; 462A.05, subdivisions 4, 14a, 20, 21, and 27, and by adding subdivisions; 462A.07, subdivision 14, and by adding a subdivision; and 462A.21, subdivisions 4c and 12, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 462A.03, subdivision 12, is amended to read:

Subd. 12. "Eligible security" means any security payable from or evidencing an interest in mortgages securing, all or a portion of which secure loans to finance financing residential housing.

Sec. 2. Minnesota Statutes 1988, section 462A.05, subdivision 4, is amended to read:

Subd. 4. It may purchase and enter into commitments for the purchase of eligible securities, certificates of deposit, time deposits, or existing mortgage loans from banks, savings and loan associations, insurance companies, or other financial intermediaries, provided that the agency shall first determine that all or a portion of the proceeds of such instruments will be utilized for the purpose of making to make loans for residential housing as defined in section 462A.03, subdivision 7-, or all or a portion of the instruments are backed by or otherwise evidence an interest in existing mortgages securing mortgage loans to finance residential housing. In the case of eligible securities backed by existing mortgages, the proceeds must be used in whole or in part either for making loans for residential housing or for preserving the use of existing residential housing by persons and families of low and moderate income.

Sec. 3. Minnesota Statutes 1988, section 462A.05, subdivision 14a, is amended to read:

Subd. 14a. It may make loans to persons and families of low and moderate income to rehabilitate or to assist in rehabilitating existing residential housing owned and occupied by those persons or families. No loan shall be made unless the agency determines that the loan will be used primarily for rehabilitation work necessary for health or safety, essential accessibility improvements, or to improve the energy efficiency of the dwelling. No loan for rehabilitation of owner occupied residential housing shall be denied solely because

the loan will not be used for placing the residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. The amount of any loan shall not exceed the lesser of (a) ~~\$7,500~~ \$9,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by the person or family without the expenditure of an unreasonable portion of the income of the person or family. In making loans, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion of the loan will be repaid and shall determine the appropriate security for the repayment of the loan. Loans pursuant to this subdivision may be made with or without interest or periodic payments. No loan under this subdivision shall be denied solely on the basis of the inability of the applicant to make periodic loan payments. Loans made without interest or periodic payments need not be repaid by the borrower if the property for which the loan is made has not been sold, transferred or otherwise conveyed nor has it ceased to be the principal place of residence of the borrower, within ten years after the date of the loan.

Sec. 4. Minnesota Statutes 1988, section 462A.05, subdivision 20, is amended to read:

Subd. 20. The agency may make loans or grants solely to for-profit, limited dividend, or nonprofit sponsors, as defined by the agency, for residential housing to be used to provide temporary or transitional housing to low and moderate income persons and families having an immediate need for temporary or transitional housing as a result of natural disaster, resettlement, condemnation, displacement, lack of habitable housing or other cause defined by the agency. Loans or grants pursuant to this subdivision shall not be used for residential care facilities or for facilities that provide housing available for occupancy on less than a 24-hour continuous basis. To the extent possible, a nonprofit sponsor shall combine the loan or grant with other funds obtained from public and private sources. In making loans or grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and the appropriate security should repayment be required.

Sec. 5. Minnesota Statutes 1988, section 462A.05, subdivision 21, is amended to read:

Subd. 21. The agency may make or purchase loans to owners of rental property that is occupied or intended for occupancy primarily by low and moderate income tenants and which does not comply with the standards established in section 116J.27, subdivision 3, for the purpose of energy improvements necessary to bring the property into full or partial compliance with these standards. For property which meets the other requirements of this subdivision and, ~~in~~

addition, is at least 15 years old; a loan may also be used for moderate rehabilitation of the property. The authority granted in this subdivision is in addition to and not in limitation of any other authority granted to the agency in this chapter. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans under this subdivision. Loans for the improvement of rental property pursuant to this subdivision may contain provisions that repayment is not required in whole or in part subject to terms and conditions determined by the agency to be necessary and desirable to encourage owners to maximize rehabilitation of properties.

Sec. 6. Minnesota Statutes 1988, section 462A.05, subdivision 27, is amended to read:

Subd. 27. The agency, or the corporations referred to in subdivision 26, may acquire property or property interests under subdivisions 25 and 26 and section 462A.06, subdivision 7, for the following purposes: (1) to protect a loan or grant in which the agency or corporation has an interest; or (2) to preserve for the use of low- and moderate-income persons or families multifamily housing, ~~previously financed by the agency~~, which was (a) previously financed by the agency, or (b) not financed by the agency but is benefited by federal housing assistance payments or other rental subsidy or interest reduction contracts. Property or property interests acquired for the purpose specified in clause (1) may be acquired by foreclosure, deed in lieu of foreclosure, or otherwise.

Multifamily property acquired as provided in clause (2) must be managed on a fee basis by an entity other than the agency or corporation. The agency or corporation may manage the property on a temporary basis until an agreement is entered into with another entity to manage the property. The agency or corporation shall make the property available for sale at a purchase price and on terms that are mutually agreeable to the parties.

Sec. 7. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 30. [ASSIGNMENT OF NOTES AND MORTGAGES.] It may invest in, purchase, acquire, and take assignments of existing notes and mortgages not closed for the purpose of sale to the agency, from lenders that are nonprofit or nonprofit entities, as defined in the agency's rules, provided that: (1) the notes and mortgages evidence loans for the construction, rehabilitation, purchase, improvement, or refinancing of residential housing intended for occupied by low- and moderate-income persons and families; and (2) the loan sellers utilize the funds derived from the purchases in accordance with the authority contained in section 462A.07, subdivision 12, for the purposes and objectives of sections 462A.02, 462A.03, 462A.05, 462A.07, and 462A.21; and (3) the purchases are subject to

security and limitations on the costs and expenses of the loan sellers incidental to the utilization of the purchase proceeds as the agency may determine. The proceeds of the purchases authorized by this subdivision shall not be subject to the limitations of section 462A.21, subdivisions 4k, 6, 9, and 12.

Sec. 8. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 31. It may agree to purchase, make, or otherwise participate in the making and enter into commitments for the purchase, making, or participation in the making of loans to provide financing for residential housing for occupancy by persons and families of low and moderate income that qualifies for and will be utilized so as to obtain the benefits of low-income housing credits under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans under this subdivision, and the loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable.

Sec. 9. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 32. The agency may obtain the appointment of receivers or assignments of rents and profits under sections 559.17 and 576.01 except that the limitation relating to the minimum amounts of the original principal balances of mortgages contained in sections 559.17, subdivision 2, clause (2), and 576.01, subdivision 2, shall be inapplicable to it.

Sec. 10. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 33. The agency may establish a fund to coinsure loans, with a division of risk as determined by the agency, that are made by any banking institution, savings and loan association, or other lender approved by the agency, organized under the laws of this or any other state or of the United States having an office in this state, to low- and moderate-income purchasers of residential housing to be occupied by them, or to low- and moderate-income persons or families for improvements to residential properties that they occupy as their principal places of residence, provided that loan insurance on comparable terms and conditions is not otherwise available in the areas where the borrowers' properties are situated.

Sec. 11. Minnesota Statutes 1988, section 462A.07, is amended by adding a subdivision to read:

Subd. 2a. It may provide underwriting, loan processing, and closing services on behalf of other lenders where those services are not otherwise available and the loans relate to residential housing for occupancy by low- and moderate-income persons and families. The agency may charge fees for those services in amounts determined by the members to be reasonable.

Sec. 12. Minnesota Statutes 1988, section 462A.07, subdivision 14, is amended to read:

Subd. 14. It may engage in housing programs for low and moderate income American Indians developed and administered separately or in combination by the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities as determined by such tribe, band, or communities. In furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, it may engage in housing programs for American Indians residing on reservations who are not persons of low or moderate income, and the aggregate amount of such loans for each lender's fiscal year shall not exceed a sum which is 25 percent of the total amount of funds available during the lender's fiscal year. In developing such housing programs the tribe, band, or communities shall take into account the housing needs of all American Indians residing both on and off reservations within the state. A plan for each such program, which specifically describes the program (a) content, (b) utilization of funds, (c) administration, (d) operation, (e) implementation and other matter, as determined by the agency, must be submitted to the agency for its review and approval prior to the making of eligible loans pursuant to section 462A.21. All such programs must conform to rules promulgated by the agency concerning program administration, including but not limited to rules concerning costs of administration; the quality of housing; interest rates, fees and charges in connection with making eligible loans; and other matters determined by the agency to be necessary in order to effectuate the purposes of this subdivision and section 462A.21, subdivisions 4b and 4c. All such programs must provide for a reasonable balance in the distribution of funds appropriated for the purpose of this section between American Indians residing on and off reservations within the state. Nothing in this section shall preclude such tribe, band, or communities from requesting and receiving cooperation, advice, and assistance from the agency as regards program development, operation, delivery, financing, or administration. As a condition to the making of such eligible loans, the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians and the Sioux communities shall:

(a) enter into a loan agreement and other contractual arrangements with the agency for the purpose of transferring the allocated portion of loan funds as set forth in section 462A.26 and to insure compliance with the provisions of this section and this chapter, and

(b) shall agree that all of their official books and records related to such housing programs shall be subjected to audit by the legislative auditor in the manner prescribed for agencies of state government.

The agency shall submit a biennial report concerning the various housing programs for American Indians, and related receipts and expenditures as provided in section 462A.22, subdivision 9, and such tribe, band, or communities to the extent that they administer such programs, shall be responsible for any costs and expenses related to such administration provided, however, they shall be eligible for payment for costs, expenses and services pursuant to subdivision 12, and section 462A.21. The agency may provide or cause to be provided essential general technical services as set forth in subdivision 2, and general consultative project assistance services, including, but not limited to, management training, and home ownership counseling as set forth in subdivision 3. Members of boards, committees, or other governing bodies of the tribe, band, and communities administering the programs authorized by this subdivision must be compensated for those services as provided in section 15.0575. Rules promulgated under this subdivision may be promulgated as emergency rules under chapter 14.

Sec. 13. Minnesota Statutes 1988, section 462A.21, subdivision 4c, is amended to read:

Subd. 4c. It may establish a revolving loan fund and may make eligible loans, pursuant to subdivision 4b, to ~~low and moderate income~~ American Indians as provided in section 462A.07, subdivision 14, and may pay the costs and expenses necessary and incidental to the development and operation of such programs.

Sec. 14. Minnesota Statutes 1988, section 462A.21, subdivision 12, is amended to read:

Subd. 12. It may make loans or grants for the purpose of section 462A.05, subdivision 20, and may pay the costs and expenses necessary and incidental to the loan or grant program authorized therein. Grants pursuant to section 462A.05, subdivision 20 may be made only with specific appropriations by the legislature.

Sec. 15. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 4l. It may expend money for the purposes of section 462A.05, subdivision 33, and may pay the costs and expenses for the development and operation of the program."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 403, A bill for an act relating to human services; giving subpoena power to the ombudsman for mental health and retardation; requiring reporting of death or serious injury; amending Minnesota Statutes 1988, sections 245.91, by adding a subdivision; and 245.94, subdivision 1, and by adding a subdivision.

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 472, A bill for an act relating to transportation; motor carriers; increasing maximum length of certain semitrailers; amending Minnesota Statutes 1988, section 169.81, subdivision 2.

Reported the same back with the following amendments:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 1988, section 169.01, is amended by adding a subdivision to read:

Subd. 74. [MOBILE CRANE.] "Mobile crane" means a vehicle (1) not designed or used to transport persons or property, (2) operated only incidentally on the highway and not subject to vehicle registration under chapter 168, and (3) comprising a boom and hoisting mechanism used in the construction industry. Mobile crane does not include a motor vehicle, designed to transport persons or property, to which a boom, hoist, crane, or other machinery has been attached."

Page 1, line 9, strike "45" and insert "48"

Renumber the section in sequence

Page 2, after line 26, insert:

"Sec. 3. Minnesota Statutes 1988, section 169.86, subdivision 5, is amended to read:

Subd. 5. [FEES.] The commissioner, with respect to highways under the commissioner's jurisdiction, may charge a fee for each permit issued. All such fees for permits issued by the commissioner of transportation shall be deposited in the state treasury and

credited to the trunk highway fund. Except for those annual permits for which the permit fees are specified elsewhere in this chapter, the fees shall be:

(a) \$15 for each single trip permit.

(b) \$36 for each job permit. A job permit may be issued for like loads carried on a specific route for a period not to exceed two months. "Like loads" means loads of the same product, weight and dimension.

(c) \$60 for an annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) refuse compactor vehicles that carry a gross weight up to but not in excess of 22,000 pounds on a single rear axle and not in excess of 38,000 pounds on a tandem rear axle;

(2) motor vehicles used to alleviate a temporary crisis adversely affecting the safety or well-being of the public;

(3) motor vehicles which travel on interstate highways and carry loads authorized under subdivision 1a;

(4) motor vehicles operating with gross weights authorized under section 169.825, subdivision 11, paragraph (a), clause (3).

(d) \$120 for an oversize annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) ~~truck~~ mobile cranes;

(2) construction equipment, machinery, and supplies;

(3) manufactured homes;

(4) farm equipment when the movement is not made according to the provisions of section 169.80, subdivision 1, paragraphs (a) to (f);

(5) double-deck buses;

(6) commercial boat hauling.

(e) for vehicles which have axle weights exceeding the weight limitations of section 169.825, an additional cost added to the fees listed above. The additional cost is equal to the product of the distance traveled times the sum of the overweight axle group cost factors shown in the following chart:

Overweight Axle Group Cost Factors

Weight (pounds) exceeding weight limita- tions on axles	Cost Per Mile For Each Group Of:		
	Two consec- utive axles spaced within 8 feet or less	Three consec- utive axles spaced within 9 feet or less	Four consec- utive axles spaced with- in 14 feet or less
0-2,000	.100	.040	.036
2,001-4,000	.124	.050	.044
4,001-6,000	.150	.062	.050
6,001-8,000	Not permitted	.078	.056
8,001-10,000	Not permitted	.094	.070
10,001-12,000	Not permitted	.116	.078
12,001-14,000	Not permitted	.140	.094
14,001-16,000	Not permitted	.168	.106
16,001-18,000	Not permitted	.200	.128
18,001-20,000	Not permitted	Not permitted	.140
20,001-22,000	Not permitted	Not permitted	.168

The amounts added are rounded to the nearest cent for each axle or axle group. The additional cost does not apply to paragraph (c), clauses (1) and (3).

(f) As an alternative to paragraph (e), an annual permit may be issued for overweight, or oversize and overweight, construction equipment, machinery, and supplies. The fees for the permit are as follows:

Gross Weight (pounds) of vehicle	Annual Permit Fee
90,000 or less	\$200
90,001 - 100,000	\$300
100,001 - 110,000	\$400
110,001 - 120,000	\$500
120,001 - 130,000	\$600
130,001 - 140,000	\$700
140,001 - 145,000	\$800

If the gross weight of the vehicle is more than 145,000 pounds the permit fee is determined under paragraph (e).

(g) for vehicles which exceed the width limitations set forth in section 169.80 by more than 72 inches, an additional cost equal to

\$120 added to the amount in paragraph (a) when the permit is issued while seasonal load restrictions pursuant to section 169.87 are in effect.

Sec. 4. [COST ALLOCATION STUDY.]

Subdivision 1. [STUDY REQUIRED.] The commissioner of transportation shall contract with a qualified and impartial consultant to conduct a study of how the costs of state and local highways in Minnesota, including costs and revenues attributable to federal aid programs, are allocated among users. This study shall:

(1) determine the costs of designing, constructing, administering, and maintaining state and local highways in Minnesota;

(2) determine the extent to which those costs are attributable to various classes of vehicles using those highways;

(3) determine the extent to which various classes of vehicles contribute revenue, including federal highway user taxes, for the design, construction, administration, and maintenance of those highways; and

(4) recommend changes in highway financing which would make the payments of various classes of vehicles for the design, construction, administration, and maintenance of state and local highways more nearly equal the costs those classes impose on those highways.

The commissioner shall regularly consult with the commissioner's motor carrier advisory board on the design of the request for proposals for the study, the selection of the consultant to perform the study, and the periodic review and evaluation of the study.

Subd. 2. [REPORT.] The commissioner shall report the results of the study to the chairs of the senate and house committees on transportation not later than October 1, 1991."

Amend the title as follows:

Page 1, line 3, after the semicolon insert "defining mobile cranes and providing for their maximum length; requiring a highway cost allocation study;"

Page 1, line 4, delete "section" and insert "sections 169.01, by adding a subdivision;" and before the period insert "; and 169.86, subdivision 5"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 485, A bill for an act relating to resource development; establishing a legislative commission on minerals; appropriating money; amending Minnesota Statutes 1988, section 116J.61.

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 513, A bill for an act relating to the office of the secretary of state; establishing a procedure for contesting the registration of a corporation, limited partnership, or assumed name, or a trade or service mark with the secretary of state; providing that the office of the secretary of state is not liable for registrations; proposing coding for new law in Minnesota Statutes, chapter 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [5.22] [CONTEST OF REGISTRATION OF NAME.]

Subdivision 1. [NOTICE OF CONTEST; DEPOSIT.] A person doing business in this state may contest the subsequent registration of a name with the office of the secretary of state by filing an acknowledged notice of contest with the secretary of state and sending a copy of the notice of contest to the person who subsequently registered the contested name. The notice to the secretary of state must be accompanied by a \$100 deposit, which the secretary of state shall award to the prevailing party in the contest.

Subd. 2. [PROCEDURE.] (a) Upon receipt of a notice of contest, the secretary of state shall ask each party to the contest to submit within 30 days an affidavit setting forth the facts, opinions, and arguments for or against the retention of the contested name on the records of the secretary of state. The secretary of state shall review the affidavits and shall make a decision or order a hearing to be held within 30 days.

(b) If a hearing is ordered, the parties shall meet with the secretary of state before the hearing and attempt to settle the contest.

(c) If a settlement is not reached, the secretary of state shall hold

a hearing. At the hearing, the secretary of state may consider evidence presented by the parties relating to the factual or legal issues raised by the contest. A record of the hearing is not required. The hearing is not a contested case hearing under chapter 14.

Subd. 3. [STANDARD OF REVIEW.] The secretary of state may order that the contested name be changed on the records of the secretary of state if it is likely that the use of the names will cause confusion, mistake, or deception among the public when applied to the goods or services provided by the businesses. In determining whether confusion, mistake, or deception is likely, the secretary of state shall consider:

- (1) the strength or unique nature of the names;
- (2) the similarity of sound, appearance, or meaning of the names;
- (3) the intent of the parties;
- (4) the type of businesses engaged in or to be engaged in by the parties;
- (5) the geographic market areas served by each party and the manner of distribution and marketing used in those areas;
- (6) the nature and quality of goods or services provided by the parties;
- (7) the level of sophistication of potential purchasers of goods or services offered by the parties;
- (8) whether the party contesting the subsequent registration of a name failed to make a timely objection or acquiesced to the use of the name so that it would be inequitable to prohibit its registration; and
- (9) whether the names in question are in fair use, have been abandoned, or are parodies of other names.

Subd. 4. [DECISION; ENFORCEMENT.] The secretary of state shall make a decision for one of the parties within ten days of the hearing and may order that the contested name be changed on the records of the office of the secretary of state and the relevant documents be amended by the secretary of state in a manner that results in a new name that is not the same as or deceptively similar to another name registered with the office of the secretary of state.

Subd. 5. [APPEAL.] A party may appeal the decision of the secretary of state to the district court within 20 days. The district

court shall consider the factual and legal issues without reference to the decision of the secretary of state.

Subd. 6. [LIABILITY.] The office of the secretary of state is not liable for damages incurred as a result of the registration of a name found to be the same or deceptively similar to another name already registered with the office of the secretary of state. The office of the secretary of state is not liable for damages that arise from the decision of the secretary of state in a contest under this section.

Sec. 2. Minnesota Statutes 1988, section 300.025, is amended to read:

300.025 [ORGANIZATION OF FINANCIAL CORPORATIONS.]

(a) Three or more persons may form a corporation for any of the purposes specified in section 47.12 by applying to the department of commerce and complying with all applicable organizational requirements and the conditions set out in clauses (1) to (7). However, no corporation may be formed under this section if it may be formed under the Minnesota business corporation act. The incorporators must subscribe a certificate specifying:

(1) the corporation's name, which must distinguish it from all other corporations authorized to do business in this state, and must contain the word "company," "corporation," "bank," "association," or "incorporated";

(2) the general nature of the corporation's business and its principal place of business;

(3) the period of its duration, if limited;

(4) the names and places of residence of the incorporators;

(5) the board in which the management of the corporation will be vested, the date of the annual meeting at which it will be elected, and the names and addresses of the board members until the first election, a majority of whom must always be residents of this state;

(6) the amount of capital stock, if any, how the capital stock is to be paid in, the number of shares into which it is to be divided, and the par value of each share; and, if there is to be more than one class, a description and the terms of issue of each class, and the method of voting on each class; and

(7) the highest amount of indebtedness or liability to which the corporation will at any time be subject.

The certificate may contain any other lawful provision defining and regulating the powers and business of the corporation, its officers, directors, trustees, members, and stockholders. However, a corporation subject to sections 48.27 and 51A.22, subdivision 2, may show its highest amount of indebtedness to be 30 times the amount of its capital and actual surplus.

(b) A person doing business in this state may contest the subsequent registration of a name with the office of the secretary of state as provided in section 1.

Sec. 3. Minnesota Statutes 1988, section 302A.115, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS; PROHIBITIONS.] The corporate name:

(a) Shall be in the English language or in any other language expressed in English letters or characters;

(b) Shall contain the word "corporation," "incorporated," or "limited," or shall contain an abbreviation of one or more of these words, or the word "company" or the abbreviation "Co." if that word or abbreviation is not immediately preceded by the word "and" or the character "&"

(c) Shall not contain a word or phrase that indicates or implies that it is incorporated for a purpose other than a legal business purpose;

(d) Shall not be the same as, or deceptively similar to, distinguishable upon the records in the office of the secretary of state from the name of a domestic corporation or limited partnership, whether profit or nonprofit, or a foreign corporation or limited partnership authorized or registered to do business in this state, whether profit or nonprofit, or a name the right to which is, at the time of incorporation, reserved or provided for in sections 302A.117, 322A.03, or 333.001 to 333.54, unless there is filed with the articles one of the following:

(1) The written consent of the domestic corporation or limited partnership or foreign corporation or limited partnership authorized or registered to do business in this state or the holder of a reserved name or a name filed by or registered with the secretary of state under sections 333.001 to 333.54 having the same or a deceptively similar a name which is not distinguishable;

(2) A certified copy of a final decree of a court in this state establishing the prior right of the applicant to the use of the name in this state; or

(3) The applicant's affidavit that the corporation or limited partnership with the ~~same or deceptively similar~~ name which is not distinguishable has been incorporated or on file in this state for at least three years prior to the affidavit, if it is a domestic corporation or limited partnership, or has been authorized or registered to do business in this state for at least three years prior to the affidavit, if it is a foreign corporation or limited partnership, or that the holder of a name filed or registered with the secretary of state under sections 333.001 to 333.54 filed or registered that name at least three years prior to the affidavit, and has not during the three-year period filed any document with the secretary of state; that the applicant has mailed written notice to the corporation or limited partnership or the holder of a name filed or registered with the secretary of state under sections 333.001 to 333.54 by certified mail, return receipt requested, properly addressed to the registered office of the corporation or in care of the agent of the limited partnership, or the address of the holder of a name filed or registered with the secretary of state under sections 333.001 to 333.54, shown in the records of the secretary of state, that the applicant intends to use the ~~same or deceptively similar~~ a name which is not distinguishable and the notice has been returned to the applicant as undeliverable to the addressee corporation or limited partnership or holder of a name filed or registered with the secretary of state under sections 333.001 to 333.54; that the applicant, after diligent inquiry, has been unable to find any telephone listing for the corporation or limited partnership with the ~~same or deceptively similar~~ name which is not distinguishable in the county in which is located the registered office of the corporation shown in the records of the secretary of state or has been unable to find any telephone listing for the holder of a name filed or registered with the secretary of state under sections 333.001 to 333.54 in the county in which is located the address of the holder shown in the records of the secretary of state; and that the applicant has no knowledge that the corporation or limited partnership or holder of a name filed or registered with the secretary of state under sections 333.001 to 333.54 is currently engaged in business in this state.

Sec. 4. Minnesota Statutes 1988, section 302A.115, subdivision 3, is amended to read:

Subd. 3. [DETERMINATION.] The secretary of state shall determine whether a name is "~~deceptively similar~~" to "distinguishable" from another name for purposes of this section and section 302A.117.

Sec. 5. Minnesota Statutes 1988, section 302A.115, is amended by adding a subdivision to read:

Subd. 8. [CONTEST OF REGISTRATION OF NAME.] A person doing business in this state may contest the subsequent registration

of a name with the office of the secretary of state as provided in section 1.

Sec. 6. Minnesota Statutes 1988, section 302A.117, subdivision 1, is amended to read:

Subdivision 1. [WHO MAY RESERVE.] The exclusive right to the use of a corporate name otherwise permitted by section 302A.115 may be reserved by:

(a) A person doing business in this state under that name or a name deceptively similar to that name;

(b) A person intending to incorporate under this chapter;

(c) A domestic corporation intending to change its name;

(d) A foreign corporation intending to make application for a certificate of authority to transact business in this state;

(e) A foreign corporation authorized to transact business in this state and intending to change its name;

(f) A person intending to incorporate a foreign corporation and intending to have the foreign corporation make application for a certificate of authority to transact business in this state; or

(g) A foreign corporation doing business under that name or a name deceptively similar to that name in one or more states other than this state and not described in clauses (d), (e), or (f).

Sec. 7. Minnesota Statutes 1988, section 303.05, is amended by adding a subdivision to read:

Subd. 4. [CONTEST OF REGISTRATION OF NAME.] A person doing business in this state may contest the subsequent registration of a name with the office of the secretary of state as provided in section 1.

Sec. 8. Minnesota Statutes 1988, section 308.06, subdivision 2, is amended to read:

Subd. 2. The incorporators of a cooperative association under sections 308.05 to 308.18 shall sign written articles of incorporation, specifying (1) the name of the association, its purpose, and the principal place of transacting its business. Such name shall distinguish it from all other corporations, domestic or foreign assumed names, trade or service marks, limited partnerships or reserved corporate or limited partnership names, pursuant to the standards set forth in section 302A.115, doing business in the state upon the

records in the office of the secretary of state from the name of a domestic corporation, whether profit or nonprofit, or limited partnership, or a foreign corporation of a limited partnership authorized or registered to do business in this state, whether profit or nonprofit, or a name the right to which is, at the time of incorporation, reserved or provided for in sections 302A.117, 322A.03, or 333.001 to 333.54 and shall be preserved to it during its corporate existence; (2) the period of its duration, which may be limited or perpetual; (3) if organized on a capital stock basis the total authorized number of shares and the par value of each share; a description of the classes of shares, if the shares are to be classified; a statement of the number of shares in each class and relative rights, preferences, and restrictions granted to or imposed upon the shares of each class, and a provision that only common stockholders shall have voting power; (4) that individuals owning common stock shall be restricted to one vote in the affairs of the association; (5) that shares of stock shall be transferable only with the approval of the board of directors of the association; (6) that dividends upon capital stock of the association shall not exceed eight percent annually; (7) the names, post office addresses, and terms of office of the first directors; and (8) that net income in excess of dividends and additions to reserves shall be distributed on the basis of patronage, and that the records of the association may show the interest of patrons, stockholders of any classes, and members in the reserves. The articles of incorporation shall always contain the provisions above required and may contain any other lawful provision; except that the names, post office addresses, and terms of offices of the first directors may be omitted after their successors have been elected by the stockholders or when the articles are amended in their entirety. Cooperative associations may be incorporated for any of the purposes for which an association may also be formed upon a membership basis and without capital stock. Such associations organized on a capital stock basis may be organized, and shall have the same powers and authority as are conferred upon such associations, and the articles of incorporation of any such nonstock associations shall contain the provisions required in the articles of incorporation of an association organized upon a capital stock basis whenever the same are applicable to an association organized upon a membership basis. Except as provided for by section 308.07, subdivision 4, no member of an association organized upon a membership basis shall have more than one vote, and a membership shall be transferable only with the consent and approval of the board of directors of the association. Holders of shares of common stock which entitle the holder thereof to vote, shall be deemed to be members of associations organized on a capital stock basis. As used in sections 308.05 to 308.18, "stockholder," unless otherwise specified, means and includes only a holder of a share of common stock which entitles the holder thereof to vote.

Sec. 9. Minnesota Statutes 1988, section 308.06, is amended by adding a subdivision to read:

Subd. 5. [CONTEST OF REGISTRATION OF NAME.] A person

doing business in this state may contest the subsequent registration of a name with the office of the secretary of state as provided in section 1.

Sec. 10. If S.F. No. 848 is enacted in the 1989 legislative session, Minnesota Statutes, section 308.06, subdivision 5, as amended by section 9 of this act, is repealed and S.F. No. 848, article 1, section 8, is amended by adding a subdivision to read:

Subd. 3. [CONTEST OF REGISTRATION OF NAME.] A person doing business in this state may contest the subsequent registration of a name with the office of the secretary of state as provided in section 1.

Sec. 11. Minnesota Statutes 1988, section 317.09, subdivision 2, is amended to read:

Subd. 2. [USE OF SIMILAR NAME FORBIDDEN.] The corporate name shall ~~not be the same as, nor deceptively similar to,~~ distinguishable from the name of any assumed name, trade or service mark, or limited partnership, or domestic corporation, whether profit or nonprofit, or of any foreign corporation or foreign limited partnership, whether profit or nonprofit, authorized or registered to do business in this state or to any name reserved under section 302A.117 or 322A.03, unless there is filed with the articles a written consent, court decree of prior right, or affidavit of nonuse of the kind required by section 302A.115, subdivision 1, paragraph (d).

The secretary of state shall determine whether a name is "~~deceptively similar~~" "distinguishable" from to another name for purposes of this section. This section does not abrogate or limit the law of unfair competition or unfair practices, nor sections 333.001 to 333.54, nor the laws of the United States with respect to the right to acquire and protect copyrights, trademarks, service names, service marks, or any other rights to the exclusive use of names or symbols, nor derogate the common law or principles of equity.

Sec. 12. Minnesota Statutes 1988, section 317.09, is amended by adding a subdivision to read:

Subd. 4. [CONTEST OF REGISTRATION OF NAME.] A person doing business in this state may contest the subsequent registration of a name with the office of the secretary of state as provided in section 1.

Sec. 13. If S.F. No. 525 is enacted in the 1989 legislative session, Minnesota Statutes, section 317.09, subdivision 4, as amended by section 12 of this act, is repealed and S.F. No. 525, section 12, is amended by adding a subdivision to read:

Subd. 6. [CONTEST OF REGISTRATION OF NAME.] A person doing business in this state may contest the subsequent registration of a name with the office of the secretary of state as provided in section 1.

Sec. 14. Minnesota Statutes 1988, section 322A.02, is amended to read:

322A.02 [NAME.]

(a) The name of each limited partnership as set forth in its certificate of limited partnership:

(1) shall contain without abbreviation the words "limited partnership";

(2) may not contain the name of a limited partner unless (i) it is also the name of a general partner or the corporate name of a corporate general partner, or (ii) the business of the limited partnership had been carried on under that name before the admission of that limited partner;

(3) ~~may not shall~~ be the same as, or ~~deceptively similar to,~~ distinguishable from the name of a domestic corporation or limited partnership, whether profit or nonprofit, or a foreign corporation or limited partnership authorized or registered to do business in this state, whether profit or nonprofit, or a name the right to which is reserved or provided for in the manner provided for in sections 302A.117, 322A.03, or 333.001 to 333.54, unless there is filed with the certificate a written consent, court decree of prior right, or affidavit of nonuse, of the kind required by section 302A.115, subdivision 1, paragraph (d); and

(4) may not contain the following words: corporation, incorporated.

The secretary of state shall determine whether a name is "~~deceptively similar~~" to "distinguishable" from another name for purposes of this section and section 322A.03. This section does not abrogate or limit the law of unfair competition or unfair practices, nor sections 333.001 to 333.54, nor the laws of the United States with respect to the right to acquire and protect copyrights, trademarks, service names, service marks, or any other rights to the exclusive use of names or symbols, nor derogate the common law or principles of equity.

(b) A person doing business in this state may contest the subsequent registration of a name with the office of the secretary of state as provided in section 1.

Sec. 15. Minnesota Statutes 1988, section 322A.72, is amended to read:

322A.72 [NAME.]

(a) A foreign limited partnership may register with the secretary of state under any name (whether or not it is the name under which it is registered in its state of organization) that includes without abbreviation the words "limited partnership" and that could be registered by a domestic limited partnership.

(b) A person doing business in this state may contest the subsequent registration of a name with the office of the secretary of state as provided in section 1.

Sec. 16. Minnesota Statutes 1988, section 333.055, subdivision 4, is amended to read:

Subd. 4. The secretary of state shall accept for filing all certificates and renewals thereof which comply with the provisions of sections 333.001 to 333.06 and which are accompanied by the prescribed fees, notwithstanding the fact that the assumed name disclosed therein may be ~~the same as, or similar to,~~ not be distinguishable from one or more other assumed names already filed with the secretary of state. In the event of duplication or similarity, the secretary of state shall, within 20 days after the filing, notify in writing each previously filed business holding a certificate for the assumed name or a similar assumed name, of the duplication or similarity, including in the notice the name and last known address of the person so filing. The secretary of state shall not accept for filing a certificate that discloses an assumed name that is ~~the same as, or deceptively similar to,~~ not distinguishable from a corporate, or limited partnership name in use or reserved in this state by another or a trade or service mark registered with the secretary of state, unless there is filed with the certificate a written consent, court decree of prior right, or affidavit of nonuser of the kind required by section 302A.115, subdivision 1, clause (d). The secretary of state shall determine whether a name is ~~"deceptively similar"~~ "distinguishable from another name for purposes of this subdivision."

Delete the title and insert:

"A bill for an act relating to commerce; regulating the use of names for certain business entities; providing a procedure for contesting the registration of a name; amending Minnesota Statutes 1988, sections 300.025; 302A.115, subdivisions 1, 3, and by adding a subdivision; 302A.117, subdivision 1; 303.05, by adding a subdivision; 308.06, subdivision 2, and by adding a subdivision; 317.09, subdivision 2, and by adding a subdivision; 322A.02; 322A.72; and 333.055, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 5."

With the recommendation that when so amended the bill pass.

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 516, A bill for an act relating to metropolitan government; requiring the metropolitan council to prepare water use and supply plans; proposing coding for new law in Minnesota Statutes, chapter 473.

Reported the same back with the following amendments:

Page 1, line 23, delete "July 1, 1989" and insert "February 1, 1990"

Page 1, line 25, after the period insert "The plans must be prepared in consultation with the Army Corps of Engineers, the Leech Lake Reservation business committee, the Mississippi headwaters board, and the environmental quality board."

Page 2, line 4, delete "This act" and insert "Section 1"

Page 2, after line 6, insert:

"Sec. 3. [APPROPRIATION.]

\$ is appropriated from the general fund to the commissioner of natural resources for transfer to the metropolitan council to pay expenses of preparing the plans required by section 1."

Amend the title as follows:

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

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

The report was adopted.

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

H. F. No. 555, A bill for an act relating to charitable gambling; including within the definition of "lawful purpose" certain expenditures for the erection, acquisition, maintenance and repair of real property; transferring authority to license video games of chance

from the department of public safety to the charitable gambling control board; amending Minnesota Statutes 1988, sections 349.12, subdivision 11; 349.50, subdivision 2; 349.51, subdivisions 1, 2, and 5; 349.52; 349.53; 349.54; 349.56; and 349.59; repealing Minnesota Statutes 1988, section 349.50, subdivision 3.

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

The report was adopted.

Begich from the Committee on Labor-Management Relations to which was referred:

H. F. No. 585, A bill for an act relating to employment; expanding eligibility for unemployment insurance to include participants of training programs; providing transitional services through the youth employment program; expanding services under the wage subsidy program; establishing an early warning system for plant closings; creating a rapid response program; providing for prefeasibility study grants; creating a subemployment index; appropriating money; amending Minnesota Statutes 1988, sections 268.08, subdivision 1; 268.31; and 268.677, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 268.

Reported the same back with the following amendments:

Page 3, delete lines 28 to 35 and insert:

“The commissioner must implement an evaluation mechanism for the services provided under this section. The mechanism must measure the effectiveness of program goals and services in promoting the long-term employability of young people. The mechanism should include a component that follows a participant’s progress after the participant has completed the program to measure the long-term effectiveness of the program.”

Page 5, line 3, delete “permanent closure” and insert “plant closing”

Page 5, line 4, delete “of”

Page 5, line 12, delete “general” and insert “structural changes in the”

Page 5, line 26, after “permanent” insert “or temporary”.

Page 5, line 30, delete “25” and insert “(i) 50” and delete “any part-time”

Page 5, line 31, before the period insert "who work less than 20 hours per week; or (ii) at least 500 employees who in the aggregate work at least 20,000 hours per week, exclusive of hours of overtime" and delete everything after the period

Page 5, delete lines 32 to 34.

Page 6, after line 1, insert:

"Subd. 8. [SUBSTANTIAL LAYOFF.] "Substantial layoff" means a reduction in the work force, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for (i) at least 50 employees excluding those employees that work less than 20 hours a week; or (ii) at least 500 employees who in the aggregate work at least 20,000 hours per week, exclusive of hours of overtime."

Page 6, line 7, delete "or" and insert "including a"

Page 6, line 8, delete "closures" and insert "closing or a substantial layoff,"

Page 6, lines 17 and 18, delete "or plant closures"

Page 6, line 32, after "closing" insert ", substantial layoff,"

Page 7, line 6, before the period insert "and substantial layoffs"

Page 7, line 9, after "closing" insert "or substantial layoff"

Page 7, line 14, before the comma insert "or substantial layoff"

Page 7, line 18, before the semicolon insert "or substantial layoff"

Page 7, lines 23, 26, and 36, after "closings" insert "or substantial layoffs"

Page 8, lines 4 and 9, before the period insert "or substantial layoffs"

Page 8, line 20, before the first comma insert "or substantial layoff"

Page 8, line 33, after "close" insert "or experience a substantial layoff"

Page 11, line 11, delete everything after "council"

Page 11, line 12, delete everything before "to"

Page 11, line 13, delete everything after "workers" and insert "as defined in section 4, subdivision 3, clause (2). The governor's job council may award grants under this subdivision to organizations to assist dislocated workers who have been dislocated as a result of a plant closing or layoff that did not meet the threshold levels as provided for in section 4, subdivisions 6 and 8, if the council determines that the plant closing or layoff has a significant effect on the community."

Page 11, delete line 14

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

The report was adopted.

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

H. F. No. 590, A bill for an act relating to agriculture; requiring certain disposable waste containers to be degradable; requiring a minimum content of corn starch in certain disposable waste containers; amending Minnesota Statutes 1988, section 325E.045, subdivision 1, and by adding a subdivision.

Reported the same back with the following amendments:

Page 2, line 14, delete "only"

Page 2, line 15, delete "or" and insert "and"

Page 2, line 26, after "certifies" insert "under section 2"

Page 2, line 27, delete "as defined in subdivision 1" and after "are" insert "commercially"

Amend the title as follows:

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

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

The report was adopted.

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

H. F. No. 610, A bill for an act relating to the environment; authorizing the pollution control agency to assist persons in reviewing real property for petroleum tank releases and to be paid for such assistance; authorizing expenditures from the petroleum tank release compensation fund; changing the terms for reimbursement of petroleum tank release costs by the petroleum tank release compensation board; requiring notification by owners of aboveground tanks; amending Minnesota Statutes 1988, sections 115C.03, by adding a subdivision; 115C.08, subdivision 4; 115C.09; and 116.48.

Reported the same back with the following amendments:

Page 4, line 20, strike "\$100,000" and insert "\$250,000. No more than this amount may be reimbursed for costs associated with a single release, regardless of the number of persons eligible for reimbursement"

Page 4, after line 36, insert:

"Subd. 3b. [VOLUNTEER ELIGIBILITY.] Notwithstanding the provisions of subdivisions 1 to 3, a person who is not a responsible person under section 115C.02, who holds legal or equitable title to the property where a release occurred, and who incurs reimbursable costs after the date of final enactment of this subdivision may apply to the board for partial reimbursement under subdivision 3. A person eligible for reimbursement under this subdivision must, to the maximum extent possible, comply with the same conditions and requirements of reimbursement as those imposed by this section on a responsible person. The board may reduce the reimbursement to a person eligible under this subdivision if the person acquired legal or equitable title to the property from a responsible person who failed to comply with the provisions of subdivision 2, paragraph (c)."

Page 7, after line 27, insert:

"Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 618, A bill for an act relating to corrections; requiring the commissioner of corrections to make high school diploma equivalency programs available to inmates; denying "good time" sentence reductions to inmates who do not have a high school diploma and who fail to participate in these educational programs; amending Minnesota Statutes 1988, sections 244.03; and 244.04, subdivision 1, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 244.03, is amended to read:

244.03 [VOLUNTARY PROGRAMS.]

The commissioner shall provide appropriate mental health programs and vocational and educational programs with employment-related goals for inmates who desire to voluntarily participate in such programs. In addition, the commissioner shall provide a high school diploma equivalency program and make it available to any inmate who lacks a high school diploma and who desires to participate in the program. The selection, design and implementation of programs under this section shall be the sole responsibility of the commissioner, acting within the limitations imposed by the funds appropriated for such programs.

No action challenging the level of expenditures for programs authorized under this section; nor any action challenging the selection, design or implementation of these programs, may be maintained by an inmate in any court in this state.

Sec. 2. Minnesota Statutes 1988, section 244.05, subdivision 1, is amended to read:

Subdivision 1. [SUPERVISED RELEASE REQUIRED.] Except as provided in subdivisions 4 and 5, every inmate shall serve a supervised release term upon completion of the inmate's term of imprisonment as reduced by any good time earned by the inmate or extended by confinement in punitive segregation pursuant to section 244.04, subdivision 2. Except as otherwise provided in subdivision 1a, the supervised release term shall be equal to the period of good time the inmate has earned, and shall not exceed the length of time remaining in the inmate's sentence.

Sec. 3. Minnesota Statutes 1988, section 244.05, is amended by adding a subdivision to read:

Subd. 1a. [REDUCTION IN SUPERVISED RELEASE PERIOD.] An inmate who does not have a high school diploma or its equivalent who enrolls in and completes a program to obtain a high school diploma or its equivalent is eligible to receive an adjustment of up to 36 days to the supervised release date. Inmates may be credited three days per month up to a maximum of 36 days only if the program is successfully completed."

Delete the title and insert:

"A bill for an act relating to corrections; requiring the commissioner of corrections to make high school diploma equivalency programs available to inmates; providing a reduction in an inmate's supervised release term if the inmate completes such a program; amending Minnesota Statutes 1988, sections 244.03; and 244.05, subdivision 1, and by adding a subdivision."

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

The report was adopted.

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

H. F. No. 662, A bill for an act relating to state parks; promoting the 100th anniversary of the state park system; appropriating money.

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

The report was adopted.

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

H. F. No. 701, A bill for an act relating to environment; eliminating the PCB exemption program; repealing Minnesota Statutes 1988, sections 116.36; and 116.37.

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 721, A bill for an act relating to education; requiring a uniform procedure for assessing post-secondary students to determine remedial needs; appropriating money.

Reported the same back with the following amendments:

Page 1, line 15, after the period insert "Information should be shared with appropriate secondary systems."

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

The report was adopted.

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

H. F. No. 722, A bill for an act relating to economic development; providing for funding of grants to nonprofit economic development organizations; appropriating money.

Reported the same back with the following amendments:

Page 1, delete line 25, and insert "Women's Economic Development Corporation and the Minnesota Cooperation Office for Small Business and Job Creation, Inc."

Page 2, line 1, delete everything before "The"

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

The report was adopted.

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

H. F. No. 811, A bill for an act relating to natural resources; changing certain provisions relating to the taking of turtles; amending Minnesota Statutes 1988, sections 97C.605, subdivision 3; and 97C.611; repealing Minnesota Statutes 1988, section 97C.615.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 97A.475, subdivision 41, is amended to read:

Subd. 41. [TURTLE SELLERS.] The fee for a license to take, transport, purchase, and possess ~~unprocessed~~ turtles for sale is \$50.

Sec. 2. Minnesota Statutes 1988, section 97C.605, subdivision 2, is amended to read:

Subd. 2. [SALES LICENSE.] A person may not take, possess, transport, or purchase ~~unprocessed~~ turtles for sale without a turtle seller's license. ~~A person with a turtle seller's license may take turtles for sale as prescribed by the commissioner. A turtle seller's license is not required to buy turtles for retail sale to consumers:~~

(1) at a location licensed by the department of agriculture or health for sale or preparation of food;

(2) of a person licensed by the department of agriculture or health for sale or preparation of food; or

(3) of a person buying turtle at a retail outlet.

Sec. 3. Minnesota Statutes 1988, section 97C.605, subdivision 3, is amended to read:

Subd. 3. [TAKING; METHODS PROHIBITED.] (a) Except as allowed in paragraph (b), a person may take turtles in any manner, except by use of:

(1) explosives, drugs, poisons, lime, and other harmful substances, or by the use of;

(2) turtle hooks or traps; or

(3) nets other than anglers' fish landing nets.

(b) A person with a turtle seller's license may take turtles for sale as prescribed by the commissioner.

Sec. 4. Minnesota Statutes 1988, section 97C.611, is amended to read:

97C.611 [SNAPPING TURTLES; LIMITS.]

A person may not possess more than ~~ten~~ three snapping turtles of the species *Chelydra serpentina* without a turtle seller's license. ~~The size of the turtles must have a dorsal surface of the shell that measures at least ten inches long. A person may not take snapping~~

turtles of a size less than ten inches wide including curvature, measured from side to side across the shell at midpoint.

Sec. 5. [REPEALER.]

Minnesota Statutes 1988, section 97C.615, is repealed."

Amend the title as follows:

Page 1, line 4, after "sections" insert "97A.475, subdivision 41;" and delete "subdivision" and insert "subdivisions 2 and"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 815, A bill for an act relating to criminal procedure; authorizing the attorney general, county attorneys, the bureau of criminal apprehension, and law enforcement agencies to issue administrative subpoenas to require production of records; creating crimes that prohibit warning subjects of investigations, electronic surveillance, or search warrants; repealing the sunset provision of the wiretap law; imposing penalties; amending Laws 1988, chapter 577, section 63; proposing coding for new law in Minnesota Statutes, chapters 8; 299C; 388; 609; and 626A; repealing Laws 1988, chapter 577, section 62.

Reported the same back with the following amendments:

Page 1, line 23, delete "banks and other financial institutions,"

Page 1, line 25, after the first comma insert "and"

Page 1, lines 27 and 28, delete ", and employers of persons suspected of criminal activity"

Page 1, line 29, delete "a" and insert "an ongoing"

Page 2, line 1, delete "inquiry" and insert "investigation"

Page 2, line 2, delete "SERVICE" and insert "ENFORCEMENT" and delete everything after "subpoena"

Page 2, line 3, delete everything before the second "the" and insert "shall be enforceable through"

Pages 2 to 4, delete section 2

Page 4, lines 17 and 18, delete "banks and other financial institutions."

Page 4, line 19, after the first comma insert "and"

Page 4, line 22, delete everything after "delivery"

Page 4, line 23, delete "activity"

Page 4, line 24, delete "a" and insert "an ongoing" and delete "inquiry" and insert "investigation"

Page 4, line 25, delete "SERVICE" and insert "ENFORCEMENT" and delete everything after "subpoena"

Page 4, line 26, delete everything before the second "the" and insert "shall be enforceable through"

Page 5, lines 16, 24, and 32, after the first comma insert "and with intent"

Page 6, line 3, delete ", 2, and 3," and insert "and 2, and with intent"

Page 6, after line 8, insert:

"Sec. 5. Minnesota Statutes 1988, section 626A.06, subdivision 1, is amended to read:

Subdivision 1. [THE APPLICATIONS.] Each application for a warrant authorizing or approving the interception of a wire, electronic, or oral communication shall be made in writing upon oath or affirmation to a judge of the district court, of the court of appeals, or of the supreme court and shall state the applicant's authority to make such application. Each application shall include the following information:

(a) the identity of the investigative or law enforcement officer making the application, and the officer authorizing the application;

(b) a full and complete statement of the facts and circumstances relied upon by the applicant, to justify the applicant's belief that an order should be issued, including (i) details as to the particular offense that has been, is being, or is about to be committed, (ii) except as provided in subdivision 11, a particular description of the nature and location of the facilities from which or the place where the communication is to be intercepted, (iii) a particular description of the type of communications sought to be intercepted, (iv) the

identity of the person, if known, committing the offense and whose communications are to be intercepted;

(c) a full and complete statement as to whether or not other investigative procedures have been tried and failed or why they reasonably appear to be unlikely to succeed if tried or to be too dangerous;

(d) a statement of the period of time for which the interception is required to be maintained. If the nature of the investigation is such that the authorization for interception should not automatically terminate when the described type of communication has been first obtained, a particular description of facts establishing probable cause to believe that additional communications of the same type will occur thereafter;

(e) a full and complete statement of the facts concerning all previous applications known to the individual authorizing and making the application, made to any judge for authorization to intercept, or for approval of interceptions of, wire, electronic, or oral communications involving any of the same persons, facilities, or places specified in the application, and the action taken by the judge on each such application;

(f) where statements in the application are solely upon the information or belief of the applicant, the grounds for the belief must be given; and

(g) the names of persons submitting affidavits in support of the application."

Page 6, delete lines 10 to 25 and insert:

"Notwithstanding any other provision in sections 626A.01 to 626A.23, any investigative or law enforcement officer, specially designated by the attorney general or a county attorney, who:

(1) reasonably determines that:

(i) an emergency situation exists that involves immediate danger of death or serious physical injury to any person that requires a wire, oral, or electronic communication to be intercepted before a warrant authorizing such interception can, with due diligence, be obtained; and

(ii) there are grounds upon which a warrant could be issued under section 626A.01 to 626A.23 to authorize the interception; and

(2) obtains approval from a judge of the district court, of the court of appeals, or of the supreme court,

may intercept the wire, oral, or electronic communication. The judge's approval may be given orally and may be given in person or by using any medium of communication. The judge shall do one of the following: make written notes summarizing the conversation, tape record the conversation, or have a court reporter record the conversation. An application for a warrant approving the interception must be"

Page 6, line 26, delete "48" and insert "36"

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 3, delete the first comma and insert "and" and delete "the bureau of"

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

Page 1, line 9, after "amending" insert "Minnesota Statutes 1988, section 626A.06, subdivision 1; and"

Page 1, line 11, delete "299C;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 826, A bill for an act relating to the collection and dissemination of data; providing access to private and confidential data related to delinquent acts for law enforcement purposes; amending Minnesota Statutes 1988, sections 13.84, subdivision 5a; and 260.161, subdivision 2.

Reported the same back with the following amendments:

Page 1, line 13, delete "and delinquent acts"

Page 1, line 15, delete the new language and after "criminal" insert "or delinquent"

Page 1, line 16, strike "where" and insert ", but only to the extent" and strike "are" and insert "is"

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. 831, A bill for an act relating to game and fish; season opening date for certain game fish; amending Minnesota Statutes 1988, section 97C.395, subdivision 1.

Reported the same back with the following amendments:

Page 1, line 12, after "to" insert "the Saturday of" and after "Day" insert "weekend"

With the recommendation that when so amended the bill pass.

The report was adopted.

Begich from the Committee on Labor-Management Relations to which was referred:

H. F. No. 852, A bill for an act relating to retirement; authorizing employing units to provide early retirement reduction offset annuities to certain employees qualifying under a rule of 85; proposing coding for new law in Minnesota Statutes, chapter 356.

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. 856, A bill for an act relating to natural resources; establishing the Minnesota conservation corps; prescribing powers and duties of the commissioner of natural resources; amending Minnesota Statutes 1988, section 86.33; Laws 1988, chapter 690, article 1, section 21.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [84.98] [MINNESOTA CONSERVATION CORPS.]

Subdivision 1. [ESTABLISHMENT.] The Minnesota conservation corps is established and is under the supervision of the commissioner of natural resources.

Subd. 2. [PLAN.] (a) The commissioner of natural resources shall develop a plan for the Minnesota conservation corps to provide:

(1) equal opportunities of employment for youths with preference given to youths who are economically, socially, physically, or educationally disadvantaged and youths residing in areas of substantial unemployment;

(2) equal opportunity for female and male youths;

(3) summer youth programs and year-round young adult programs;

(4) ways in which exclusive bargaining representatives are to be involved in regard to the planning and implementation of positions and job duties of persons employed in projects;

(5) methods for coordinating the programs of the Minnesota conservation corps with other publicly authorized or subsidized programs in cooperation with the commissioners of education and jobs and training, the governor's job training council, and other state and local youth service and education entities;

(6) programs for participants to be assisted in gaining employment or training upon completing the projects, including, where feasible, in cooperation with the department of jobs and training and educational agencies, arranging for career assessment and planning services designed to enhance participant transition from the Minnesota conservation corps to future employment or education;

(7) a remedial education component utilizing, as resources permit and where feasible, the services of the department of jobs and training and educational agencies including instruction in life skills and basic remedial skills for participants who are deficient in the skills or who have not completed high school;

(8) the manner of allocating the services of Minnesota conservation corps members to the various divisions of the department of natural resources, to other state, local, and federal governmental conservation and natural resource managers, and to federally recognized Indian tribes or bands;

(9) standards of conduct and other operating guidelines for Minnesota conservation corps members; and

(10) a determination of preference for projects that will provide

long-term benefits to the public, will provide productive work and public service experience to Minnesota conservation corps members, will be primarily labor intensive, and will provide a significant return on taxpayer investment.

(b) The commissioner shall establish the plan notwithstanding chapters 3 and 14.

Subd. 3. [CRITERIA FOR DETERMINING ECONOMIC, SOCIAL, PHYSICAL, OR EDUCATIONAL DISADVANTAGE.] (a) The criteria for determining economic, social, physical, or educational disadvantage shall be determined as provided in this subdivision.

(b) Economically disadvantaged are persons who meet the criteria for disadvantaged established by the department of jobs and training or person receiving services provided by the department of human services such as welfare payments, food stamps, and aid to families with dependent children.

(c) Socially disadvantaged are persons who have been classified as persons in need of supervision by the court system.

(d) Physically disadvantaged are persons who have been identified as having special needs by public agencies that deal with employment for the disabled.

(e) Educationally disadvantaged are persons who have dropped out of school or are at risk of dropping out of school and persons with learning disabilities or in need of special education classes.

Subd. 4. [REQUIREMENTS FOR ELIGIBILITY FOR ENROLLMENT IN THE CORPS.] A person is eligible to enroll in the Minnesota conservation corps if the person is:

- (1) a permanent resident of the state;
- (2) unemployed or underemployed;
- (3) at least age 15, but not older than age 26 years;
- (4) free from medical or behavioral problems that would render an individual unable to adjust to the standards, discipline, or requirements of the corps; and
- (5) in the young adult program, the person must have a high school diploma or equivalent, or agree to work towards a high school diploma or equivalent while participating in the program.

Subd. 5. [CORPS MEMBER STATUS.] Minnesota conservation corps members are not eligible for unemployment compensation or

other benefits except workers' compensation, and are not employees of the state within the meaning of section 43A.02, subdivision 21.

Subd. 6. [FEES.] The commissioner may charge a fee for any service performed by the Minnesota conservation corps.

Subd. 7. [LIMITATIONS ON MINNESOTA CONSERVATION CORPS PROJECTS.] Each employing agency must certify that the assignment of Minnesota conservation corps members will not result in the displacement of currently employed workers or workers on seasonal layoff or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits. Supervising agencies that participate in the program may not terminate, lay off, reduce the seasonal hours, or reduce the working hours of any employee for the purpose of using a corps member with available funds. The positions and job duties of persons employed in projects shall be submitted to affected exclusive representatives prior to actual assignment.

Subd. 8. [EXPENDITURE OF CORPS FUNDS.] The commissioner shall allocate money received for Minnesota conservation corps work projects. An appropriation from a special revenue fund or account to the commissioner for Minnesota conservation corps programs must be spent for projects that are consistent with the purposes of the fund or account from which the appropriation was made.

Sec. 2. [APPROPRIATION.]

\$1,000,000 in fiscal year 1990 and \$1,000,000 in fiscal year 1991 are appropriated from the general fund to the commissioner of natural resources for the 14 forested counties that operate land departments under Minnesota Statutes, chapter 282. The appropriation in the first year may be used in the second year. The money must be used for forestry-related programs using participants of the Minnesota conservation corps. A county participating in the program must make an in-kind contribution in the form of administration, tools, machinery, and transportation.

The money must be apportioned to the counties in the proportion that each county's managed commercial forest land is to the managed commercial forest land in all 14 counties. If a county does not use all of its share, the commissioner shall reallocate the balance to those of the 14 counties whose Minnesota conservation corps program was not fully supported by the first allocation for either year. The reallocation must be based on the proportion that commercial forest lands in each county to receive the reallocated money is to the managed commercial forest land in all of the counties receiving a reallocation.

Sec. 3. [REPEALER.]

Minnesota Statutes 1988, section 84.965, subdivisions 1 and 2, are repealed.

Sec. 4. [EFFECTIVE DATE.]

This act is effective July 1, 1989."

Delete the title and insert:

"A bill for an act relating to natural resources; establishing the Minnesota conservation corps; prescribing powers and duties of the commissioner of natural resources; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 84; repealing Minnesota Statutes 1988, section 84.965, subdivisions 1 and 2."

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

The report was adopted.

Begich from the Committee on Labor-Management Relations to which was referred:

H. F. No. 909, A bill for an act relating to workers' compensation; providing coverage for preventive rabies treatment; amending Minnesota Statutes 1988, section 176.135, subdivision 1.

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

The report was adopted.

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

H. F. No. 940, A bill for an act relating to taxation; property tax; allowing cities and counties to adopt a two-rate tax structure; proposing coding for new law in Minnesota Statutes, chapter 273.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [PURPOSE.]

The purpose of sections 1 to 5 is to permit local governments to raise revenue in a manner that stimulates the private economy, encourages housing construction and repair, generates job opportunities, and fosters development that reduces the premature invasion of farmland and open space.

Sec. 2. [273.1121] [CITATION.]

Sections 2 to 5 may be cited as the "pro-enterprise tax act."

Sec. 3. [273.1122] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2 to 5.

Subd. 2. [ASSESSOR.] "Assessor" means the assessment official responsible for determining the value of real property for tax purposes each tax year in a city or county.

Subd. 3. [LAND.] "Land" means a bare site, disregarding any structures made by humans and improvements that blend with the land after a period of time, such as clearing, grading, fertilizing, or draining.

Subd. 4. [IMPROVEMENTS.] "Improvements" means houses, garages, barns, commercial buildings, factories, orchards, private roads, and other features on a site made by humans.

Subd. 5. [MARKET VALUE.] "Market value" means the price at which land and improvements, separately or together, would sell in an arm's length sale as determined from actual sales, comparable sales, or other prescribed and acceptable appraisal methods used by the assessor, as provided in section 273.11.

Subd. 6. [TAX CAPACITY RATE.] "Tax capacity rate" means the charge against the tax capacity of a city's or county's taxable property imposed to produce its property tax revenues.

Subd. 7. [TWO-RATE TAX.] "Two-rate tax" means a tax structure with higher tax capacity rates on land values and lower tax capacity rates on improvement values.

Sec. 4. [273.1123] [ADOPTION OF TWO-RATE TAX.]

Subdivision 1. [ORDINANCE.] The governing body of a home rule charter or statutory city or county may, by ordinance, adopt a two-rate tax.

Subd. 2. [LIMITATIONS.] Sections 2 to 5 do not permit, where

they do not otherwise exist, taxes that impose nonuniform rates on different use classes, such as residential or commercial properties.

Land and improvements must be assessed uniformly at the identical percentage of market value within each of the classes.

Sec. 5. [273.1124] [APPLICATION WITHIN JURISDICTION.]

A jurisdiction shall apply the two-rate tax system to all property taxes levied within that jurisdiction's geographic boundaries.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective for taxes levied in 1990 and payable in 1991 and subsequent years."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 950, A bill for an act relating to human rights; clarifying the definition of disability; limiting the use of psychological tests; limiting age-related questions in employment applications; clarifying who is an aggrieved party for certain violations; placing burden on the employer to show a person's impairment is disqualifying; providing for service of subpoenas personally or by mail; allowing the commissioner discretion on access to data in closed files; eliminating the 180-day administrative hearing option; striking the requirement that a person's employees must be within Minnesota for purposes of affirmative action; clarifying the time period allowed for filing a private lawsuit; amending Minnesota Statutes 1988, sections 363.01, subdivisions 25 and 31; 363.02, subdivisions 1, 2, 2a, 2b, and 6; 363.03, subdivisions 1, 2, 3, 7, 8, and by adding subdivisions; 363.05, subdivision 2; 363.061, subdivision 3; 363.072, subdivision 1; 363.073, subdivision 1; 363.117; 363.123; and 363.14, subdivision 1; repealing Minnesota Statutes 1988, sections 363.01, subdivisions 30 and 32; and 363.071, subdivision 1a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 363.01, subdivision 25, is amended to read:

Subd. 25. [DISABILITY.] "Disability" means any condition or characteristic that renders a person a disabled person. A disabled person is any person who (1) has a physical, sensory, or mental impairment which ~~substantially~~ materially limits one or more major life activities; (2) has a record of such an impairment; or (3) is regarded as having such an impairment.

Sec. 2. Minnesota Statutes 1988, section 363.01, subdivision 25a, is amended to read:

Subd. 25a. [QUALIFIED DISABLED PERSON.] "Qualified disabled person" means:

(1) with respect to employment, a disabled person who, with reasonable accommodation, can perform the essential functions required of all applicants for the job in question; and

(2) with respect to services and programs, a disabled person who, with physical and program access, meets the essential eligibility criteria required of all applicants for the program or service in question.

For the purposes of this subdivision, "disability" excludes any condition resulting from alcohol or drug abuse which prevents a person from performing the essential functions of the job in question or constitutes a direct threat to property or the safety of others.

If a respondent contends that the person is not a qualified disabled person, the burden is on the respondent to prove that it was reasonable to conclude the disabled person, with reasonable accommodation, could not have met the requirements of the job or that the selected person was demonstrably better able to perform the job.

Sec. 3. Minnesota Statutes 1988, section 363.01, subdivision 31, is amended to read:

Subd. 31. [FAMILIAL STATUS.] "Familial status" means the condition of one or more minors being domiciled with (a) their parent or parents or the minor's legal guardian or (b) the designee of the parent or parents or guardian with the written permission of the parent or parents or guardian. The protections afforded against discrimination on the basis of family status apply to any person who is pregnant or is in the process of securing legal custody of an individual who has not attained the age of majority.

Sec. 4. Minnesota Statutes 1988, section 363.02, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYMENT.] The provisions of section 363.03, subdivision 1, shall not apply to:

(1) The employment of any individual

(a) by the individual's parent, grandparent, spouse, child, or grandchild, or

(b) in the domestic service of any person;

(2) A religious or fraternal corporation, association, or society, with respect to qualifications based on religion, when religion shall be a bona fide occupational qualification for employment;

(3) The employment of one person in place of another, standing by itself, shall not be evidence of an unfair discriminatory practice;

(4) The operation of a bona fide seniority system which mandates differences in such things as wages, hiring priorities, layoff priorities, vacation credit, and job assignments based on seniority, so long as the operation of the system is not a subterfuge to evade the provisions of this chapter;

(5) With respect to age discrimination, a practice by which a labor organization or employer offers or supplies varying insurance benefits or other fringe benefits to members or employees of differing ages, so long as the cost to the labor organization or employer for the benefits is reasonably equivalent for all members or employees;

(6) A restriction imposed by state statute, home rule charter, ordinance, or civil service rule, and applied uniformly and without exception to all individuals, which establishes a maximum age for entry into employment as a peace officer or firefighter.

(7) Nothing in this chapter concerning age discrimination shall be construed to validate or permit age requirements which have a disproportionate impact on persons of any class otherwise protected by section 363.03, subdivision 1 or 5.

(8) It is not an unfair employment practice for an employer, employment agency, or labor organization:

(i) to require or request a person to undergo physical examination, which may include a medical history, for the purpose of determining the person's capability to perform available employment, provided (a) that an offer of employment has been made on condition that the person meets the physical or mental requirements of the job; (b) that the examination tests only for essential job-related abilities; and (c) that the examination except for examinations authorized under chapter 176 is required of all persons conditionally offered employment for the same position regardless of disability; or

(ii) with the consent of the employee, to obtain additional medical

information for the purposes of establishing an employee health record;

(iii) to administer preemployment tests, provided that the tests (a) measure only essential job-related abilities, (b) are required of all applicants for the same position regardless of disability except for tests authorized under chapter 176, and (c) accurately measure the applicant's aptitude, achievement level, or whatever factors they purport to measure rather than reflecting the applicant's impaired sensory, manual, or speaking skills except when those skills are the factors that the tests purport to measure; or

(iv) to limit receipt of benefits payable under a fringe benefit plan for disabilities to that period of time which a licensed physician reasonably determines a person is unable to work; or

(v) to provide special safety considerations for pregnant women involved in tasks which are potentially hazardous to the health of the unborn child, as determined by medical criteria.

Sec. 5. Minnesota Statutes 1988, section 363.02, subdivision 2, is amended to read:

Subd. 2. [HOUSING.] (1) The provisions of section 363.03, subdivision 2, shall not apply to:

(a) rooms in a temporary or permanent residence home run by a nonprofit organization, if the discrimination is by sex; or

(b) the rental by a resident owner or occupier of a one-family accommodation of a room or rooms in the accommodation to another person or persons if the discrimination is by sex, marital status, status with regard to public assistance or disability. ~~Nothing in this chapter shall be construed to require any~~ Except as provided elsewhere in this chapter or other state or federal law, no person or group of persons selling, renting or leasing property is required to modify the property in any way, or exercise a higher degree of care for a person having a disability than for a person who does not have a disability; nor shall this chapter be construed to relieve any person or persons of any obligations generally imposed on all persons regardless of any disability in a written lease, rental agreement, or contract of purchase or sale, or to forbid distinctions based on the inability to fulfill the terms and conditions, including financial obligations of the lease, agreement or contract.

(2) The provisions of section 363.03, subdivision 2, prohibiting discrimination because of familial status shall not be construed to defeat the applicability of any local, state or federal restrictions regarding the maximum number of occupants permitted to occupy a dwelling unit and shall not apply to:

(a) any unoccupied dwelling unit in one building of a housing complex consisting of two buildings or, in a housing complex consisting of three or more buildings, any unoccupied dwelling unit in up to one-third of all buildings in the housing complex. For the purposes of this clause, "housing complex" means a group of buildings each containing five or more units on a contiguous parcel of land owned by the same person; a building shall not be exempt from section 363.03, subdivision 2, pursuant to this clause unless the owner has filed an election to designate the building as exempt with the commissioner; an election made by an owner pursuant to this clause may not be withdrawn for purposes of designating another building in the housing complex as exempt for a period of one year from the filing of the election; or

(b) any unit in a condominium created prior to April 12, 1980, any unit in a condominium, other than a condominium converted from a residential building, created on or after April 12, 1980, and any unit in an adults-only condominium created from an existing adults-only rental building on or after April 12, 1980; or

(c) an unoccupied dwelling unit in any building in which at least a majority of the dwelling units are occupied by elderly persons or are unoccupied and available for occupancy solely by households of which at least one member is an elderly person; or

(d) any owner occupied building containing four or fewer dwelling units; or

(e) an unoccupied dwelling unit in any building which is the subject of a valid certificate filed with the commissioner pursuant to the provisions of this clause. To be valid, a certificate must be on a form provided by the commissioner, be received by the commissioner, state that on the date that the certificate is received by the commissioner at least a majority of the dwelling units in the building are occupied by elderly persons or are unoccupied and available for occupancy solely by households of which at least one member is an elderly person, state that on the date that the certificate is received by the commissioner there is on file with the owner of the building or a specified duly authorized agent of the owner for each occupied unit relied upon in support of the certificate a signed statement by an elderly person occupying the unit on the date that the certificate is received by the commissioner that the person is an elderly person, state that for a period of 180 days following the receipt of the certificate by the commissioner the owner or duly authorized agent will preserve the signed statements of the elderly persons and will, upon request, make the statements available for inspection by the commissioner or by any local commission having jurisdiction over the building, be signed by the owner or the duly authorized agent, and be in all respects true and accurate. A valid certificate shall remain valid for a period of 180 days following the date on which it is received by the commissioner.

Any owner or authorized agent who files a certificate containing statements or information that the owner or authorized agent knows or should reasonably know to be false shall be guilty of a misdemeanor;

(f) any unoccupied dwelling unit of up to one-third of the units in a building that is not part of a multibuilding complex; or

(g) any dwelling unit in a building owned by a cooperative apartment corporation, other than a building converted from a residential rental building to a cooperative apartment corporation building on or after April 12, 1980, unless that conversion was from an existing adults-only residential rental building.

(b) housing for elderly persons. "Housing for elderly persons" means housing:

(i) provided under any state or federal program that the commissioner determines is specifically designed and operated to assist elderly persons, as defined in the state or federal program;

(ii) intended for, and solely occupied by, persons 62 years of age or older; or

(iii) intended and operated for occupancy by at least one person 55 years of age or older per unit, provided that:

(A) there are significant facilities and services specifically designed to meet the physical or social needs of older persons, or if the provision of these facilities and services is not practicable, that the housing is necessary to provide important housing opportunities for older persons;

(B) at least 80 percent of the units are occupied by at least one person 55 years of age or older per unit; and

(C) there is publication of, and adherence to, policies and procedures that demonstrate an intent by the owner or manager to provide housing for persons 55 years of age or older.

Housing does not fail to meet the requirements for housing for elderly persons by reason of persons residing in the housing as of the effective date of this act who do not meet the age requirements of clause (b), items (ii) and (iii) if new occupants of the housing meet the age requirements of clause (b), item (ii) or (iii). In addition, housing does not fail to meet the requirements by reason of unoccupied units if unoccupied units are reserved for occupancy by persons who meet the age requirements of clause (b), item (ii) or (iii).

Sec. 6. Minnesota Statutes 1988, section 363.02, subdivision 2a, is amended to read:

Subd. 2a. [MANUFACTURED HOME PARKS.] The provisions of subdivision 2, prohibiting discrimination because of familial status:

(1) do not apply to a manufactured home park the majority of whose lots are reserved by park rule to households containing at least one elderly person; and

(2) do not apply to a section or sections of a manufactured home park which are identified by park rule and do not comprise more than one-third of the lots in the park. In order to qualify for exemption under this subdivision, A park owner must comply with section 327C.02, subdivision 2, 327C.05, or 327C.07, subdivision 4, when adopting or amending a rule concerning the permitted familial status of residents or of buyers of homes offered for in park sale.

Sec. 7. Minnesota Statutes 1988, section 363.02, subdivision 2b, is amended to read:

Subd. 2b. [EVICTION DUE TO FAMILIAL STATUS.] The provisions of section 363.03, subdivision 2, prohibiting discrimination because of familial status, do not apply to eviction from, or denial of continuing tenancy in, dwelling units exempt through certification under this section, provided that (1) one year has elapsed from the commencement of the familial status and (2) six months prior written notice has been given to the tenant, unless the eviction or denial of continuing tenancy is for nonpayment of rent, damage to the premises, disturbance of other tenants, or other breach of the lease.

Sec. 8. Minnesota Statutes 1988, section 363.02, subdivision 6, is amended to read:

Subd. 6. [AGE.] By law or published retirement policy, a mandatory retirement age may be established without being a violation of this chapter if it is established consistent with section 181.81. Nothing in this chapter nor in section 181.81 shall prohibit employee pension and retirement plans from granting pension credit to employees over the age of 65 at a lesser rate than is granted to other employees, provided that in no event may an employee's accumulated pension credits be reduced by continued employment, and further provided that no other state or federal law is violated by the reduced rate of pension credit accrual. Nothing in this chapter shall be construed to prohibit the establishment of differential privileges, benefits, services or facilities for persons of designated ages if (a) such differential treatment is provided pursuant to statute, or (b) the designated age is greater than 59 years or less than 21 years.

Sec. 9. Minnesota Statutes 1988, section 363.03, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYMENT.] Except when based on a bona fide occupational qualification, it is an unfair employment practice:

(1) For a labor organization, because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age,

(a) to deny full and equal membership rights to a person seeking membership or to a member;

(b) to expel a member from membership;

(c) to discriminate against a person seeking membership or a member with respect to hiring, apprenticeship, tenure, compensation, terms, upgrading, conditions, facilities, or privileges of employment; or

(d) to fail to classify properly, or refer for employment or otherwise to discriminate against a person or member.

(2) For an employer, because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, membership or activity in a local commission, disability, or age,

(a) to refuse to hire or to maintain a system of employment which unreasonably excludes a person seeking employment; or

(b) to discharge an employee; or

(c) to discriminate against a person with respect to hiring, tenure, compensation, terms, upgrading, conditions, facilities, or privileges of employment.

(3) For an employment agency, because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age,

(a) to refuse or fail to accept, register, classify properly, or refer for employment or otherwise to discriminate against a person; or

(b) to comply with a request from an employer for referral of applicants for employment if the request indicates directly or indirectly that the employer fails to comply with the provisions of this chapter.

(4) For an employer, employment agency, or labor organization,

before a person is employed by an employer or admitted to membership in a labor organization, to

(a) require the person to furnish information that pertains to race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance or, disability, or age; or, subject to section 363.02, subdivision 1, to require or request a person to undergo physical examination; unless, for the sole and exclusive purpose of national security, information pertaining to national origin is required by the United States, this state or a political subdivision or agency of the United States or this state, or for the sole and exclusive purpose of compliance with the public contracts act or any rule, regulation, or laws of the United States or of this state requiring the information pertaining to race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance or disability is required by the United States or a political subdivision or agency of the United States or examination; or

(b) seek and obtain for purposes of making a job decision, information from any source that pertains to the person's race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age, unless for the sole and exclusive purpose of compliance with the public contracts act or any rule, regulation, or laws of the United States or of this state requiring the information; or

(c) cause to be printed or published a notice or advertisement that relates to employment or membership and discloses a preference, limitation, specification, or discrimination based on race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age.

Any individual who is required to provide information that is prohibited by this subdivision is an aggrieved party under section 363.06.

(5) For an employer, an employment agency or a labor organization, with respect to all employment related purposes, including receipt of benefits under fringe benefit programs, not to treat women affected by pregnancy, childbirth, or disabilities related to pregnancy or childbirth, the same as other persons who are not so affected but who are similar in their ability or inability to work.

(6) For an employer with 50 or more permanent, full-time employees, an employment agency or a labor organization, not to make reasonable accommodation to the known disability of a qualified disabled person or job applicant unless the employer, agency, or organization can demonstrate that the accommodation would impose an undue hardship on the business, agency, or organization. "Reasonable accommodation" means steps which must be taken to accommodate the known physical or mental limitations of a quali-

fied disabled person. "Reasonable accommodation" may include but is not limited to, nor does it necessarily require: (a) making facilities readily accessible to and usable by disabled persons; and (b) job restructuring, modified work schedules ~~that do not reduce the total number of hours normally worked~~, acquisition or modification of equipment or devices, and the provision of aides on a temporary or periodic basis.

In determining whether an accommodation would impose an undue hardship on the operation of a business or organization, factors to be considered include:

(a) the overall size of the business or organization with respect to number of employees or members and the number and type of facilities;

(b) the type of the operation, including the composition and structure of the work force, and the number of employees at the location where the employment would occur;

(c) the nature and cost of the needed accommodation;

(d) the reasonable ability to finance the accommodation at each site of business; and

(e) documented good faith efforts to explore less restrictive or less expensive alternatives, including consultation with the disabled person or with knowledgeable disabled persons or organizations.

A prospective employer need not pay for an accommodation for a job applicant if it is available from an alternative source without cost to the employer or applicant.

Sec. 10. Minnesota Statutes 1988, section 363.03, is amended by adding a subdivision to read:

Subd. 1a. [DISCLOSURE OF MEDICAL INFORMATION.] If any health care records or medical information adversely affects any employment decision concerning an applicant, the employer must notify the affected party of that information within ten days of the decision.

Sec. 11. Minnesota Statutes 1988, section 363.03, subdivision 2, is amended to read:

Subd. 2. [REAL PROPERTY.] It is an unfair discriminatory practice:

(1) For an owner, lessee, sublessee, assignee, or managing agent

of, or other person having the right to sell, rent or lease any real property, or any agent of any of these:

(a) to refuse to sell, rent, or lease or otherwise deny to or withhold from any person or group of persons any real property because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or familial status; or

(b) to discriminate against any person or group of persons because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or familial status in the terms, conditions or privileges of the sale, rental or lease of any real property or in the furnishing of facilities or services in connection therewith, except that nothing in this clause shall be construed to prohibit the adoption of reasonable rules intended to protect the safety of minors in their use of the real property or any facilities or services furnished in connection therewith; or

(c) in any transaction involving real property, to print, circulate or post or cause to be printed, circulated, or posted any advertisement or sign, or use any form of application for the purchase, rental or lease of real property, or make any record or inquiry in connection with the prospective purchase, rental, or lease of real property which expresses, directly or indirectly, any limitation, specification, or discrimination as to race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or familial status, or any intent to make any such limitation, specification, or discrimination except that nothing in this clause shall be construed to prohibit the advertisement of a dwelling unit as available to adults-only if the person placing the advertisement reasonably believes that the provisions of this subdivision prohibiting discrimination because of familial status do not apply to the dwelling unit.

(2) For a real estate broker, real estate salesperson, or employee, or agent thereof:

(a) to refuse to sell, rent, or lease or to offer for sale, rental, or lease any real property to any person or group of persons or to negotiate for the sale, rental, or lease of any real property to any person or group of persons because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or familial status or represent that real property is not available for inspection, sale, rental, or lease when in fact it is so available, or otherwise deny or withhold any real property or any facilities of real property to or from any person or group of persons because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or familial status; or

(b) to discriminate against any person because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or familial status in the terms, conditions or privileges of the sale, rental or lease of real property or in the furnishing of facilities or services in connection therewith; or

(c) to print, circulate, or post or cause to be printed, circulated, or posted any advertisement or sign, or use any form of application for the purchase, rental, or lease of any real property or make any record or inquiry in connection with the prospective purchase, rental or lease of any real property, which expresses directly or indirectly, any limitation, specification or discrimination as to race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or familial status or any intent to make any such limitation, specification, or discrimination except that nothing in this clause shall be construed to prohibit the advertisement of a dwelling unit as available to adults-only if the person placing the advertisement reasonably believes that the provisions of this subdivision prohibiting discrimination because of familial status do not apply to the dwelling unit.

(3) For a person, bank, banking organization, mortgage company, insurance company, or other financial institution or lender to whom application is made for financial assistance for the purchase, lease, acquisition, construction, rehabilitation, repair or maintenance of any real property or any agent or employee thereof:

(a) to discriminate against any person or group of persons because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or familial status of the person or group of persons or of the prospective occupants or tenants of the real property in the granting, withholding, extending, modifying or renewing, or in the rates, terms, conditions, or privileges of the financial assistance or in the extension of services in connection therewith; or

(b) to use any form of application for the financial assistance or make any record or inquiry in connection with applications for the financial assistance which expresses, directly or indirectly, any limitation, specification, or discrimination as to race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or familial status or any intent to make any such limitation, specification, or discrimination; or

(c) to discriminate against any person or group of persons who desire to purchase, lease, acquire, construct, rehabilitate, repair, or maintain real property in a specific urban or rural area or any part thereof solely because of the social, economic, or environmental conditions of the area in the granting, withholding, extending, modifying, or renewing, or in the rates, terms, conditions, or

privileges of the financial assistance or in the extension of services in connection therewith.

(4) For any real estate broker or real estate salesperson, for the purpose of inducing a real property transaction from which the person, the person's firm, or any of its members may benefit financially, to represent that a change has occurred or will or may occur in the composition with respect to race, creed, color, national origin, sex, marital status, status with regard to public assistance, or disability of the owners or occupants in the block, neighborhood, or area in which the real property is located, and to represent, directly or indirectly, that this change will or may result in undesirable consequences in the block, neighborhood, or area in which the real property is located, including but not limited to the lowering of property values, an increase in criminal or antisocial behavior, or a decline in the quality of schools or other public facilities.

(5) For a person to deny a totally or partially blind, physically handicapped, or deaf person with a service dog full and equal access to real property provided for in this section. The person may not be required to pay extra compensation for the service dog but is liable for damage done to the premises by the service dog.

(6) For a home improvement, repair, or maintenance business to discriminate in terms, conditions, or extension of services against any person or group of persons who desire to rehabilitate, repair, or maintain real property in a specific urban or rural area or any part of the area because of the social or economic conditions of the area.

Notwithstanding the provisions of any law, ordinance, or home rule charter to the contrary, no person shall be deemed to have committed an unfair discriminatory practice based upon age if the unfair discriminatory practice alleged is attempted or accomplished for the purpose of obtaining or maintaining one of the exemptions provided for a dwelling unit provided for in section 363.02, subdivision 2.

Sec. 12. Minnesota Statutes 1988, section 363.03, is amended by adding a subdivision to read:

Subd. 2a. [REAL PROPERTY; DISABILITY DISCRIMINATION.]

(a) For purposes of subdivision 2, "discrimination" includes:

(1) a refusal to permit, at the expense of the disabled person, reasonable modifications of existing premises occupied or to be occupied by the disabled person if modifications may be necessary to afford the disabled person full enjoyment of the premises; a landlord may, where it is reasonable to do so, condition permission for a modification on the renter agreeing to restore the interior of the premises to the condition that existed before the modification, excluding reasonable wear and tear;

(2) a refusal to make reasonable accommodations in rules, policies, practices, or services when accommodations may be necessary to afford a disabled person equal opportunity to use and enjoy a dwelling; or

(3) in connection with the design and construction of covered multifamily dwellings for first occupancy after March 13, 1991, a failure to design and construct those dwellings in a manner that:

(i) the public use and common use portions are readily accessible to and usable by a disabled person;

(ii) all the doors designed to allow passage into and within all premises are sufficiently wide to allow passage by disabled persons in wheelchairs; and

(iii) all premises contain the following features of adaptive design: an accessible route into and through the dwelling; light switches, electrical outlets, thermostats, and other environmental controls in accessible locations; reinforcements in bathroom walls to allow later installation of grab bars; and usable kitchens and bathrooms so that an individual in a wheelchair can maneuver about the space.

(b) As used in this subdivision, "covered multifamily dwellings" means:

(1) a building consisting of four or more units if the building has one or more elevators; and

(2) ground floor units in other buildings consisting of four or more units.

(c) This subdivision does not invalidate or limit any law of the state or political subdivision of the state, or other jurisdiction in which this subdivision applies, that requires dwellings to be designed and constructed in a manner that affords disabled persons greater access than is required by this subdivision.

(d) This subdivision does not require that a dwelling be made available to an individual whose tenancy would constitute a direct threat to the health or safety of other individuals or whose tenancy would result in substantial physical damage to the property of others.

Sec. 13. Minnesota Statutes 1988, section 363.03, subdivision 3, is amended to read:

Subd. 3. [PUBLIC ACCOMMODATIONS.] It is an unfair discriminatory practice:

(1) To deny any person the full and equal enjoyment of the goods, services, facilities, privileges, advantages, and accommodations of a place of public accommodation because of race, color, creed, religion, disability, national origin or sex. It is an unfair discriminatory practice for a taxicab company to discriminate in the access to, full utilization of or benefit from service because of a person's disability. Nothing in this subdivision requires any person to exercise a higher degree of care for a person having a disability or to modify property in any way except as required by the accessibility provisions of the state building code.

(2) For a place of public accommodation not to make reasonable accommodation to the known physical disability of a disabled person. State or local building codes govern where applicable. For a place of public accommodation with annual gross revenues less than \$250,000, reasonable accommodations that cost \$1,000 or more in the aggregate are not required in any calendar or fiscal year. In determining whether an accommodation is reasonable, the factors to be considered may include:

(a) the frequency and predictability with which members of the public will be served by the accommodation at that location;

(b) the size of the business or organization at that location with respect to physical size, annual gross revenues, and the number of employees;

(c) the extent to which disabled persons will be further served from the accommodation;

(d) the type of operation;

(e) the nature and both direct and legitimate indirect costs of making the accommodation and the reasonableness for that location to finance the accommodation;

(f) the extent to which any persons may be adversely affected by the accommodation.

Sec. 14. Minnesota Statutes 1988, section 363.03, subdivision 7, is amended to read:

Subd. 7. [REPRISALS.] It is an unfair discriminatory practice for any employer, labor organization, employment agency, public accommodation, public service, educational institution, or owner, lessor, lessee, sublessee, assignee or managing agent of any real property, or any real estate broker, real estate salesperson or employee or agent thereof to intentionally engage in any reprisal against any person because that person:

(1) Opposed a practice forbidden under this chapter or has filed a charge, testified, assisted, or participated in any matter manner in an investigation, proceeding, or hearing under this chapter; or

(2) Associated with a person or group of persons who are disabled or who are of different race, color, creed, religion, or national origin.

A reprisal includes, but is not limited to, any form of intimidation, retaliation, or harassment. It is a reprisal for an employer to do any of the following with respect to an individual because that individual has engaged in the activities listed in clause (1) or (2): refuse to hire the individual; depart from any customary employment practice; transfer or assign the individual to a lesser position in terms of wages, hours, job classification, job security, or other employment status; or inform another employer that the individual has engaged in the activities listed in clause (1) or (2).

Sec. 15. Minnesota Statutes 1988, section 363.03, subdivision 8, is amended to read:

Subd. 8. [CREDIT; SEX DISCRIMINATION.] It is an unfair discriminatory practice:

(1) to discriminate in the extension of personal or commercial credit to a person, or in the requirements for obtaining credit, because of race, color, creed, religion, disability, national origin, sex, or marital status; or

(2) for a credit card issuer to refuse to issue a credit card to a woman under her current or former surname unless there is an intent to defraud or mislead, except that a credit card issuer may require that a woman requesting a card under a former surname open a separate account in that name. A credit card issuer may also require disclosure of any other names under which the credit card applicant may have a credit history.

Sec. 16. Minnesota Statutes 1988, section 363.05, subdivision 2, is amended to read:

Subd. 2. [SERVICE, ENFORCEMENT, AND EFFECT OF SUBPOENA.] (a) Disobedience of a subpoena issued by the commissioner pursuant to subdivision 1 shall be punishable in like manner as a contempt of the district court in proceedings instituted upon application of the commissioner made to the district court of the county where the alleged unfair discriminatory practice in connection with a charge made by a charging party or a complaint filed by the commissioner has occurred or where the respondent resides or has a principal place of business.

(b) It is not a violation of rights conferred by chapter 13 or any

other statute related to the confidentiality of government data for an state agency, statewide system, or political subdivision as defined in section 13.02, subdivision 11, to provide data or information under a subpoena issued by the commissioner under this section.

(c) A subpoena issued under subdivision 1 must be served personally or by mailing a copy of the subpoena, by first class mail, postage prepaid, to the person to be served. The subpoena must include two copies of a notice and acknowledgment of service on a form to be provided by the commissioner, and a return envelope, postage prepaid, addressed to the sender. If acknowledgment of service is not received by the commissioner within 20 days, service is not effective. Unless good cause is shown for not doing so, a court or administrative law judge shall order the payment of the costs of personal service by the person served if the person does not complete and return the notice and acknowledgment of receipt of the subpoena within the time allowed.

Sec. 17. Minnesota Statutes 1988, section 363.072, subdivision 1, is amended to read:

Subdivision 1. [APPEAL.] The commissioner or a person aggrieved by a final decision of the department reached after a hearing held pursuant to section 363.071 may seek judicial review in accordance with chapter 14. ~~The attorney general shall represent on appeal, a charging party who prevailed at a hearing authorized by section 363.071, subdivision 1a, if the charging party requests representation within ten days after receipt of the petition for appeal.~~

Sec. 18. Minnesota Statutes 1988, section 363.073, subdivision 1, is amended to read:

Subdivision 1. [SCOPE OF APPLICATION.] No department or agency of the state shall receive, enter into, or accept any bid or proposal for a contract nor execute any contract for goods, services, or the performance of any function, or any agreement to transfer funds for any reason in excess of \$50,000 with any person having more than 20 full-time employees in Minnesota at any time during the previous 12 months, unless the person has an affirmative action plan for the employment of minority persons, women, and the disabled that has been approved by the commissioner of human rights. Receipt of a certificate of compliance issued by the commissioner shall signify that a person has an affirmative action plan that has been approved by the commissioner. A certificate shall be valid for a period of two years.

Sec. 19. Minnesota Statutes 1988, section 363.117, is amended to read:

363.117 [WITHDRAWAL FROM A LOCAL COMMISSION.]

Notwithstanding the provisions of any law or ordinance to the contrary, a person who has filed a charge with a local commission may bring a civil action as provided in section 363.14 at the following times:

(a) Within 45 days after receipt of notice that the local commission has determined that there is no probable cause to credit the allegations contained in the charge; receipt of notice is presumed to be five days from the date of written notice; or

(b) After 45 days from the filing of the charge if a hearing has not been held or if the local commission has not entered into a conciliation agreement to which the charging party is a signator. The charging party shall notify the local commission of an intention to bring a civil action, which shall be commenced within 90 days of giving the notice.

A charging party bringing a civil action shall mail by registered or certified mail a copy of the summons and complaint to the local commission and upon their receipt the local commission shall terminate all proceedings before the local commission relating to the charge. No charge shall be filed or reinstated with the local commission after a civil action relating to the same unfair discriminatory practice has been brought unless the civil action has been dismissed without prejudice.

Sec. 20. Minnesota Statutes 1988, section 363.123, is amended to read:

363.123 [VIOLATION OF ACT.]

It shall be a violation of ~~Laws 1973, this chapter 729~~ for any person furnishing credit service to discriminate against any person who is the recipient of federal, state or local public assistance, including medical assistance, or who is a tenant receiving federal, state or local housing subsidies, including rental assistance or rent supplements, ~~solely~~ because the individual is such a recipient.

Sec. 21. Minnesota Statutes 1988, section 363.14, subdivision 1, is amended to read:

Subdivision 1. [COURT ACTIONS, SUITS BY PRIVATE PARTIES, INTERVENTION.] (a) The commissioner or a person may bring a civil action seeking redress for an unfair discriminatory practice directly to district court. In addition, a person may bring a civil action:

(1) within 45 days after receipt of notice that the commissioner has dismissed a charge because it is frivolous or without merit, because the charging party has failed to provide required informa-

tion, because the commissioner has determined that further use of department resources is not warranted, or because the commissioner has determined that there is no probable cause to credit the allegations contained in a charge filed with the commissioner;

(2) within 45 days after receipt of notice that the commissioner has reaffirmed a determination of no probable cause if the charging party requested a reconsideration of the no probable cause determination, or has decided not to reopen a dismissed case that the charging party has asked to be reopened; or

(3) after 45 days from the filing of a charge pursuant to section 363.06, subdivision 1, if a hearing has not been held pursuant to section 363.071 or if the commissioner has not entered into a conciliation agreement to which the charging party is a signator. The charging party shall notify the commissioner of an intention to bring a civil action, which shall be commenced within 90 days of giving the notice.

For purposes of clauses (1) and (2), receipt of notice is presumed to be five days from the date of written notice.

(b) If the commissioner has issued both probable cause and no probable cause determinations on separate issues in the same charge, the charging party may, if a hearing is held, require that all matters be heard at the hearing or may bring a civil action for the no probable cause charges at the same time as the probable cause charges under the rules and time frames that govern the probable cause charges.

(c) A charging party bringing a civil action shall mail by registered or certified mail a copy of the summons and complaint to the commissioner, and upon their receipt the commissioner shall terminate all proceedings in the department relating to the charge. No charge shall be filed or reinstated with the commissioner after a civil action relating to the same unfair discriminatory practice has been brought unless the civil action has been dismissed without prejudice.

(d) Upon application by the complaining party to the district court at a special term and under circumstances the court deems just, the court may appoint an attorney for the person and may authorize the commencement of the action without payment of fees, costs, or security.

(e) Upon timely application, the court may permit the department to intervene in a civil action brought pursuant to this section upon certification that the case is of general public importance.

In the next edition of Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes, section 363.123 as section 363.03, subdivision 8b.

Sec. 23. [REPEALER.]

Minnesota Statutes 1988, sections 363.01, subdivisions 30 and 32; and 363.071, subdivision 1a, are repealed.

Amend the title as follows:

Page 1, line 2, before "clarifying" insert "adopting federal fair housing amendments;"

Page 1, line 6, delete "placing" and insert "clarifying"

Page 1, line 16, after "25" insert ", 25a,"

Page 1, line 19, delete "363.061, subdivision 3;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 952, A bill for an act relating to transportation; creating legislative study commission to study and report on the AMTRAK Northstar rail line between Duluth and Minneapolis-St. Paul; appropriating money.

Reported the same back with the following amendments:

Page 1, line 9, delete "Northstar" and insert "rail passenger service"

Page 1, lines 10 and 11, delete "the Northstar route between Duluth and Minneapolis-St. Paul" and insert "Minnesota rail passenger service"

Page 1, line 17, after the period insert "The appointees from each house shall consist of three members of the majority caucus and two members of the minority caucus."

Page 1, line 19, delete "Northstar" and insert "rail passenger service"

Page 1, line 24, delete "Northstar" and insert "rail passenger service"

Amend the title as follows:

Page 1, line 3, delete "AMTRAK Northstar"

Page 1, delete line 4, and insert "Minnesota rail passenger service;"

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 980, A bill for an act relating to commerce; providing a computerized system for notification of security interests in farm products; imposing a penalty; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 336A.

Reported the same back with the following amendments:

Page 2, line 3, after the period insert "This system shall be the exclusive method of protection under that law, and the method set forth in United States Code, title 7, section 1631(e)(1) and section 1631(g)(2)(A) is ineffective, except to the extent those provisions have been determined by final decision of a court with jurisdiction in this state to preempt this section."

Page 3, line 27, delete "and"

Page 3, line 31, delete the period and insert "; and"

(5) the following statement which must be completed:

"THIS FINANCING STATEMENT WILL WILL NOT BE TERMINATED WITHIN 30 DAYS OF THE DATE ON WHICH THE OBLIGATION(S) IT SECURES NO LONGER EXIST."

Page 3, after line 34 insert:

"(c) The effective financing statement form may not be combined with a uniform commercial code financing statement form.

(d) An effective financing statement must contain the following statement, all in capital letters:

"THE INFORMATION CONTAINED IN THIS EFFECTIVE FINANCING STATEMENT WILL BE SENT TO FARM PRODUCT BUYERS REGISTERED IN MINNESOTA. SALE OF FARM PRODUCTS TO THOSE BUYERS MAY RESULT IN A CHECK BEING ISSUED PAYABLE JOINTLY TO BOTH THE SELLER AND THE SECURED PARTY."

Page 4, delete line 36

Page 5, delete lines 1 to 3

Reletter the remaining paragraphs

Page 5, line 8, delete "paragraphs" and insert "paragraph" and delete "and (c)"

Page 5, line 13, delete the first comma and insert "and" and delete ", and (c)"

Page 6, line 26, delete the first "A" and insert "If required in the effective financing statement, a" and after "shall" insert "within 30 days"

Page 7, line 7, after "1" insert ", or"

Page 7, line 9, after "statement" insert "and the conditions of subdivision 1, paragraphs (1) and (2) exist"

Page 7, line 11, after the period insert "For the second and each subsequent time a secured party is found liable under this subdivision in any one calendar year the secured party is liable to the debtor for \$125 plus any loss caused to the debtor and, in addition, is liable to the secretary of state for \$125 which must be used by the secretary of state to perform periodic tests to determine the degree to which lenders fail to file termination statements."

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

The report was adopted.

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

H. F. No. 982, A bill for an act relating to animals; establishing a state program for spaying and neutering certain animals; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 346.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [ANIMAL POPULATION CONTROL PROGRAM.]

Subdivision 1. [STUDY COMMISSION.] An animal population control study commission is established, consisting of seven members as follows: one senator appointed by the senate committee on rules and administration; one representative appointed by the house committee on rules and legislative administration; one member each appointed by the St. Paul and Minneapolis animal control offices; one veterinarian licensed to practice veterinary medicine in Minnesota; and two public members.

The commissioner of health shall appoint the veterinarian and public members of the study commission. The members shall elect a chair.

Subd. 2. [DUTIES; REPORT.] The study commission established in subdivision 1 shall study the feasibility of a pilot program in the seven-county metropolitan area to reduce the population of unwanted and stray dogs and cats by encouraging the owners of dogs and cats to have them permanently sexually sterilized, thereby reducing potential threats to public health and safety posed by the growing population of these unwanted and stray animals, and by providing low-cost animal sterilization services to certain low-income animal owners.

The study commission shall report its finding to the speaker of the house and the president of the senate by January 1, 1990.”

Delete the title and insert:

“A bill for an act relating to animals; establishing a study commission to report to the legislature on the feasibility of a pilot program in the metropolitan area for reducing the population of unwanted dogs and cats through low-cost spaying and neutering.”

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

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1004; A bill for an act relating to local government; expanding the purpose for the use of certain dedicated cash pay-

ments under the municipal planning law; amending Minnesota Statutes 1988, section 462.358, subdivision 2b.

Reported the same back with the following amendments:

Page 1, line 17, after "preserved" insert "for conservation purposes or" and after "trails," insert "wetlands,"

Page 1, line 24, reinstate the comma and delete "and"

Page 1, delete line 25

Page 2, delete lines 1 and 2

Page 2, line 3, delete "habitat, and procurement of easements for those purposes,"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1027, A bill for an act relating to state employees; authorizing the department of transportation to permit the donation of vacation time for unreimbursed medical expenses; proposing coding for new law in Minnesota Statutes, chapter 174.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [UNREIMBURSED MEDICAL COSTS VACATION DONATION PROGRAM.]

Subdivision 1. [DONATION OF VACATION TIME.] A state employee may donate up to eight hours of accrued vacation time in calendar year 1989 to the account established by subdivision 2 for the benefit of another state employee. The employee must notify the employee's agency head of the amount of accrued vacation time the employee wishes to donate and the name of the other state employee who is to benefit from the donation. The agency head shall determine the monetary value of the donated time, using the gross salary of the employee making the donation. The agency head shall transfer that amount to the account established by subdivision 2. A donation of accrued vacation time is irrevocable once its monetary value has been transferred to the account.

Subd. 2. [BENEFIT ACCOUNT.] The vacation benefit account, consisting of money transferred under subdivision 1, is administered by the commissioner of employee relations. Money in the account is appropriated to the commissioner for purposes of this section until January 1, 1991. Any appropriation remaining in the account on that date is transferred to the commissioner of commerce to cover costs of the study required by subdivision 5.

Subd. 3. [USE OF ACCOUNT ASSETS.] Expenditures from the account may be made only to pay unreimbursed medical expenses when the total of those expenses is at least \$10,000 and the expenses are incurred because of the illness of or injury to a state employee or the employee's spouse or dependent. An expenditure on behalf of an employee may not exceed the total transferred into the account established by subdivision 2 because of a donation or donations of vacation time for the benefit of that employee.

Subd. 4. [TAX CONSEQUENCES.] So far as possible, the commissioner shall administer the account in such a way that no tax burden or benefit is imposed or granted to those who donate accrued vacation time or those who benefit from a donation.

Subd. 5. [STUDY; TRANSPLANT SURGERY.] The commissioner of commerce shall study the feasibility of:

(1) requiring all policies or plans of health, medical, hospitalization, or accident and sickness insurance, and all health maintenance organizations providing coverage of or reimbursement for inpatient hospital and medical expenses to cover the costs of nonexperimental transplant surgery; and

(2) defining experimental and nonexperimental transplant surgery for purposes of this subdivision.

The commissioner shall report the results of the study and any recommendations resulting from the study to the legislature by January 15, 1991.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state employees; authorizing the donation of accrued vacation time by state employees in 1989 to pay unreimbursed medical costs incurred by other state employees."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1103, A bill for an act relating to health; requiring a fee for an application for a home care provider license; authorizing the commissioner to seek injunctive relief and use subpoenas in regulating home care providers; imposing requirements for disclosure of criminal convictions by home care providers; imposing a penalty for providing home care without a license; requiring public members in the mortuary science advisory council; allowing use of a trainee's name in the advertising or title of a funeral establishment; establishing a hearing instrument security fund; establishing a human services occupational account; appropriating money; amending Minnesota Statutes 1988, sections 144.698, subdivision 1; 144.701; 144.702, subdivision 2, and by adding subdivisions; 144A.45, subdivision 2; 144A.46; 148.56, by adding a subdivision; 148B.27, subdivision 2; 148B.32, subdivision 2; 149.02; 149.06; 153A.13, subdivision 4; 153A.15, subdivision 3; 153A.16; 326.78, subdivision 2; and 327.20, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 144; 144A; 145; and 214; repealing Minnesota Rules, parts 4650.0162 and 4650.0164.

Reported the same back with the following amendments:

Page 10, after line 27, insert:

"Sec. 11. Minnesota Statutes 1988, section 147.02, subdivision 1, is amended to read:

Subdivision 1. [UNITED STATES OR CANADIAN MEDICAL SCHOOL GRADUATES.] The board shall, with the consent of six of its members, issue a license to practice medicine to a person who meets the following requirements:

(a) An applicant for a license shall file a written application on forms provided by the board, showing to the board's satisfaction that the applicant is of good moral character and satisfies the requirements of this section.

(b) The applicant shall present evidence satisfactory to the board of being a graduate of a medical or osteopathic school located in the United States, its territories or Canada, and approved by the board based upon its faculty, curriculum, facilities, accreditation by a recognized national accrediting organization approved by the board, and other relevant data, or is currently enrolled in the final year of study at the school.

(c) The applicant must have passed an a comprehensive examination for initial licensure prepared and graded by the national board of medical examiners or the federation of state medical boards. The board shall by rule determine what constitutes a passing score in the examination.

(d) The applicant shall present evidence satisfactory to the board of the completion of one year of graduate, clinical medical training in a program accredited by a national accrediting organization approved by the board or other graduate training approved in advance by the board as meeting standards similar to those of a national accrediting organization.

(e) The applicant shall make arrangements with the executive director to appear in person before the board or its designated representative to show that the applicant satisfies the requirements of this section. The board may establish as internal operating procedures the procedures or requirements for the applicant's personal presentation.

(f) The applicant shall pay a fee established by the board by rule. The fee may not be refunded.

(g) The applicant must not have engaged in conduct warranting disciplinary action against a licensee. If the applicant does not satisfy the requirements of this paragraph, the board may refuse to issue a license unless it determines that the public will be protected through issuance of a license with conditions and limitations the board considers appropriate."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after the semicolon insert "clarifying that the national examination that a person must pass to become licensed to practice medicine must be a comprehensive examination for initial licensure;"

Page 1, line 16, after the third semicolon insert "147.02, subdivision 1;"

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

The report was adopted.

Osthoff from the Committee on Financial Institutions and Housing to which was referred:

H. F. No. 1107, A bill for an act relating to landlord and tenant; authorizing emergency proceeding for loss of essential services; proposing coding for new law in Minnesota Statutes, chapter 566.

Reported the same back with the following amendments:

Page 2, after line 10, insert:

"Subd. 6. [LIMITATION.] The tenant remedy under this section does not extend to emergencies which are the result of the deliberate or negligent act or omission of a tenant or anyone acting under the direction or control of the tenant."

Page 2, line 11, delete "6" and insert "7"

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1130, A bill for an act relating to education; providing for exchanges of education faculty; appropriating money.

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

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1131, A bill for an act relating to Olmsted county; authorizing certain appropriations for economic and agricultural development.

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

The report was adopted.

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

H. F. No. 1135, A bill for an act relating to state government; extending tort claim immunity to the Minnesota zoo; providing for expenditures of money; amending Minnesota Statutes 1988, sections 3.736, subdivision 3; and 85A.02, subdivision 5a.

Reported the same back with the following amendments:

Page 1, line 8 to page 3, line 13, delete section 1

Page 4, line 9, after the period insert "The zoo board shall not enter into any final agreement for construction of any entertainment facility that is not directly connected to the ordinary functions of the zoo until after final construction plans have been submitted to the chairs of the senate finance and house appropriations committees.

The zoo may not contract for entertainment during the period of the Minnesota state fair that would directly compete with entertainment at the Minnesota state fair."

Renumber the remaining section

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, line 3, delete everything before "providing"

Page 1, line 4, delete "of money" and insert "for employee salary supplements and contracts for entertainment facilities"

Page 1, line 5, delete "sections 3.736, subdivision 3; and" and insert "section"

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 1137, A bill for an act relating to metropolitan government; regulating the borrowing authority of the regional transit board; amending Minnesota Statutes 1988, section 473.39, subdivision 1a, and by adding a subdivision.

Reported the same back with the following amendments:

Page 3, after line 12, insert:

"Sec. 3. Minnesota Statutes 1988, section 473.39, is amended by adding a subdivision to read:

Subd. 5. [USE OF PROCEEDS.] The board may not use the proceeds of bonds issued by the council under this section to provide capital assistance to private, for-profit operators of public transit."

Renumber remaining section in sequence

Amend the title as follows:

Page 1, line 5, delete "a subdivision" and insert "subdivisions"

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1139, A bill for an act relating to corrections; requiring county boards to provide medical aid for prisoners in jail; amending Minnesota Statutes 1988, section 641.15.

Reported the same back with the following amendments:

Page 1, line 23, delete "The" and insert "Except as provided in section 466.101, the"

Page 2, line 3, delete "that ordered the" and insert "with jurisdiction over the defendant"

Page 2, line 4, delete everything before "shall"

Page 2, line 6, delete everything after the period

Page 2, delete line 7

Page 2, line 8, delete everything before "If"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1142, A bill for an act relating to the environment; requiring the use of soy-based ink for some printing operations; proposing coding for new law in Minnesota Statutes, chapter 115A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [16B.125] [PRINTING INKS; STATE PRINTING.]

Subdivision 1. [DEFINITION; SOY-BASED INK.] For the purposes of this section “soy-based ink” means printing ink made from soy oil.

Subd. 2. [STATE PRINTER.] Whenever practical and economically feasible, the state printer shall consider the use of soy-based ink for printing orders or projects. The printer shall also advise state agencies on and encourage them to use materials and printing processes that allow for the use of soy-based ink.

Subd. 3. [STATE AGENCIES; PRINTING CONTRACTS.] When a state agency seeks to enter a contract for printing with, or otherwise purchases printing from, the state or another printer, the agency shall consider, when practical and economically feasible, specifying the use of soy-based ink when it can specify use of a newsprint product that is printed on a non-heat-set web press or a sheet-fed press. Whenever practical, a state agency shall consider specifying materials and printing processes that enable use of soy-based ink.

Subd. 4. [DETERMINATION OF USE.] When the state printer or a state agency is making a determination whether to use soy-based ink or not, the state printer or agency shall consider the practicality of soy-based ink with regard to the type of paper to be used in the project, the production schedule required, the type of printing equipment likely to be used, the availability of ink, and any other relevant considerations.”

Delete the title and insert:

“A bill for an act relating to agriculture; requiring the use of soy-based ink for some printing operations; proposing coding for new law in Minnesota Statutes, chapter 16B.”

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

The report was adopted.

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

H. F. No. 1147, A bill for an act relating to elections; making various changes in laws applicable to school district elections; amending Minnesota Statutes 1988, sections 201.071, subdivision 3; 203B.08, subdivision 3; 204B.08, subdivision 3; 204B.14, subdivision 5; 204B.17; 204B.44; 204C.22, subdivisions 9, 10, 15, and by adding a subdivision; 204D.04, subdivision 2; 205A.05, subdivision 1; 205A.07, by adding a subdivision; 205A.09, subdivision 2; 205A.10, subdivisions 2 and 3; 205A.11; 205A.12, subdivision 2; 209.02, subdivision 1; 209.021, subdivision 1; 209.03; 209.09, subdivision 1; and 211A.01, subdivision 6.

Reported the same back with the following amendments:

Page 6, line 21, after "check" insert "acceptable to the official responsible for printing the ballots,"

Pages 6 and 7, delete section 12 and insert:

"Sec. 12. Minnesota Statutes 1988, section 205A.05, subdivision 1, is amended to read:

Subdivision 1. [QUESTIONS.] Special elections must be held for a school district on a question on which the voters are authorized by law to pass judgment. The school board may on its own motion call a special election to vote on any matter requiring approval of the voters of a district. Upon petition of 50 or more voters of the school district or five percent of the number of voters voting at the preceding regular school district election, the school board shall by resolution call a special election to vote on any matter requiring approval of the voters of a district. A question is carried only with the majority in its favor required by law. The election officials for a special election are the same as for the most recent school district general election unless changed according to law. Otherwise, special elections must be conducted and the returns made in the manner provided for the school district general election. A special election may not be held during the ~~20~~ 30 days before and the 30 days after any regularly scheduled statewide the state primary or state general election or. In addition, a special election may not be held during the 20 days before and the 20 days after any regularly scheduled election of a municipality wholly or partially within the school district. Notwithstanding any other law to the contrary, the time period in which a special election must be conducted under any other law may be extended by the school board to conform with the requirements of this subdivision."

Pages 9 and 10, delete section 18

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 10, delete "205A.12,"

Page 1, line 11, delete "subdivision 2;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1150, A bill for an act relating to the collection, access to, and dissemination of data; proposing classifications of data as private, confidential, nonpublic, and protected nonpublic; clarifying classification of data; establishing an internal audit function with access to state agency data; clarifying what data on juveniles may be made available to the public; amending Minnesota Statutes 1988, sections 13.10, subdivision 1; 13.32, subdivisions 3 and 5; 13.82, subdivision 8; 16A.055, subdivision 1; 245.94, subdivision 1; and 260.161, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 13.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 13.02, subdivision 9, is amended to read:

Subd. 9. [NONPUBLIC DATA.] "Nonpublic data" means data not on individuals which is made by statute or federal law applicable to the data: (a) not accessible to the public; and (b) accessible to the subject, if any, of the data.

Sec. 2. Minnesota Statutes 1988, section 13.10, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this chapter:

(a) "Confidential data on decedents" means data which, prior to the death of the data subject, were classified by statute, federal law, or temporary classification as confidential data.

(b) "Private data on decedents" means data which, prior to the death of the data subject, were classified by statute, federal law, or temporary classification as private data.

(c) "Representative of the decedent" means the personal representative of the estate of the decedent during the period of administration, or if no personal representative has been appointed or after discharge, the surviving spouse, any child of the decedent, or, if there is no surviving spouse or children, ~~any other of the decedent's living next of kin within one degree of consanguinity as determined in the order of priority established by the rules of civil law~~ the parents of the decedent.

Sec. 3. Minnesota Statutes 1988, section 13.32, subdivision 3, is amended to read:

Subd. 3. [PRIVATE DATA; WHEN DISCLOSURE IS PERMITTED.] Except as provided in subdivision 5, educational data is private data on individuals and shall not be disclosed except as follows:

(a) Pursuant to section 13.05;

(b) Pursuant to a valid court order;

(c) Pursuant to a statute specifically authorizing access to the private data;

(d) To disclose information in health and safety emergencies pursuant to the provisions of United States Code, title 20, section 1232g(b)(1)(I) and Code of Federal Regulations, title ~~45~~ 34, section 99.36 which are in effect on July 1, ~~1979~~ 1989;

(e) Pursuant to the provisions of United States Code, title 20, sections 1232g(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3) and Code of Federal Regulations, title ~~45~~ 34, sections 99.31, 99.32, 99.33, 99.34 and 99.35 which are in effect on July 1, ~~1979~~ 1989; or

(f) To appropriate health authorities to the extent necessary to administer immunization programs and for bona fide epidemiologic investigations which the commissioner of health determines are necessary to prevent disease or disability to individuals in the public educational agency or institution in which the investigation is being conducted.

Sec. 4. Minnesota Statutes 1988, section 13.32, subdivision 5, is amended to read:

Subd. 5. [DIRECTORY INFORMATION.] Information designated as directory information pursuant to the provisions of United States Code, title 20, section 1232g and ~~regulations adopted pursuant thereto~~ Code of Federal Regulations, title 34, section 99.37 which are in effect on July 1, ~~1979~~ 1989 is public data on individuals.

Sec. 5. [13.542] [HOSPITAL STUDY DATA.]

The following data contained in a report prepared for Meeker county, entitled "Final Report: Philanthropic Planning Study for a Capital Development/Foundation Endowment Program," are classified as confidential and protected nonpublic: data that identify staff of the county hospital and members of the medical staff or individuals who made comments on the hospital or medical staff during the preparation of the report and data that describes the hospital's fund-raising plans and strategies.

Sec. 6. [13.552] [ST. PAUL HUMAN RIGHTS DATA.]

Subdivision 1. [DEFINITIONS.] For purposes of this chapter, the terms "human rights investigative data," "closed case file," and "open case file" have the meanings assigned to them by section 363.01.

Subd. 2. [CLASSIFICATION OF HUMAN RIGHTS DATA.] For purposes of this chapter, data maintained by the city of St. Paul human rights department, including human rights investigative data and data contained in closed and open case files, are classified the same as and administered in accordance with sections 363.06 and 363.061 of the Minnesota human rights act.

Sec. 7. Minnesota Statutes 1988, section 13.64, is amended to read:

13.64 [DEPARTMENT OF ADMINISTRATION DATA.]

Notes and preliminary drafts of reports created, collected, or maintained by the management analysis division, department of administration, and prepared during management studies, audits, reviews, consultations, or investigations of state departments and metropolitan, regional, and local agencies and school districts are classified as confidential or protected nonpublic data until the final report has been published or preparation of the report is no longer being actively pursued. Data that support the conclusions of the report and that the commissioner of administration reasonably believes will result in litigation are confidential or protected nonpublic until the litigation has been completed or until the litigation is no longer being actively pursued. Data on individuals that could reasonably be used to determine the identity of an individual supplying data for a report are private if (a) the data supplied by the individual were needed for an audit a report and (b) the data would not have been provided to the management analysis division without an assurance to the individual that the individual's identity would remain private.

Sec. 8. [13.671] [IRON RANGE RESOURCES AND REHABILITATION BOARD DATA.]

Subdivision 1. [NONPUBLIC DATA.] The following data that are submitted to the commissioner of the Iron Range resources and rehabilitation board by businesses that are requesting financial assistance are classified as nonpublic data: the identity of the business and financial information about the business including, but not limited to, credit reports, financial statements, net worth calculations, business plans, income and expense projections, customer lists, and feasibility studies not paid for in whole or in part by state or federal funds.

Subd. 2. [PUBLIC DATA.] The identity of the business seeking financial assistance becomes public data upon submission of the request for financial assistance to the Iron Range resources and rehabilitation board.

Sec. 9. [13.681] [LEGISLATIVE AUDITOR DATA.]

The following data collected by the legislative auditor for a random sample of farmers, as part of a study of the "Farm Interest Buy-down Program," are classified as private data or nonpublic data: financial statements, federal income tax returns and cash flow statements.

Sec. 10. [13.741] [WASTE MANAGEMENT DATA.]

The following data maintained by the staff and legal counsel of the pollution control agency, as part of the contract negotiation process authorized by section 115A.191, are classified as nonpublic data: lists of negotiating subjects, analysis of possible state and county positions, negotiation strategies on specific issues, and drafts of particular contract terms.

Sec. 11. Minnesota Statutes 1988, section 13.82, subdivision 8, is amended to read:

Subd. 8. [PUBLIC BENEFIT DATA.] Any law enforcement agency may make any data classified as confidential or protected nonpublic pursuant to subdivision 5 accessible to any person, agency or the public if the agency determines that the access will aid the law enforcement process, promote public safety or dispel widespread rumor or unrest.

Sec. 12. Minnesota Statutes 1988, section 13.82, subdivision 10, is amended to read:

Subd. 10. [PROTECTION OF IDENTITIES.] A law enforcement

agency may withhold public access to data on individuals to protect the identity of individuals in the following circumstances:

(a) When access to the data would reveal the identity of an undercover law enforcement officer;

(b) When access to the data would reveal the identity of a victim of criminal sexual conduct or ~~intrafamilial sexual abuse or~~ of a violation of section 617.246, subdivision 2;

(c) When access to the data would reveal the identity of a paid or unpaid informant being used by the agency if the agency reasonably determines that revealing the identity of the informant would threaten the personal safety of the informant; or

(d) When access to the data would reveal the identity of a victim of or witness to a crime if the victim or witness specifically requests not to be identified publicly, and the agency reasonably determines that revealing the identity of the victim or witness would threaten the personal safety or property of the individual.

Sec. 13. Minnesota Statutes 1988, section 16A.055, subdivision 1, is amended to read:

Subdivision 1. [LIST.] The commissioner shall:

(1) receive and record all money paid into the state treasury and safely keep it until lawfully paid out;

(2) manage the state's financial affairs;

(3) keep the state's general account books according to generally accepted government accounting principles;

(4) keep expenditure and revenue accounts according to generally accepted government accounting principles;

(5) develop, provide instructions for, prescribe, and manage a state uniform accounting system; ~~and~~

(6) provide to the state the expertise to ensure that all state funds are accounted for under generally accepted government accounting principles; and

(7) coordinate the development of, and develop standards for, internal auditing in state agencies and, in cooperation with the commissioner of administration, report to the legislature and the governor by December 31, 1990, on progress made.

Sec. 14. Minnesota Statutes 1988, section 245.94, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] (a) The ombudsman may prescribe the methods by which complaints to the office are to be made, reviewed, and acted upon. The ombudsman may not levy a complaint fee.

(b) The ombudsman may mediate or advocate on behalf of a client.

(c) The ombudsman may investigate the quality of services provided to clients and determine the extent to which quality assurance mechanisms within state and county government work to promote the health, safety, and welfare of clients, other than clients in acute care facilities who are receiving services not paid for by public funds.

(d) At the request of a client, or upon receiving a complaint or other information affording reasonable grounds to believe that the rights of a client who is not capable of requesting assistance have been adversely affected, the ombudsman may gather information about and analyze, on behalf of the client, the actions of an agency, facility, or program.

(e) The ombudsman may examine, on behalf of a client, records of an agency, facility, or program if the records relate to a matter that is within the scope of the ombudsman's authority. If the records are private and the client is capable of providing consent, the ombudsman shall first obtain the client's consent. The ombudsman is not required to obtain consent for access to private data on clients with mental retardation or a related condition.

(f) The ombudsman may, at reasonable times in the course of conducting a review, enter and view premises within the control of an agency, facility, or program.

(g) The ombudsman may attend department of human services review board and special review board proceedings; proceedings regarding the transfer of patients or residents, as defined in section 246.50, subdivisions 4 and 4a, between institutions operated by the department of human services; and, subject to the consent of the affected client, other proceedings affecting the rights of clients. The ombudsman is not required to obtain consent to attend meetings or proceedings and have access to private data on clients with mental retardation or a related condition.

(h) The ombudsman shall have access to data of agencies, facilities, or programs classified as private or confidential as defined in section 13.02, subdivisions 3 and 12 and 13, regarding services provided to clients with mental retardation or a related condition.

(i) To avoid duplication and preserve evidence, the ombudsman shall inform relevant licensing or regulatory officials before undertaking a review of an action of the facility or program.

(j) Sections 245.91 to 245.97 are in addition to other provisions of law under which any other remedy or right is provided.

Sec. 15. Minnesota Statutes 1988, section 260.161, subdivision 3, is amended to read:

Subd. 3. (a) Peace officers' records of children shall be kept separate from records of persons 18 years of age or older and shall not be open to public inspection or their contents disclosed to the public except (1) by order of the juvenile court, or (2) as required by section 126.036, or (3) as authorized under ~~chapter 13~~ section 13.82, subdivision 2; except that traffic investigation reports may be open to inspection by a person who has sustained physical harm or economic loss as a result of the traffic accident. No photographs of a child taken into custody may be taken without the consent of the juvenile court unless the child is alleged to have violated section 169.121 or 169.129. Any person violating any of the provisions of this subdivision shall be guilty of a misdemeanor.

(b) Nothing in this subdivision prohibits the exchange of information by law enforcement agencies if the exchanged information is pertinent and necessary to the requesting agency in initiating, furthering, or completing a criminal investigation.

Sec. 16. Minnesota Statutes 1988, section 340A.503, subdivision 7, is amended to read:

Subd. 7. [RECORD OF VIOLATION.] If a person who is 18, 19, or 20 years old is convicted of a violation under this section, none of the records of the court, including legal records, shall be open to public inspection or their contents disclosed except by order of the court. Peace officers' records relating to the arrest or charging of any person who is 18, 19, or 20 years old with a violation of this section shall not be open to public inspection or their contents disclosed except by order of the district court or as required by section 126.036.

Delete the title and insert:

"A bill for an act relating to the collection, access to, and dissemination of data; proposing classifications of data as private, confidential, nonpublic, and protected nonpublic; clarifying classification of data; establishing an internal audit function with access to state agency data; clarifying what data on juveniles may be made available to the public; amending Minnesota Statutes 1988, sections 13.02, subdivision 9; 13.10, subdivision 1; 13.32, subdivisions 3 and

5; 13.64; 13.82, subdivisions 8 and 10; 16A.055, subdivision 1; 245.94, subdivision 1; 260.161, subdivision 3; and 340A.503, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 13."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1162, A bill for an act relating to international trade; enhancing the Minnesota trade office's education and foreign representation activities; appropriating money; amending Minnesota Statutes 1988, section 116J.966, subdivision 1, and by adding a subdivision; repealing Minnesota Statutes 1988, section 116J.967.

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

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1207, A bill for an act relating to counties; providing conditions for the disposition of county property; amending Minnesota Statutes 1988, section 373.01, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 373.01, subdivision 1, is amended to read:

Subdivision 1. Each county is a body politic and corporate and may:

(1) Sue and be sued.

(2) Acquire and hold real and personal property for the use of the county, and lands sold for taxes as provided by law.

(3) Purchase and hold for the benefit of the county real estate sold by virtue of judicial proceedings, to which the county is a party.

(4) Sell, lease, and convey real or personal estate owned by the county, and give contracts or options to sell, lease or convey it, and make orders respecting it as deemed conducive to the interests of the county's inhabitants.

No sale, lease or conveyance of real estate owned by the county, nor any contract or option for it, shall be valid, without first advertising for bids or proposals in the official newspaper of the county for three consecutive weeks and once in a newspaper of general circulation in the area where the property is located. The notice shall state the time and place of considering the proposals, contain a legal description of any real estate, and a brief description of any personal property. Leases that do not exceed \$15,000 for any one year may be negotiated and are not subject to the competitive bid procedures of this section. All proposals estimated to exceed \$15,000 in any one year shall be considered at ~~that~~ the time set for the bid opening, and the one most favorable to the county accepted, but the county board may, in the interest of the county, reject any or all proposals. Sales of personal property the value of which is estimated to be \$15,000 or more shall be made only after advertising for bids or proposals as provided for real estate. Sales of personal property the value of which is estimated to be less than \$15,000 may be made either on competitive bids or in the open market, in the discretion of the county board. Notwithstanding anything to the contrary herein, the county may, when acquiring real property for county highway right-of-way, exchange parcels of real property of substantially similar or equal value without advertising for bids. The estimated values for these parcels shall be determined by the county assessor.

If real estate or personal property remains unsold after advertising for and consideration of bids or proposals the county may employ a broker to sell the property. The broker may sell the property for not less than 90 percent of its appraised market value as determined by the county. The broker's fee shall be set by agreement with the county but may not exceed ten percent of the sale price and must be paid from the proceeds of the sale.

In no case shall lands be disposed of without there being reserved to the county all iron ore and other valuable minerals in and upon the lands, with right to explore for, mine and remove the iron ore and other valuable minerals, nor shall the minerals and mineral rights be disposed of, either before or after disposition of the surface rights, otherwise than by mining lease, in similar general form to that provided by section 93.20 for mining leases affecting state lands. The lease shall be for a term not exceeding 50 years, and be issued on a royalty basis, the royalty to be not less than 25 cents per ton of 2,240 pounds, and fix a minimum amount of royalty payable during each year, whether mineral is removed or not. Prospecting options for mining leases may be granted for periods not exceeding one year. The options shall require, among other things, periodical showings to the county board of the results of exploration work done.

(5) Make all contracts and do all other acts in relation to the property and concerns of the county necessary to the exercise of its corporate powers."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1213; A bill for an act relating to public safety; alcohol assessment and treatment; allowing courts as a sentencing option to order criminal defendants into treatment upon certification to the local agency and the commissioner of human services; amending Minnesota Statutes 1988, section 169.126, by adding a subdivision; 254B.03, subdivision 1; 609.10; and 609.115, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 169.126, subdivision 4, is amended to read:

Subd. 4. [CHEMICAL USE ASSESSMENT.] (a) Except as otherwise provided in paragraph (d), when an alcohol problem screening shows that the defendant has an identifiable chemical use problem, the court shall require the defendant to undergo a comprehensive chemical use assessment conducted by an assessor qualified under rules adopted by the commissioner of human services under section 254A.03, subdivision 3. Notwithstanding any law or rule to the contrary, the assessor shall have access to any police reports, laboratory test results, and other data relating to the current offense or previous offenses which is necessary to complete the evaluation. An assessor providing a chemical use assessment for the court may not have any direct or shared financial interest or referral relationship resulting in shared financial gain with a treatment provider. If an independent assessor is not available, the court may use the services of an assessor authorized to perform assessments for the county social services agency under a variance granted under rules adopted by the commissioner of human services under section 254A.03, subdivision 3. An appointment for the defendant to undergo the chemical use assessment shall be made by the court, a court services probation officer, or the court administrator as soon as possible but in no case more than one week after the defendant's court appearance. The comprehensive chemical use assessment must be completed no later than ~~two~~ three weeks after the ~~appointment date~~ defendant's court appearance. If the assessment is not performed within this time limit, the county where the defendant is

to be sentenced shall perform the assessment. The county of financial responsibility shall be determined under chapter 256G.

(b) The chemical use assessment report must include a recommended level of care for the defendant in accordance with the criteria contained in rules adopted by the commissioner of human services under section 254A.03, subdivision 3.

(c) The state shall reimburse the county for the entire cost of each chemical use assessment and report at a rate established by the department of human services up to a maximum of \$100 in each case. The county may not be reimbursed for the cost of any chemical use assessment or report not completed within the time limit provided in this subdivision. Reimbursement to the county must be made from the special account established in subdivision 4a.

(d) If the preliminary alcohol problem screening is conducted by an assessor qualified under rules adopted by the commissioner of human services under section 254A.03, subdivision 3, consists of a comprehensive chemical use assessment of the defendant, and complies with the chemical use assessment report requirements of paragraph (b), it is a chemical use assessment for the purposes of this section and the court may not require the defendant to undergo a second chemical use assessment under paragraph (a). The state shall reimburse counties for the cost of alcohol problem screenings that qualify as chemical use assessments under this paragraph in the manner provided in paragraph (c) in lieu of the reimbursement provisions of section 169.124, subdivision 3.

Sec. 2. Minnesota Statutes 1988, section 169.126, is amended by adding a subdivision to read:

Subd. 5. [COURT-ORDERED TREATMENT; GENERALLY.] Notwithstanding any law or rule to the contrary, the district court may order the residential or nonresidential treatment of any defendant assessed pursuant to subdivision 4, clause (b), upon a finding by an assessor designated by the court and qualified under rules adopted by the commissioner under section 254A.03, subdivision 3, or credentialed by the Institute for Chemical Dependency Professionals, that the defendant is chemically dependent, chemically abusive, or in need of treatment for chemical abuse problems. The court shall also certify to the local agency and the commissioner of human services that the public safety requires that the defendant undergo treatment.

Sec. 3. Minnesota Statutes 1988, section 169.126, is amended by adding a subdivision to read:

Subd. 6. [NONRESIDENTIAL TREATMENT.] In order to certify that the public safety requires the nonresidential treatment of the

defendant, the court must expressly find one or more of the following:

(1) that the defendant, within ten years of the current offense, was previously convicted of two or more misdemeanor or gross misdemeanor offenses in which alcohol or controlled substance abuse was a contributing factor; or

(2) that the defendant, within ten years of the current offense, was previously convicted of a felony in which alcohol or controlled substance abuse was a contributing factor; or

(3) that the current offense is an alcohol-related driving offense in which the defendant's alcohol concentration was 0.25 or greater and the defendant has previously been convicted of any offense in which alcohol or controlled substance abuse was a contributing factor; or

(4) that the defendant, within the past three years, was admitted to a residential or nonresidential facility licensed by the department of human services to provide treatment or detoxification to chemically abusive or dependent persons, provided that the admission was not related to a current offense; or

(5) that the defendant was assessed as meeting the criteria for placement in primary residential treatment under Minnesota Rules, part 9530.6630, at the time of the current offense but has since demonstrated at least two specific behavior changes indicative of an ability to abstain; or

(6) that the defendant was assessed as meeting the criteria for primary outpatient treatment under Minnesota Rules, part 9530.6625, at the time of the current offense.

Sec. 4. Minnesota Statutes 1988, section 169.126, is amended by adding a subdivision to read:

Subd. 7. [RESIDENTIAL TREATMENT.] In order to certify that the public safety requires the residential treatment of the defendant, the court must expressly find one or more of the following:

(1) that the defendant, within five years of the current offense, was previously convicted of two or more misdemeanor or gross misdemeanor offenses in which alcohol or controlled substance abuse was a contributing factor; or

(2) that the defendant, within five years of the current offense, was previously convicted of a felony in which alcohol or controlled substance abuse was a contributing factor; or

(3) that the current offense is an alcohol-related driving offense in

which the defendant's alcohol concentration was 0.25 or greater and the defendant has previously been convicted of any offense in which alcohol or controlled substance abuse was a contributing factor; or

(4) that the defendant, within the past three years, was admitted to a residential or nonresidential facility licensed by the department of human services to provide treatment or detoxification to chemically abusive or dependent persons, provided that the admission was not related to a current offense; or

(5) that the defendant was assessed as meeting the criteria for placement in primary residential treatment under Minnesota Rules, part 9530.6630, at the time of the current offense and has not demonstrated specific behavior changes indicative of any ability to abstain.

Sec. 5. Minnesota Statutes 1988, section 169.126, is amended by adding a subdivision to read:

Subd. 8. [TERM DEFINED.] For purposes of subdivisions 6 and 7, a finding that a court order under chapter 518B was issued against the defendant on the basis of an incident in which the defendant's alcohol or chemical substance abuse was a contributing factor, shall be equivalent to a conviction for a previous misdemeanor offense.

Sec. 6. Minnesota Statutes 1988, section 254B.03, subdivision 1, is amended to read:

Subdivision 1. [LOCAL AGENCY DUTIES.] (a) Every local agency shall provide chemical dependency services to persons residing within its jurisdiction who meet criteria established by the commissioner or who are certified by the court under the provisions of sections 2 to 5, or 7 for placement in a chemical dependency residential or nonresidential treatment service. Chemical dependency money must be administered by the local agencies according to law and rules adopted by the commissioner under sections 14.01 to 14.69.

(b) In order to contain costs, the county board shall, with the approval of the commissioner of human services, select eligible vendors of chemical dependency services who can provide economical and appropriate treatment. Unless the local agency is a social services department directly administered by a county or human services board, the local agency shall not be an eligible vendor under section 254B.05. The commissioner may approve proposals from county boards to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. If a county implements a demonstration or experimental medical services funding plan, the commissioner shall transfer the money as appropriate. If a county selects a vendor located in another state, the county shall ensure that the vendor is

in compliance with the rules governing licensure of programs located in the state.

Sec. 7. Minnesota Statutes 1988, section 609.10, is amended to read:

609.10 [SENTENCES AVAILABLE.]

Subdivision 1. [GENERALLY.] Upon conviction of a felony and compliance with the other provisions of this chapter the court, if it imposes sentence, may sentence the defendant to the extent authorized by law as follows:

- (1) to life imprisonment; or
- (2) to imprisonment for a fixed term of years set by the court; or
- (3) to both imprisonment for a fixed term of years and payment of a fine; or
- (4) to payment of a fine without imprisonment or to imprisonment for a fixed term of years if the fine is not paid; or
- (5) to payment of court-ordered restitution in addition to either imprisonment or payment of a fine, or both.

Notwithstanding any law or rule to the contrary, when the defendant is convicted of a felony, the court may also order the residential or nonresidential treatment of the defendant for chemical abuse if the presentence investigation performed pursuant to section 609.115, subdivision 1, indicates that alcohol or controlled substance abuse was a contributing factor to the commission of the crime and if an assessor designated by the court and qualified under rules adopted by the commissioner under section 254A.03, subdivision 3, or credentialed by the Institute for Chemical Dependency Professionals, that the defendant is chemically dependent, chemically abusive, or in need of treatment for chemical abuse problems. The court shall also certify to the local providing agency and the commissioner of human services that the public safety requires treatment.

Subd. 2. [COURT-ORDERED NONRESIDENTIAL TREATMENT.] In order to certify that the public safety requires the nonresidential treatment of the defendant, the court must expressly find one or more of the following:

- (1) that the defendant, within ten years of the current offense or offenses, was previously convicted of two or more misdemeanor or gross misdemeanor offenses in which alcohol or controlled substance abuse was a contributing factor; or

(2) that the defendant, within ten years of the current offense, was previously convicted of a felony in which alcohol or controlled substance abuse was a contributing factor; or

(3) that the current offense is an alcohol-related driving offense in which the defendant's alcohol concentration was 0.25 or greater and the defendant has previously been convicted of an offense in which alcohol or controlled substance abuse was a contributing factor; or

(4) that the defendant, within the past three years, was admitted to a residential or nonresidential facility licensed by the department of human services to provide treatment or detoxification to chemically abusive or dependent persons, provided that the admission was not related to a current offense; or

(5) that the defendant was assessed as meeting the criteria for placement in primary residential treatment under Minnesota Rules, part 9530.6630, at the time of the current offense but has since demonstrated two specific behavior changes indicative of an ability to abstain; or

(6) that the defendant was assessed as meeting the criteria for primary outpatient treatment under Minnesota Rules, part 9530.6625, at the time of the offense.

Subd. 3. [COURT-ORDERED RESIDENTIAL TREATMENT.] In order to certify that the public safety requires the residential treatment of the defendant, the court must expressly find one or more of the following:

(1) that the defendant, within five years of the current offense, was previously convicted of two or more misdemeanor or gross misdemeanor offenses in which alcohol or controlled substance abuse was a contributing factor; or

(2) that the defendant, within five years of the current offense, was previously convicted of a felony in which alcohol or controlled substance abuse was a contributing factor; or

(3) that the current offense is an alcohol-related driving offense in which the defendant's alcohol concentration was 0.25 or greater and the defendant has previously been convicted of any offense in which alcohol or controlled substance abuse was a contributing factor; or

(4) that the defendant, within the past three years, was admitted to a residential or nonresidential facility licensed by the department of human services to provide treatment or detoxification to chemically abusive or dependent persons, provided that the admission was not related to a current offense; or

(5) that the defendant was assessed as meeting the criteria for placement in primary residential treatment under Minnesota Rules, part 9530.6630, at the time of the current offense and has not demonstrated specific behavior changes indicative of any ability to abstain.

Subd. 4. [TERM DEFINED.] For purposes of subdivisions 2 and 3, a finding that a court order under chapter 518B was issued against the defendant on the basis of an incident in which the defendant's alcohol or chemical substance abuse was a contributing factor, shall be equivalent to a conviction for a previous misdemeanor offense.

Sec. 8. Minnesota Statutes 1988, section 609.115, subdivision 1, is amended to read:

Subdivision 1. [PRESENTENCE INVESTIGATION.] When a defendant has been convicted of a misdemeanor or gross misdemeanor, the court may, and when the defendant has been convicted of a felony, the court shall, before sentence is imposed, cause a presentence investigation and written report to be made to the court concerning the defendant's individual characteristics, circumstances, needs, potentialities, criminal record and social history, the circumstances of the offense and the harm caused by it to others and to the community. If the defendant is convicted of a felony, the report shall also indicate whether alcohol or controlled substance abuse was a contributing factor to the commission of the crime and, if so, shall contain the results of an assessment of the defendant's chemical use problem and a recommended level of care as provided in Minnesota Rules, parts 9530.6600 to 9530.6655. When the crime is a felony violation of chapter 152 involving the sale or distribution of a controlled substance, the report shall include a description of any adverse social or economic effects the offense has had on persons who reside in the neighborhood where the offense was committed.

The report shall also include the information relating to crime victims required under section 611A.037, subdivision 1. If the court directs, the report shall include an estimate of the prospects of the defendant's rehabilitation and recommendations as to the sentence which should be imposed. In misdemeanor cases the report may be oral.

When a defendant has been convicted of a felony, and before sentencing, the court shall cause a sentencing worksheet to be completed to facilitate the application of the Minnesota sentencing guidelines. The worksheet shall be submitted as part of the presentence investigation report.

The investigation shall be made by a probation officer of the court, if there is one, otherwise by the commissioner of corrections. The officer conducting the presentence or predispositional investigation shall make reasonable and good faith efforts to contact the victim of

that crime and to provide that victim with the information required under section 611A.037, subdivision 2.

Pending the presentence investigation and report, the court with the consent of the commissioner may commit the defendant to the custody of the commissioner of corrections who shall return the defendant to the court when the court so orders.

Presentence investigations shall be conducted and summary hearings held upon reports and upon the sentence to be imposed upon the defendant in accordance with this section, section 244.10, and the rules of criminal procedure.

Sec. 9. [REPEALER.]

The amendments made by sections 2 to 8 are repealed effective June 1, 1992. The provisions of Minnesota Statutes amended by sections 2 to 8 remain in effect notwithstanding this repealer. Section 645.34 is superseded to the extent it conflicts with this section.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to alcohol assessment and treatment; allowing courts to order criminal defendants into treatment upon certification to the local agency and the commissioner of human services; providing for financial responsibility for alcohol assessments; providing for repeal of these provisions on June 1, 1992; amending Minnesota Statutes 1988, sections 169.126, subdivision 4, and by adding subdivisions; 254B.03, subdivision 1; 609.10; and 609.115, subdivision 1."

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1247, A bill for an act relating to agriculture; renaming the commissioner and department of agriculture as the commissioner and department of agriculture and food; clarifying the commissioner's authority and responsibilities; providing for demonstration projects to allow women, infants, and children program recipients to redeem coupons for Minnesota grown food;

appropriating money; amending Minnesota Statutes 1988, sections 17.01 and 17.013; proposing coding for new law in Minnesota Statutes, chapter 17.

Reported the same back with the following amendments:

Pages 1 and 2, delete sections 1 to 4

Page 2, line 29, delete "and food"

Page 2, line 31, after "coupons" insert "to participants in the federal supplemental food program" and delete "program recipients"

Page 2, line 34, delete "and food"

Page 3, line 2, after "to" insert "participants in the federal supplemental food program for"

Page 3, line 3, delete "program recipients"

Renumber the remaining section

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete lines 3 to 5

Page 1, line 8, delete the second semicolon and insert a period

Page 1, delete lines 9 to 11

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

The report was adopted.

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

H. F. No. 1274, A bill for an act relating to agriculture; transferring the Minnesota trade office from the department of trade and economic development to the department of agriculture; amending Minnesota Statutes 1988, sections 17.03, subdivision 8; 17.101, subdivision 1, and by adding a subdivision; repealing Minnesota Statutes 1988, section 116J.967.

Reported the same back with the following amendments:

Page 4, after line 4, insert:

"Sec. 4. Minnesota Statutes 1988, section 44A.023, is amended by adding a subdivision to read:

Subd. 3. [FISCAL AGENT.] The board shall contract with the commissioner of agriculture to have the department of agriculture act as fiscal agent for the corporation, handling all payroll and financial transactions, financial accounting, and deposits into and expenditures from the World Trade Center Corporation fund."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the second semicolon insert "and 44A.023, by adding a subdivision;"

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1314, A bill for an act relating to education; requiring post-secondary institutions to provide periodic reports under the post-secondary enrollment options act; requiring counseling prior to enrollment in a post-secondary course or program; restricting participation; requiring reimbursement for certain courses; amending Minnesota Statutes 1988, section 123.3514, subdivisions 4, 4a, 4c, and 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 123.3514, subdivision 2, is amended to read:

Subd. 2. [PURPOSE.] The purpose of this section is to promote rigorous academic pursuits and to provide a wider variety of options to public high school pupils by encouraging and enabling secondary pupils to enroll full time or part time in nonsectarian and nonremedial courses or programs in eligible post-secondary institutions, as defined in subdivision 3.

Sec. 2. Minnesota Statutes 1988, section 123.3514, subdivision 4, is amended to read:

Subd. 4. [AUTHORIZATION; NOTIFICATION.] Notwithstanding any other law to the contrary, an 11th or 12th grade public school pupil may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian and nonremedial courses offered at that post-secondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school district, and the commissioner of education within ten days of acceptance. The notice shall indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for post-secondary credit, the institution shall notify the pupil about payment in the customary manner used by the institution. Acceptance for enrollment is not a guarantee of registration into a particular course. The pupil must comply with the institution's standards, prerequisites, and procedures to register for a course.

During the time a pupil is enrolled at a post-secondary institution under this section, the post-secondary institution must periodically inform the pupil; the pupil's parents or guardian, and the pupil's secondary school of the pupil's progress in the courses or programs taken for secondary credit.

Sec. 3. Minnesota Statutes 1988, section 123.3514, subdivision 4c, is amended to read:

Subd. 4c. [LIMIT ON PARTICIPATION.] A pupil who first enrolls in grade 11 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of two academic years. A pupil who first enrolls in grade 12 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of one academic year. If a pupil in grade 11 or 12 first enrolls in a post-secondary course for secondary credit during the school year, the time of participation shall be reduced proportionately. A pupil who has graduated from high school cannot participate in a program under this section. A pupil who has completed course requirements for graduation but who has not received a diploma may participate in the program under this section.

Sec. 4. Minnesota Statutes 1988, section 123.3514, subdivision 5, is amended to read:

Subd. 5. [CREDITS.] A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some

for post-secondary credit. A pupil must not audit a course under this section.

A school district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Nine quarter or six semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A school district shall also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district shall, as soon as possible, notify the state board of education which shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.

The secondary credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each course and secondary credits granted shall be included in the pupil's secondary school record. A pupil must provide the school with a copy of the pupil's grade in each course taken under this section. Upon the request of a pupil, the pupil's secondary school record shall also include evidence of successful completion and credits granted for a course taken for post-secondary credit. In either case, the record shall indicate that the credits were earned at a post-secondary institution.

If a pupil enrolls in a post-secondary institution after leaving secondary school, the post-secondary institution shall award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

Sec. 5. Minnesota Statutes 1988, section 123.3514, subdivision 7, is amended to read:

Subd. 7. [FEES; TEXTBOOKS; MATERIALS.] A post-secondary institution that receives reimbursement for a pupil under subdivision 6 may not charge that pupil for fees, textbooks, materials, or other necessary costs of the course or program in which the pupil is enrolled if the charge would be prohibited under section 120.74, except for equipment purchased by the pupil that becomes the property of the pupil. An institution may require the pupil to pay for

fees, textbooks, and materials for a course taken for post-secondary credit.

Sec. 6. Minnesota Statutes 1988, section 123.3514, is amended by adding a subdivision to read:

Subd. 7a. [TEXTBOOKS; MATERIALS.] All textbooks and equipment provided to a pupil, and paid for under subdivision 6, are the property of the pupil's school district of residence. Each pupil is required to return all textbooks and equipment to the school district after the course has ended.

Sec. 7. Minnesota Statutes 1988, section 123.3514, subdivision 10, is amended to read:

Subd. 10. [LIMIT; STATE OBLIGATION.] The provisions of subdivisions 6, 7, 8, and 9 shall not apply for any post-secondary courses in which a pupil is enrolled in addition to being enrolled full time in that pupil's district or for any post-secondary course in which a pupil is enrolled for post-secondary credit. The pupil is enrolled full time if the pupil attends credit-bearing classes in the high school or high school program for all of the available hours of instruction."

Delete the title and insert:

"A bill for an act relating to education; clarifying provisions of the post-secondary enrollment options act; limiting participation; requiring periodic reports; amending Minnesota Statutes 1988, section 123.3514, subdivisions 2, 4, 4c, 5, 7, 10, and by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1320, A bill for an act relating to education; establishing a staff exchange program.

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

The report was adopted.

Osthoff from the Committee on Financial Institutions and Housing to which was referred:

H. F. No. 1323, A bill for an act relating to financial institutions; industrial loan and thrifts; regulating capital stock and surplus requirements; regulating the publication of application notices; imposing a residency requirement on directors of certain companies; imposing special dividend conditions for deposit companies; amending Minnesota Statutes 1988, sections 53.015; 53.02; 53.03, subdivisions 1 and 5; 53.05; 53.06; 53.08; and 53.09, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 46.041, subdivision 2, is amended to read:

Subd. 2. [NOTICE OF FILING APPLICATION; PUBLICATION.] Upon notice of acceptance of an application as complete in all respects for filing, the applicant shall within 30 days of the receipt of the form prescribed by the commissioner, publish a notice of the filing of the application, in a qualified newspaper published in the municipality in which the proposed bank is to be located, and if there is no such newspaper, then at the county seat of the county in a qualified newspaper likely to give notice in the municipality in which the bank is proposed to be located. The notice must be in the form prescribed by the commissioner and, in addition to the publication, the applicant shall mail a copy of the notice by certified mail to every bank located within three miles of the proposed location of the bank.

Sec. 2. Minnesota Statutes 1988, section 47.015, subdivision 1, is amended to read:

Subdivision 1. [FINANCIAL INSTITUTIONS.] As used in this section the term "financial institution" shall include banks, trust companies, banks and trust companies, mutual savings banks, industrial loan and thrift companies having outstanding certificates of indebtedness for investment other than those pledged as security for a loan made contemporaneous therewith, savings and loan associations, building and loan associations, national banking associations, federal reserve banks and federal savings and loan associations doing business in this state, and includes any branch or detached facility of any of them.

Sec. 3. Minnesota Statutes 1988, section 47.101, subdivision 2, is amended to read:

Subd. 2. [BANKING INSTITUTIONS; CERTAIN RELOCA-

TIONS, APPLICATIONS, NOTICE, APPROVAL.] A banking institution defined in section 48.01, subdivision 2, desiring to relocate its main office within a radius of three miles measured in a straight line shall submit an application in a form prescribed by the commissioner of commerce, an investigation fee of \$500 and additional fees as prescribed in section 46.041 if subsequently processed under subdivision 3. After the application is deemed to be complete and accepted by the commissioner of commerce, the applicant shall publish once in a form prescribed by the commissioner a notice of the filing of the application in a qualified newspaper published in the municipalities where the banking institution is located and relocating if different. If there is are no such paper newspapers, then notice of the filing shall be published at the appropriate county seats of the existing and proposed sites if different in qualified newspapers likely to give notice in the existing and proposed municipalities. The applicant shall cause the notice to be publicly displayed in its lobby and sent by certified mail to all banking institutions within three miles of the proposed location measured in a straight line. Upon expiration of a period of 21 days for comment, the commissioner, after considering the applicable conditions for issuance of the bank charter defined in section 46.044, shall within 60 days approve or disapprove the application.

Sec. 4. Minnesota Statutes 1988, section 47.16, subdivision 1, is amended to read:

Subdivision 1. If the commissioner of commerce is satisfied that the corporation has been organized for legitimate purposes, and under such conditions as to merit and have public confidence, and that all provisions of law applicable to every branch of business in which, by the terms of its certificate, it is authorized to engage, have been complied with, the commissioner shall so certify. When the original certificate, ~~with proof of publication thereof~~, and the certificate of incorporation from the secretary of state is filed with the commissioner of commerce, the commissioner shall, within 60 days thereafter, execute and deliver to it a certificate of authority.

Sec. 5. Minnesota Statutes 1988, section 47.54, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] Any bank desiring to establish a detached facility shall execute and acknowledge a written application in the form prescribed by the commissioner and shall file the application in the commissioner's office with a fee of \$500. If an application is contested, 50 percent of an additional fee equal to the actual costs incurred by the commissioner in approving or disapproving the application, payable to the state treasurer and credited by the treasurer to the general fund, shall be paid by the applicant and 50 percent equally by the intervening parties. The applicant shall within 30 days of the receipt of the form prescribed by the commissioner publish a notice of the filing of the application in a

qualified newspaper published in the municipality in which the proposed detached facility is to be located, and if there is no such newspaper, then at the county seat of the county in which the in a qualified newspaper likely to give notice in the municipality in which the proposed detached facility is proposed to be located. In addition to the publication, the applicant must mail a copy of the notice by certified mail to every bank located within three miles of the proposed location of the detached facility, measured in the manner provided in section 47.52.

Sec. 6. Minnesota Statutes 1988, section 48.475, subdivision 3, is amended to read:

Subd. 3. [GENERAL REQUIREMENTS.] If the bank at which a trust service office is to be established has exercised trust powers, then the trust company or bank which is establishing the trust service office shall enter into an agreement respecting those fiduciary powers to which the trust company or bank shall succeed and shall file the agreement with the commissioner. The trust company or bank which is establishing a trust service office under subdivision 1 shall publish a notice of the filing in the form prescribed by the commissioner in a newspaper published in the municipality in which the trust service office is to be located, and if there is no such newspaper, then at the county seat of the county in which the trust service office is to be located. The notice shall be published once in a qualified newspaper in the municipality in which the proposed trust service office is to be located, and if there is no such newspaper, then in a qualified newspaper likely to give notice in the municipality in which the proposed trust service office is to be located and proof of publication shall be filed with the commissioner immediately after publication of the notice of filing. After filing and publication, the trust company or bank establishing the trust service office shall, as of the date the office first opens for business, and without further authorization of any kind, succeed to and be substituted for the bank at which the trust service office is located as to all fiduciary powers, rights, duties, privileges, and liabilities of the bank in its capacity as fiduciary for all estates, trusts, conservatorships, guardianships, and other fiduciary relationships of which the bank is then serving as fiduciary, except as may be otherwise specified in the agreement between the bank and the trust company or bank which has established the trust service office. The trust company or bank which has established the trust service office shall also be deemed named as fiduciary in all writings, including, but not limited to, wills, trusts, court orders, and similar documents and instruments, naming the bank at which the trust service office is located signed before the date the trust service office first opens for business, unless expressly negated by the writing or otherwise specified in the agreement between the trust company or bank and the bank at which the trust service office is located. On the effective date of the substitution, the bank at which the trust service office has been established shall be released and absolved from all fidu-

ciary duties and obligations under the writings and shall discontinue its exercise of trust powers on all matters not specifically retained by the agreement. This subdivision does not absolve the bank from liabilities arising out of any breach of fiduciary duty or obligation occurring prior to the date the trust service office first opens for business. This subdivision does not affect the authority, duties, or obligations of a bank with respect to relationships which may be established without trust powers, whether the relationships arise before or after the establishment of the trust service office.

Sec. 7. Minnesota Statutes 1988, section 48.48, subdivision 1, is amended to read:

Subdivision 1. [SUBMISSION AND PUBLICATION.] At least four times in each year, and at any other time when so requested by the commissioner, every bank or trust company shall, within 30 days of the date of notice, make and transmit to the commissioner, in a form the commissioner prescribes, a report, verified by its president or vice-president and by its cashier or treasurer, and attested by at least two of its directors, stating in detail, under appropriate heads, as required by the commissioner, its assets and liabilities at the close of business on the day specified in the request. The commissioner may accept a report made to a federal authority having supervision of banks or trust companies in fulfilling this requirement. This statement shall be published once at the expense of the bank or trust company in a qualified newspaper serving in the municipality or town in which the bank or trust company is located. ~~The newspaper shall be published in the county in which the bank or trust company is located or in an adjoining county, and if there is no such newspaper, then in a qualified newspaper likely to give notice in the municipality or town in which the bank or trust company is located.~~ Proof of publication shall be filed with the commissioner immediately after publication of the report, but no later than 60 days following the date of the notice.

Sec. 8. Minnesota Statutes 1988, section 49.24, subdivision 9, is amended to read:

Subd. 9. [DIVIDENDS ON CLAIMS.] At any time after the expiration of the date fixed for the presentation of claims the commissioner may, out of the funds remaining on hand after the payment of expenses and amounts due to depositors, declare one or more dividends, and after the expiration of one year from the first publication of notice to creditors, may declare a final dividend, such dividends to be paid to such persons in such amounts as may be directed by the district court.

If any dividend on any claim shall be less than \$1, the commissioner may hold that dividend until it with subsequent dividends amounts to the sum of \$1 or more. The commissioner shall pay all dividends so withheld with the final dividend.

Sec. 9. Minnesota Statutes 1988, section 49.33, is amended to read:

49.33 [CONSOLIDATION AND MERGER, WHEN AUTHORIZED.]

Subject to the provisions of sections 49.33 to 49.41, with the written consent of the commissioner of commerce, any bank of discount and deposit or trust company may effect a transfer of its assets and liabilities to another bank or trust company for the purpose of consolidating ~~therewith~~ or merging, but the same shall be without prejudice to the creditors of either.

Sec. 10. Minnesota Statutes 1988, section 49.34, subdivision 1, is amended to read:

49.34 [CONSOLIDATION OR MERGER OF STATE BANKS OR TRUST COMPANIES, PROCEDURE.]

Subdivision 1. [GENERALLY.] Any two or more state banks, operating in the same city, may be consolidated or merged into a consolidated or merged state bank, and any two or more trust companies, operating in the same city, may be consolidated or merged into a consolidated or merged trust company, and any state bank or state banks and any trust company or trust companies, operating in the same city, may be consolidated or merged into a consolidated or merged state bank or consolidated or merged trust company, as the respective boards of directors thereof may determine. ~~All~~ The consolidation or merger shall be effected in the manner provided in sections 49.35 to 49.41 and when so organized, the consolidated or merged corporation shall be governed and conducted in all other respects as provided by the statutes relating to the respective classes of financial corporations.

Sec. 11. Minnesota Statutes 1988, section 49.35, is amended to read:

49.35 [CONSOLIDATION OR MERGER AGREEMENT.]

The respective boards of directors of the consolidating or merging corporations may, by the majority vote of all of the members of each board, make or authorize to be made between the corporations a written ~~consolidation~~ agreement, in duplicate, for the consolidation or merger of the corporations. ~~This~~ The agreement shall specify each corporation to be a party to the ~~consolidation~~ transaction, and shall prescribe the terms and conditions thereof; the mode of carrying it into effect; the authorized capital stock of the consolidated or surviving corporation, which shall not exceed the aggregate authorized capital stock of all of the corporations that are a party thereto; the name of the consolidated or surviving corporation, which may be

the name, in whole or in part, of any corporation which is a party to the agreement, and shall specify the city in which it shall have its principal place of business. It shall name the persons who shall constitute the board of directors of the consolidated or surviving corporation, but the number and qualifications of these persons shall be in accordance with the statutes relating to the number and qualifications of directors of that class of corporation.

Sec. 12. Minnesota Statutes 1988, section 49.36, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] This consolidation or merger agreement and certified copy of the proceedings of the meetings of the respective boards of directors, at which the making of the agreement was authorized, must be submitted to the commissioner of commerce for approval with a fee of \$250 payable to the commissioner of commerce. The fee must be paid in equal parts by the parties to the agreement. ~~The consolidation is, and it shall not be effective until so approved by the commissioner. The commissioner shall take action after the documents are submitted, and shall be is entitled to further information from the consolidated corporation by request any party to the transaction as may be requested by the commissioner, or as may be obtained upon a hearing directed by the commissioner.~~

Sec. 13. Minnesota Statutes 1988, section 49.37, is amended to read:

49.37 [STOCKHOLDERS TO APPROVE; CERTIFICATE OF CONSOLIDATION OR MERGER.]

Either before or after the consolidation or merger agreement has been approved by the commissioner of commerce, it must be submitted to the stockholders of each corporation at a meeting thereof called for that purpose, and it does not become binding upon the corporation until it has been approved at each of the meetings required by this section by the vote or ballot of the stockholders, holding at least a majority of the amount of stock of the respective corporations, or a higher percentage as may be required by the certificate of incorporation of the corporations. Proof of the holding of these meetings and the results thereof must be submitted to the commissioner of commerce. After the consolidation agreement called for by sections 49.33 to 49.41 has been approved by the stockholders of the respective corporations and by the commissioner of banks commerce, the latter shall issue a certificate reciting that these the corporations have complied with the provisions of sections 49.34 to 49.41; and declaring the consolidation or merger of these corporations; and stating the name of the consolidated or surviving corporation, the amount of capital stock thereof, and the names of the first board of directors, and the place of business of the consolidated or surviving corporation, which must be within the city

where any one of the constituent corporations has been previously authorized to have ~~its place~~ their places of business. Upon the issuing of this certificate and the ~~filing thereof~~ of it for record in the office of the secretary of state, ~~this~~ the incorporation is deemed to be complete, in the case of the consolidation, and the assets of the constituent corporations merged into the survivor in the case of a merger, and the consolidated or surviving corporation shall, from the date of this certificate, have the term of corporate existence therein as may be specified in it, not exceeding the longest unexpired term of any constituent corporation. The certificate of the commissioner of commerce is prima facie evidence that all of the provisions of sections 49.34 to 49.41 have been complied with, and is conclusive evidence of the existence of the consolidated or surviving corporation.

Sec. 14. Minnesota Statutes 1988, section 49.38, is amended to read:

49.38 [CORPORATE EXISTENCE MERGED; RIGHTS, POWERS, OBLIGATIONS.]

Upon the consolidation or merger of any such a corporation with or into any one or more corporations, ~~into a consolidated corporation,~~ as herein provided, the corporate existence of each former corporation shall be merged into that of the consolidated or merged corporation, and all and singular its rights, privileges, and franchises, and its right, title, and interest in and to all property of whatsoever kind, whether real, personal, or mixed, and all things in action, and every right, privilege, interest, or asset of conceivable value or benefit then existing which would inure to it under an unmerged or unconsolidated existence, shall be deemed fully and finally transferred to and vested in the consolidated or surviving corporation without further act or deed, and the last mentioned corporation shall have and hold the same in its own right as fully as the same was possessed and held by the former corporation from which it was, by operation of sections 49.34 to 49.41, transferred. Its rights, obligations, and relations to any person, creditor, depositor, trustee, or beneficiary of any trust shall remain unimpaired and the corporation into which it shall have been consolidated or merged shall succeed to these relations, obligations, trusts, and liabilities and shall execute and perform all such trusts in the same manner as though it had itself assumed the relation or trust, or incurred the obligation or liability; and its liabilities and obligations to creditors existing for any cause shall not be impaired by the consolidation or merger, nor shall any obligation or liability of any stockholder, in any corporation which is a party to the consolidation or merger, be affected by any such consolidation or merger, but these obligations and liabilities shall continue as fully and to the same extent as existed before the consolidation or merger. The consolidated or surviving corporation shall become, without further act or deed, the successor of the consolidating or constituent corporations in any and

all fiduciary capacities, in which each consolidated or constituent corporation may be acting at the time of the consolidation or merger, and shall be liable to all beneficiaries as fully as if the consolidating or merging corporations had continued its separate corporate existence. If any consolidating or merging corporation shall be nominated and appointed, or shall have been nominated or appointed, as executor, guardian, administrator, agent, or trustee, or in any other trust relation relationship of fiduciary capacities in any will, trust agreement, trust conveyance, or any other conveyance, order, or judgment of any court, or any other instrument prior to the consolidation or merger, even though the will or other instrument shall not become operative or effective until after the consolidation or merger shall have become effective, every such office, trust relationship, fiduciary capacity, and all of the rights, powers, privileges, duties, discretions, and responsibilities so provided to devolve upon, vest in, or inure to the corporation so nominated or appointed, shall fully and in every respect devolve upon, vest in, and inure to, and be exercised by, the consolidated or surviving corporation, whether there be one or more successive mergers or consolidations.

Sec. 15. Minnesota Statutes 1988, section 49.39, is amended to read:

49.39 [CONSOLIDATION OR MERGER OF BANKS AND TRUST COMPANIES.]

Upon the consolidation or merger of a trust company with a national banking corporation into a consolidated or merged banking corporation, as provided by any existing act of Congress of the United States, the corporate existence of that trust company shall be consolidated or merged into that of the consolidated or merged banking corporation to the same extent and with the same effect provided in section 49.38, relating to the consolidation or merger of two or more state banks or trust companies.

Sec. 16. Minnesota Statutes 1988, section 49.40, is amended to read:

49.40 [PENDING ACTIONS OR PROCEEDINGS NOT AFFECTED.]

Any pending action or other judicial proceeding in which any consolidating or merging corporation is a party shall not be deemed to have abated or to have discontinued by reason of the consolidation or merger but may be prosecuted to final judgment, order, or decree in the same manner as if the consolidation or merger had not been made, or the consolidated or merged corporation may be substituted as a party to the action or proceeding, and any judgment, order, or decree may be rendered for or against it that might have been rendered for or against that corporation if the consolidation or merger had not occurred.

Sec. 17. Minnesota Statutes 1988, section 49.41, is amended to read:

49.41 [RIGHTS OF DISSENTING STOCKHOLDERS.]

Any stockholder not voting in favor of the agreement of consolidation or merger at the meeting prescribed in section 49.37 may, at that meeting, or within 20 days thereafter, object to the consolidation or merger and demand payment for that person's stock. If the consolidation or merger takes effect at any time after this demand, the stockholder may, at any time within 60 days thereafter, apply to the district court in the county wherein is situated the principal place of business of the corporation with which the other or others are consolidated or merged, for the appointment of three persons to appraise the value of that person's stock. The court shall thereupon appoint these appraisers and designate the time and place of their first meeting, with such directions in regard to their proceedings as shall be deemed proper, and also direct the time and manner in which payment shall be made of the value of that person's stock to the stockholder. The appraisers shall meet at the time and place designated, after being duly sworn to discharge their duties honestly and faithfully, make and certify a written estimate of the value of the stock at the time of the appraisal, and deliver one copy to the corporation and another to the stockholder, if demanded. The charges and expenses of the appraisers shall be paid one-half by the stockholder and one-half by the corporation. When the corporation shall have paid the appraised value of this stock, the stock shall be canceled and this stockholder shall cease to be a member of the corporation or to have any interest in this stock or in the corporation or in the corporate property, and this stock may be held and disposed of by the corporation for its own benefit.

Sec. 18. Minnesota Statutes 1988, section 53.015, is amended to read:

53.015 [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of this chapter, the terms defined in this section shall have the meanings given them.

Subd. 2. [PAID-IN CAPITAL SURPLUS.] "Paid-in capital" "Surplus" means the sum total of all funds: (1) received as consideration received in excess of the par value of preferred or common stock; and (2) transferred from undivided profits as dedicated funds, by action of the board of directors.

Subd. 3. [INVESTED INCOME UNDIVIDED PROFITS.] "Invested income" "Undivided profits" means the net remaining funds resulting from the operation of the corporation and shall include,

but not be limited to retained earnings, earned surplus, undivided profits and current earnings.

Subd. 4. [DONATED CAPITAL STOCK.] "Donated capital" means all funds contributed by the stockholders, other than funds received in connection with the issuance of stock, and such amounts transferred from invested income, either by declaration of a share dividend or by action of the board of directors.

Subd. 5. [CONTRIBUTED CAPITAL.] "Contributed capital" means the sum total of all funds contributed to the corporation by the stockholders and shall include, but not be limited to preferred stock, common stock, paid-in capital and donated capital.

Subd. 6. [APPROPRIATED RESERVES.] "Appropriated reserves" means dedicated funds transferred from invested income by action of the board of directors, which dedicated funds shall otherwise be known as a capital reserve. "Capital stock" means the par value of preferred or common stock multiplied by the respective number of shares of each type of stock.

Sec. 19. Minnesota Statutes 1988, section 53.02, is amended to read:

53.02 [CAPITAL.]

No corporation shall be organized under this chapter or qualified to do business thereunder with a capital represented by shares of common stock of less than \$25,000 in cities with less than 50,000 people; \$50,000 in cities with more than 50,000 people and less than 100,000 people; and \$75,000 in cities with 100,000 people, or more, according to the last official census; each share of that common stock to have a par value of not less than \$1 per share. No corporation shall begin doing business under this chapter unless the required capital is fully paid, and unless a ~~paid-in capital surplus~~ of not less than ten percent of that required capital shall have also been fully paid and set up. After the required capital of a corporation organized or doing business under this chapter shall have been fully paid and a ~~paid-in capital surplus~~ of not less than ten percent thereof also fully paid and set up, additional capital stock in that corporation may be sold at not less than par, provided, however, that there is always maintained a ~~paid-in capital surplus~~ of at least ten percent of the capital of the corporation represented by shares of common stock.

Sec. 20. Minnesota Statutes 1988, section 53.03, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION, FEE, NOTICE.] Any corporation hereafter organized as an industrial loan and thrift company, shall, after compliance with the requirements set forth in sections 53.01

and 53.02, file a written application with the department of commerce for a certificate of authorization. A corporation that will not sell or issue thrift certificates for investment as permitted by this chapter need not comply with subdivision 2b. The application must be in the form prescribed by the department of commerce. The application must be made in the name of the corporation, executed and acknowledged by an officer designated by the board of directors of the corporation, requesting a certificate authorizing the corporation to transact business as an industrial loan and thrift company, at the place and in the name stated in the application. At the time of filing the application the applicant shall pay a \$1,000 filing fee and a \$500 investigation fee. The fees must be turned over by the commissioner to the state treasurer and credited to the general fund. The applicant shall also submit a copy of the bylaws of the corporation, its articles of incorporation and all amendments thereto at that time. If the application is contested, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application, payable to the state treasurer and credited to the general fund shall be paid by the applicant and 50 percent equally by the intervening parties. A notice of the filing of the application must be published once within 30 days of the receipt of the form prescribed by the department of commerce, at the expense of the applicant, in a qualified newspaper published in the municipality in which the proposed industrial loan and thrift company is to be located, or, if there be none, in a qualified newspaper published at the county seat of the county likely to give notice in the municipality in which the company is proposed to be located. If the department of commerce receives a written objection to the application from any person within 20 days of the notice having been fully published a contested case hearing must be conducted on the application. Notice of a hearing in connection with this section must be published once in the form prescribed by the department of commerce, at the expense of the applicant, in the same manner as a notice of application.

Sec. 21. Minnesota Statutes 1988, section 53.03, subdivision 5, is amended to read:

Subd. 5. [PLACE OF BUSINESS.] Not more than one place of business may be maintained under any certificate of authorization issued subsequent to the enactment of Laws 1943, chapter 67, pursuant to the provisions of this chapter, but the department of commerce may issue more than one certificate of authorization to the same corporation upon compliance with all the provisions of this chapter governing an original issuance of a certificate of authorization. To the extent that previously filed applicable information remains unchanged, the applicant need not refile this information, unless requested. The filing fee for a branch application shall be \$500 and the investigation fee \$250. If a corporation has been issued more than one certificate of authorization, the corporation shall allocate a portion of ~~contributed~~ capital stock to each office for which

a certificate has been issued, in order to comply with the capital requirements of sections 53.02 and 53.05, clause (2), which sections are applicable to each office and the capital allocated thereto in the same manner as if each certificate had been issued to a separate corporation. An industrial loan and thrift corporation with deposit liabilities may change one or more of its locations upon the written approval of the commissioner of commerce. A fee of \$100 must accompany each application to the commissioner for approval to change the location of an established office. An industrial loan and thrift corporation that does not sell and issue thrift certificates for investment may change one or more locations by giving 30 days' written notice to the department of commerce which shall promptly amend the certificate of authorization accordingly.

Sec. 22, Minnesota Statutes 1988, section 53.05, is amended to read:

53.05 [POWERS, LIMITATION.]

No industrial loan and thrift company may do any of the following:

(1) carry demand banking accounts; use the word "savings" unless the institution's investment certificates, savings accounts, and savings deposits are insured by the Federal Deposit Insurance Corporation and then only if the word is not followed by the words "and loan" in its corporate name; use the word "bank" or "banking" in its corporate name; operate as a savings bank;

(2) have outstanding at any one time certificates of indebtedness, savings accounts, and savings deposits; ~~exclusive of those held by the company, as security for loans made by it of more than seven times the sum of the contributed capital and appropriated reserves of the company until July 1, 1985, or the date an industrial loan and thrift company obtains a commitment for insurance or guarantee of accounts acceptable to the commissioner as required by section 53.10, whichever is earlier, and thereafter 15~~ 30 times the sum of contributed capital stock and appropriated reserves surplus of the company;

(3) accept trusts, except as provided in section 47.75, subdivision 1, or act as guardian, administrator, or judicial trustee in any form;

(4) deposit any of its funds in any banking corporation, unless that corporation has been designated by vote of a majority of directors or of the executive committee present at a meeting duly called, at which a quorum was in attendance;

(5) change any allocation of capital made pursuant to section 53.03 or reduce or withdraw in any way any portion of the contrib-

uted capital stock and appropriated reserves surplus without prior written approval of the commissioner of commerce;

(6) take any instrument in which blanks are left to be filled in after execution;

(7) lend money in excess of ~~15~~ 20 percent of the total of its contributed capital and appropriated reserves stock and surplus at all its authorized locations to a person primarily liable. "Contributed capital and appropriated reserves" means the total of the company's contributed capital and appropriated reserves at all its authorized locations.

If a loan has been made to a person primarily liable and payments have been made on a certificate of indebtedness securing it, the amount of the payments may be added to the limitation contained in this clause for the purpose of determining whether additional loans may be made to that person. However, industrial loan and thrift companies with deposit liabilities must comply with the provisions of section 48.24; or

(8) issue cashier's checks pursuant to section 48.151, unless and at all times the aggregate liability to all creditors on these instruments is protected by a special fund in cash or due from banks to be used solely for payment of the cashier's checks.

Sec. 23. Minnesota Statutes 1988, section 53.06, is amended to read:

53.06 [DIRECTORS, RESIDENCE.]

At least three-fourths of the directors of any industrial loan and thrift company holding a certificate that includes the right to issue thrift certificates for investment must be residents of the county in which the industrial loan and thrift company maintains its principal place of business, an adjacent county or any county in which the industrial loan and thrift company maintains a place of business pursuant to this chapter Minnesota.

Sec. 24. Minnesota Statutes 1988, section 53.08, is amended to read:

53.08 [DIVIDENDS.]

Subdivision 1. [GENERAL CONDITIONS FOR DIVIDENDS.] When an industrial loan and thrift company is organized under this chapter or operating thereunder, the board of directors may declare a dividend of so much of the net profits of the corporation, after providing for all expenses, reserves, interest, and taxes accrued or due from the corporation, as they shall judge expedient, but before

any dividend is declared, not less than one-tenth of the net profits of the industrial loan and thrift company of the preceding half year, or for such period as is covered by the dividend, shall be carried to ~~an invested income fund or appropriated reserves surplus~~ until the aggregate of ~~invested income undivided profits and appropriated reserves surplus~~ shall amount to 20 percent of its capital represented by shares of common stock.

Subd. 2. [SPECIAL CONDITIONS FOR DEPOSIT COMPANIES.] In addition to the conditions in subdivision 1, industrial loan and thrift companies having outstanding time certificates of indebtedness, savings accounts, or savings deposits must comply with the following special conditions:

(1) the dividend period for the purpose of declaring dividends shall be the period beginning on January 1 and ending as of the close of business December 31 of each calendar year and the net income for this period shall be determined from the consolidated report of income of each company;

(2) the department of commerce will supply each company with forms to be completed with information called for. The forms must be mailed or delivered to the commissioner within ten days of the date of declaration of any dividend and at least 15 days before the proposed payment date of any dividend. The forms shall contain a statement by the commissioner providing that if certain requirements as set forth in the statement are met, the company may pay a cash dividend or dividends without specific approval of the commissioner in the year after the dividend period amounts so as not to reduce the company's capital, surplus, undivided profits, and reserves below these requirements;

(3) declared dividends shall be deducted from undivided profits and carried on the books as another liability entitled "dividends payable." The other liability account shall be reversed upon payment or nonapproval by the commissioner; and

(4) except as provided in clause (2), no company shall pay a cash dividend to its stockholders until written approval for the dividend has been obtained from the commissioner.

Sec. 25. Minnesota Statutes 1988, section 53.09, subdivision 3, is amended to read:

Subd. 3. [PENALTIES.] The penalties for violation of this chapter, or for any wrongdoing in connection therewith, shall be the same as those applied to state banks under the laws of this state. In addition to being subject to the penalties in section 48.28, a company in violation of section 53.05, clause (2), may cure this violation in the manner provided in section 48.28.

Sec. 26. Minnesota Statutes 1988, section 54.294, subdivision 1, is amended to read:

Subdivision 1. [DOCUMENTS FILED FOR EXAMINATION.] Notwithstanding the examination frequency prescribed by section 46.04, the examination of the face amount certificate companies described in Minnesota Statutes 1974, section 54.26, shall be carried out on an annual basis by the commissioner. In conducting such examination, the commissioner may utilize reports which have been audited and attested to by independent certified public accountants. The procedures employed by the independent certified public accountants shall conform to generally accepted auditing standards. Each face amount certificate investment company shall file with the commissioner copies of its prospectuses, semiannual and annual reports to shareholders, S-1 registration statements and amendments thereto, and annual reports to the United States Securities and Exchange Commission, all as filed pursuant to the requirements of the Securities Act of 1933, as amended and the rules and regulations adopted pursuant thereto, the Securities Exchange Act of 1934, as amended and the rules and regulations adopted pursuant thereto, and the Investment Company Act of 1940, as amended and the rules and regulations adopted pursuant thereto. The commissioner may accept as filed copies of the foregoing material previously filed with the commissioner of commerce. Other face amount certificate investment companies described in Minnesota Statutes 1974, section 54.26, shall file with the commissioner copies of their semiannual and annual reports, which annual reports have been audited and attested to by independent certified public accountants as to assets maintained on deposit and the value thereof, and semiannual and annual reports, which annual reports have been certified by independent certified public accountants, as to certificate liabilities.

Sec. 27. Minnesota Statutes 1988, section 56.131, subdivision 1, is amended to read:

Subdivision 1. [INTEREST RATES AND CHARGES.] (a) On any loan in a principal amount not exceeding \$35,000 or ten percent of a corporate licensee's ~~contributed capital stock and appropriated reserves~~ surplus as defined in section 53.015, if greater, a licensee may contract for and receive interest, calculated according to the actuarial method, not exceeding the equivalent of the greater of any of the following:

(1) the total of: (i) 33 percent per year on that part of the unpaid balance of the principal amount not exceeding \$350; and (ii) 19 percent per year on that part of the unpaid balance of the principal amount exceeding \$350; or

(2) 21.75 percent per year on the unpaid balance of the principal amount.

(b) On any loan where interest has been calculated according to the method provided for in paragraph (a), clause (1), interest must be contracted for and earned as provided in that provision or at the single annual percentage rate computed to the nearest 1/100 of one percent that would earn the same total interest at maturity of the contract as would be earned by the application of the graduated rates provided in paragraph (a), clause (1), when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method.

(c) Loans may be interest-bearing or precomputed.

(d) To compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day is considered $\frac{1}{30}$ of a month when calculation is made for a fraction of a calendar month. A year is 12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month.

In the alternative, for interest-bearing loans, a licensee may charge interest at the rate of $\frac{1}{365}$ of the agreed annual rate for each actual day elapsed.

(e) With respect to interest-bearing loans:

(1) Interest must be computed on unpaid principal balances outstanding from time to time, for the time outstanding. Each payment must be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest must not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (f), clause (3). The resulting loan contract is deemed a new and separate loan transaction for all purposes.

(f) With respect to precomputed loans:

(1) Loans must be repayable in substantially equal and consecu-

tive monthly installments of principal and interest combined, except that the first installment period may be more or less than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days and must be reduced by the amount of interest for the number of days less than one month to the first installment payment; and monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and precomputed interest until the loan is fully paid. Payments must be applied in the order in which they become due.

(3) When any loan contract is paid in full by cash, renewal or refinancing, or a new loan, one month or more before the final installment due date, a licensee shall refund or credit the borrower with the total of the applicable charges for all fully unexpired installment periods, as originally scheduled or as deferred, which follow the day of prepayment; if the prepayment is made other than on a scheduled payment date, the nearest scheduled installment payment date must be used in the computation; provided further, if the prepayment occurs prior to the first installment due date, the licensee may retain $\frac{1}{30}$ of the applicable charge for a first installment period of one month for each day from the date of the loan to the date of prepayment, and shall refund or credit the borrower with the balance of the total interest contracted for. If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgment is entered.

(4) If an installment, other than the final installment, is not paid in full within ten days of its scheduled due date, a licensee may contract for and receive a default charge not exceeding five percent of the amount of the installment, but not less than \$4.

A default charge under this subdivision may not be collected on an installment paid in full within ten days of its scheduled due date, or deferred installment due date with respect to deferred installments, even though a default or deferral charge on an earlier installment has not been paid in full. A default charge may be collected at the time it accrues or at any time thereafter.

(5) If the parties agree in writing, either in the loan contract or in a subsequent agreement, to a deferment of wholly unpaid installments, a licensee may grant a deferment and may collect a deferment charge as provided in this section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be

paid by reason of the deferment. The deferment charge for a one-month period may not exceed the applicable charge for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment for periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. Should a loan be prepaid in full during a deferment period, the licensee shall make or credit to the borrower a refund of the unearned deferment charge in addition to any other refund or credit made for prepayment of the loan in full.

(6) If two or more installments are delinquent one full month or more on any due date, and if the contract so provides, the licensee may reduce the unpaid balance by the refund credit which would be required for prepayment in full on the due date of the most recent maturing installment in default. Thereafter, and in lieu of any other default or deferment charges, the single annual percentage rate permitted by this subdivision may be charged on the unpaid balance until fully paid.

(7) Following the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under paragraph (f), clause (6), may charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the single annual percentage rate permitted by this subdivision until fully paid.

Sec. 28. Minnesota Statutes 1988, section 56.155, subdivision 2, is amended to read:

Subd. 2. [PROPERTY INSURANCE.] A licensee may require the obligors to provide insurance on real or personal property security against reasonable risks of loss, damage, and destruction. The amount and term of the insurance shall be reasonable in relation to the value of the security, but the amount and term of the insurance and shall not exceed the principal amount of the loan and term of the loan, less any existing insurance, including homeowner's insurance as defined by section 65A.27, subdivision 4, on the secured property as to which the lender has been provided a loss payable clause, except that the lender may insure or arrange for insurance not to exceed the reasonable value of any motor vehicle collateral-less any existing insurance on the motor vehicle as to which the lender has been provided a loss payable clause. The term of the insurance shall also be reasonable in relation to the value of the security and shall not exceed the term of the loan. The restrictions contained in this subdivision shall not apply to the sale or provision of homeowner's insurance as defined in section 65A.27. In all cases when insurance is offered the obligor shall be informed that the obligor has the option of providing insurance through existing policies of insurance that the obligor owns or controls, or by

procuring and furnishing the offered coverage through any insurer authorized to transact an insurance business within this state. The purchase of such insurance through the licensee or from an agent, broker, or insurer specified by the licensee shall not be required.”

Delete the title and insert:

“A bill for an act relating to financial institutions; amending Minnesota Statutes 1988, sections 46.041, subdivision 2; 47.015, subdivision 1; 47.101, subdivision 2; 47.16, subdivision 1; 47.54, subdivision 1; 48.475, subdivision 3; 48.48, subdivision 1; 49.24, subdivision 9; 49.33; 49.34, subdivision 1; 49.35; 49.36, subdivision 1; 49.37; 49.38; 49.39; 49.40; 49.41; 53.015; 53.02; 53.03, subdivisions 1 and 5; 53.05; 53.06; 53.08; 53.09, subdivision 3; 54.294, subdivision 1; 56.131, subdivision 1; and 56.155, subdivision 2.”

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1332, A bill for an act relating to state government; authorizing the Minnesota Educational Computing Corporation to sell or offer for sale all or substantially all of the assets or any of the ownership of the Minnesota Educational Computing Corporation; clarifying disposition of assets upon dissolution; amending Minnesota Statutes 1988, sections 119.04, subdivision 2, and by adding subdivisions; and 119.09.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 119.04, subdivision 2, is amended to read:

Subd. 2. [POWERS.] The board of directors has the authority to engage in all activities which carry out the public purpose expressed in section 119.01 and which are consistent with sections 119.01 to 119.09. This authority includes but is not limited to acquiring, leasing, and disposing of real and personal property, establishing banking relationships, borrowing funds, establishing policies relating to personnel and compensation of personnel, and purchasing insurance. The board of directors may form wholly-owned subsidiaries. A subsidiary shall be under the management control of the MECC board of directors. The board of directors shall employ and set the compensation for the chief officer of MECC at not to exceed 95

percent of the salary of the governor as provided by section 15A.081, subdivision 6. The chief officer shall direct and carry on the work of MECC and assignments of the board. The board may establish bylaws and elect an executive committee.

~~The board of directors does not have the power to sell or offer for sale all or substantially all of the assets or any of the ownership of MECC.~~

Sec. 2. Minnesota Statutes 1988, section 119.04, is amended by adding a subdivision to read:

Subd. 3. [SALE OF CORPORATION.] The board of directors may sell all, substantially all, or part of the assets or any of the ownership of the corporation. When any part is sold, the board shall transfer the assets or ownership that is sold to the purchaser. Upon the sale of all or substantially all of the assets or ownership of the corporation, the board of directors shall dispose of any remaining assets and dissolve the corporation.

Sec. 3. Minnesota Statutes 1988, section 119.04, is amended by adding a subdivision to read:

Subd. 4. [DISTRIBUTION OF PROCEEDS.] If all or substantially all of the assets of the corporation are sold, the proceeds of the sale must be applied in the following order:

(1) any liabilities and obligations of the corporation must be paid, satisfied, or discharged or adequate provision must be made to do so;

(2) the corporation must be reimbursed for all expenses incurred in connection with the offer for sale and the sale of the corporation; and

(3) any remaining proceeds must be deposited in the permanent school fund.

Sec. 4. Minnesota Statutes 1988, section 119.06, subdivision 3, is amended to read:

Subd. 3. [EMPLOYEE RETIREMENT AND INSURANCE.] As long as the state owns at least a majority of the assets or ownership of MECC, the department of employee relations shall accept MECC employees in retirement plans and group life, health, and dental insurance plans provided MECC and its employees apply and fully pay the premiums and contributions of these plans. For a period of 90 days after the effective date of this section, employees of the consortium who are members of the Minnesota state retirement system or the teachers retirement association shall be entitled to transfer their accumulated employer and employee contributions,

not including interest, from those funds to the state unclassified employees retirement program under chapter 352D. For purposes of coverage under section 352D.02, subdivision 1, MECC employees transferring under this section shall be considered to be unclassified employees of the state.

Sec. 5. Minnesota Statutes 1988, section 119.09, is amended to read:

119.09 [DISSOLUTION.]

In the event of the dissolution of MECC for any reason except a sale of all or substantially all of the assets or ownership of the corporation under section 119.04, the state of Minnesota, upon action by the governor, after consultation with the legislative advisory commission, shall have the option to require return of all the assets of MECC to the state in exchange for the assumption of all outstanding obligations of MECC.

Sec. 6. [PROCEDURES AND CONDITIONS OF AN OFFER.]

Subdivision 1. [OFFER REQUIRED.] The board of directors of the Minnesota educational computing corporation, in consultation with the commissioner of finance, shall solicit offers to purchase all or part of the assets or ownership of the corporation according to this section.

Subd. 2. [CONDITIONS OF SALE.] Sale of all or any part of the assets of or ownership of the corporation shall be conditioned upon both of the following:

(a) The buyer and all subsequent buyers must continue to provide those computing and technology-related products developed by the Minnesota educational computing corporation to Minnesota educational institutions at one-half of the lowest price the products are sold to any non-Minnesota educational institution. Minnesota educational institutions shall maintain the right to unlimited copies of products they purchase.

(b) All products existing or substantially developed at the time of the sale shall be copyrighted in the name of the state of Minnesota. The buyer may sell and market copyrighted products.

Subd. 3. [EVALUATION METHODS.] Before requesting proposals, the board and the commissioner of finance shall jointly establish:

(1) factors to be used in the review and evaluation of proposals from responsible bidders;

(2) a method for determining whether or to what degree each factor has been or would be likely to be met;

(3) the relative importance of each factor;

(4) whether both of the conditions in subdivision 2 are satisfied; and

(5) other procedures to be used to review and evaluate proposals.

Subd. 4. [PROPOSAL OPTIONS.] The board shall request proposals, according to the procedures and deadlines it determines, for any or a combination of the following:

(1) sale of all or substantially all of the assets or ownership of the corporation to a private or public corporation, partnership, or proprietorship;

(2) sale of less than one-half of the assets or ownership of the corporation to a private or public corporation, partnership, or proprietorship;

(3) sale of all, substantially all, or any part of the assets or ownership of the corporation to the employees of the corporation; and

(4) a public offering of the sale of all, substantially all, or any part of the assets or ownership of the corporation.

Subd. 5. [PROHIBITION ON PARTICIPATION IN PROPOSALS.] Except for a proposal under subdivision 4, clause (3), no member of the board and no employee in a management position may participate in a proposal submitted to the board according to subdivision 4 unless the member resigns from the board or the employee terminates employment.

Subd. 6. [EVALUATION FACTORS.] Factors upon which all proposals received from responsible bidders by the deadline shall be evaluated include, but are not limited to, the following:

(1) the price offered by the bidder for any or all of the assets or ownership of the corporation;

(2) the extent to which the bidder will assume any liabilities and obligations of the corporation;

(3) the ability of the bidder to provide the capital needed to continue providing cost-effective computer technology-related products and services to educational institutions in the state and elsewhere;

(4) the ability of the bidder to provide, each year for five years after the date of purchase, capital for research and development in an amount comparable to similar corporations;

(5) the ability of the bidder to maintain and expand employment in the state using assets or ownership purchased from the corporation;

(6) whether and to what extent the bidder operates, conducts, and significantly contributes to business in the state; and

(7) whether the conditions of sale would be met.

Subd. 7. [PROCEDURES AND RECOMMENDATIONS.] The board shall review and evaluate all proposals and adopt recommendations. The board may recommend rejection of all proposals. By September 1, 1989, the board shall submit its recommendations and copies of proposals to the commissioner of finance. The commissioner of finance shall contract with an independent evaluator to provide a brief independent market valuation of the corporation. The board shall pay for the independent evaluation. By October 1, 1989, the commissioner of finance shall review the recommendations of the board and the independent evaluation. By November 1, 1989, the commissioner of finance shall submit the recommendations of the board of directors, the independent evaluation, and the recommendations of the commissioner of finance to the legislative auditor. The legislative auditor shall review the recommendations of the board of directors and the commissioner of finance and the independent evaluation and make its recommendations.

Subd. 8. [REPORT TO THE LEGISLATURE.] By January 15, 1990, the recommendations of the board of directors, the commissioner of finance, and the legislative auditor, and the independent evaluation shall be submitted to the education committees of the legislature."

Delete the title and insert:

"A bill for an act relating to education; authorizing and establishing procedures for the sale of all or part of the Minnesota Educational Computing Corporation; amending Minnesota Statutes 1988, sections 119.04, subdivision 2, and by adding subdivisions; 119.06, subdivision 3; and 119.09."

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1338, A bill for an act relating to motor vehicles; restricting access to registration information concerning passenger automobile lessees; amending Minnesota Statutes 1988, section 168.345.

Reported the same back with the following amendments:

Page 1, line 16, after "automobile" insert "registered".

With the recommendation that when so amended the bill pass.

The report was adopted.

Skoglund from the Committee on Insurance to which was referred:

H. F. No. 1354, A bill for an act relating to insurance; prohibiting insurance companies from terminating agents who contact the commerce department; amending Minnesota Statutes 1988, section 72A.20, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 60A.172, is amended to read:

60A.172 [INSURANCE AGENCY CONTRACTS; CANCELLATION.]

(a) An insurer may not cancel a written agreement with an agent or, without the agent's written approval at the time of a reduction or restriction, reduce or restrict an agent's underwriting authority with respect to property or casualty insurance, based solely on the loss ratio experience on that agent's book of business, if: the insurer required the agent to submit the application for underwriting approval, all material information on the application was fully completed, and the agent has not omitted or altered any information provided by the applicant.

(b) For purposes of this section, "loss ratio experience" means the ratio of premiums paid divided by the claims paid during the previous two-year period.

(c) This section applies only to agents who write insurance business exclusively 80 percent or more of their gross annual

insurance business for one company or any or all of its subsidiaries and are not in the direct employ of the company.

Sec. 2. Minnesota Statutes 1988, section 72A.20, is amended by adding a subdivision to read:

Subd. 20. [CONTACT WITH DEPARTMENT.] An insurance company may not terminate or otherwise penalize an insurance agent solely because the agent contacted any government branch or agency regarding a problem that the agent or an insured may be having with an insurance company.

Sec. 3. [EFFECTIVE DATE.]

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

Delete the title and insert:

"A bill for an act relating to insurance; regulating cancellations and terminations of agents; amending Minnesota Statutes 1988, sections 60A.172; and 72A.20, by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1355, A bill for an act relating to probate; modifying provisions for the award of sentimental property and family allowances; amending Minnesota Statutes 1988, sections 525.151; and 525.152.

Reported the same back with the following amendments:

Page 2, line 32, delete "and"

Page 2, line 33, reinstate the stricken language

Page 2, line 34, reinstate the stricken "devise under the decedent's will"

Page 2, line 35, after the stricken semicolon insert "where the will was executed before the effective date of this section,"

Page 2, line 35, reinstate the stricken "and" and insert "where the devise specifically identifies the particular item of property,"

Page 2, line 36, reinstate the stricken "(3)" and insert "personal property that is the subject of a specific devise under a separate writing under section 524.2-513, unless the property is selected under section 525.151; and

(4)"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1365, A bill for an act relating to meetings of public bodies; government data practices; defining final disposition of a disciplinary action regarding personnel records; making clear that the open meeting law applies to advisory bodies and that meetings may not be closed on the basis of data classification statutes; providing an exception to the open meeting law for preliminary discussions concerning allegations of misconduct against government employees; amending Minnesota Statutes 1988, sections 13.43, subdivision 2; and 471.705, subdivision 1, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 13.43, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] (a) Except for employees described in subdivision 5, the following personnel data on current and former employees, volunteers, and independent contractors of a state agency, statewide system, or political subdivision and members of advisory boards or commissions is public: name; actual gross salary; salary range; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; job title; job description; education and training background; previous work experience; date of first and last employment; the status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; and the final disposition of any disciplinary action and supporting documentation; work location; a work telephone number; badge number; honors and awards received; payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of

sick or other medical leave or other not public data; and city and county of residence.

(b) For purposes of this subdivision, a final disposition occurs when the state agency, statewide system, or political subdivision makes its final decision about the disciplinary action, regardless of any later proceedings, including appeals to boards, commissions, courts, or other bodies, other legal actions, and arbitration and grievance proceedings.

Sec. 2. Minnesota Statutes 1988, section 471.705, subdivision 1, is amended to read:

Subdivision 1. Except as otherwise expressly provided by statute, all meetings, including executive sessions, of any state agency, board, commission or department when required or permitted by law to transact public business in a meeting, and the governing body of any school district however organized, unorganized territory, county, city, town, or other public body, and of any committee, subcommittee, board, department or commission thereof, shall be open to the public, except meetings of the board of pardons and the commissioner of corrections.

The votes of the members of such state agency, board, commission or department or of such governing body, committee, subcommittee, board, department or commission on any action taken in a meeting herein required to be open to the public shall be recorded in a journal kept for that purpose, which journal shall be open to the public during all normal business hours where such records are kept. The vote of each member shall be recorded on each appropriation of money, except for payments of judgments, claims and amounts fixed by statute. This section shall not apply to any state agency, board, or commission when exercising quasi-judicial functions involving disciplinary proceedings.

Before closing a meeting, a public body shall provide the reason that the meeting is to be closed and describe the subject to be discussed.

Sec. 3. Minnesota Statutes 1988, section 471.705, is amended by adding a subdivision to read:

Subd. 1d. [CLOSING MEETING FOR PRELIMINARY CONSIDERATION OF DISCIPLINARY MATTER.] A public body subject to this section may close a meeting for preliminary consideration of specific allegations, complaints, charges, or grounds for discipline, termination, or discharge concerning an employee, volunteer, independent contractor, or student who is subject to the authority of the public body. If the members conclude that termination, discharge, or discipline of any nature may be warranted, all further meetings or hearings must be open, including any formal action on whether

discipline, termination, or discharge will be imposed, except as otherwise expressly provided by law. A motion or resolution proposing discipline, termination, or discharge may contain a recitation of specific complaints or charges warranting the action. If at a meeting the public body imposes discipline, termination, or discharge, the public body shall specify the factual basis in a motion or resolution. The motion or resolution must be public regardless of form. A meeting that could be closed under this subdivision must be open to the public if the employee, volunteer, independent contractor, or student who is the subject of the meeting requests it, unless the public body determines that third parties could be harmed in cases of alleged sexual misconduct. In the case of a minor student, the request for an open meeting must be made by the student's parent or guardian.

Sec. 4. Minnesota Statutes 1988, section 471.705, is amended by adding a subdivision to read:

Subd. 1e. [CLOSING MEETING FOR EVALUATION OF EMPLOYEES.] A public body subject to this section may close a meeting for the purpose of conducting a formal evaluation of an employee who is subject to the authority of the public body. At the next open meeting of the public body following the closed meeting at which an evaluation is conducted, the public body shall report on the conclusions of the evaluation. A meeting that could be closed under this subdivision must be open to the public if the employee who is the subject of the evaluation requests it. A public body may not close a meeting for the purposes of conducting an evaluation more than twice in any one year with respect to the same employee.

Sec. 5. [471.706] [ADVISORY BODY MEETINGS.]

Meetings of committees, commissions, boards, and similar bodies that do not have final decision-making authority and are appointed by or by authority of a state agency, board, commission, or department or the governing body of a school district, unorganized territory, county, city, town, or other public body, for the purpose of providing recommendations or advice about significant matters within the jurisdiction of the public body, shall be open to the public."

Amend the title as follows:

Page 1, line 12, delete "a subdivision" and insert "subdivisions; proposing coding for new law in Minnesota Statutes, chapter 471"

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1378; A bill for an act relating to education; changing a requirement for teaching in barber school; amending Minnesota Statutes 1988, section 154.065, subdivision 2.

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

The report was adopted.

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

H. F. No. 1386, A bill for an act relating to economic development; transferring programs under the Minnesota agricultural and economic development board to the department of trade and economic development; changing the governing structure of the certified development company; changing requirements for loans to Indians; transferring program responsibilities for the allocation of bonding authority to the department of finance; eliminating certain reporting requirements; amending Minnesota Statutes 1988, sections 41A.01; 41A.02, subdivisions 7a, 15, 16, and by adding subdivisions; 41A.021; 41A.022; 41A.023; 41A.03, subdivision 3; 41A.035; 41A.036, subdivisions 1, 4, 5, and 6; 41A.04; 41A.05, subdivisions 1, 2, 3, and 4; 41A.051; 41A.06, subdivisions 2, 4, and 5; 41A.07; 41A.08; 116J.64, subdivision 7; 469.175, subdivision 2; and 474A.02, subdivisions 5a and 6; proposing coding for new law in Minnesota Statutes, chapter 116J; repealing Minnesota Statutes 1988, sections 41A.02, subdivision 3; 41A.065; and 469.012, subdivision 5.

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

The report was adopted.

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

H. F. No. 1395, A bill for an act relating to game and fish; regulating the time when fish houses may be on the ice; amending Minnesota Statutes 1988, section 97C.355, subdivision 7.

Reported the same back with the following amendments:

Page 1, line 10, delete "6:00" and strike "a.m." and insert "one hour before sunrise"

With the recommendation that when so amended the bill pass.

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1408, A bill for an act relating to metropolitan transit; requiring joint planning for light rail transit; establishing a joint planning board; requiring approval of light rail transit plans by the regional transit board; specifying the composition of the regional transit board and the metropolitan transit commission; changing various provisions relating to metropolitan transit programs and authorities; amending Minnesota Statutes 1988, sections 473.169, subdivisions 1, 3, 4, and 5; 473.17; 473.373, subdivisions 1a, 4, 5, and by adding a subdivision; 473.375, subdivisions 8 and 13; 473.404, subdivisions 2, 3, and 5; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1988, sections 473.1691 and 473.398.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 398A.04, subdivision 9, is amended to read:

Subd. 9. [~~MUNICIPAL AGREEMENTS.~~] The authority may enter into joint powers agreements under section 471.59 or other agreements with the municipality or municipalities named in the organization agreement, or with other municipalities situated in the counties named in the resolution, respecting the matters referred to in section 398A.06 or with another authority about any matter subject to this chapter.

Sec. 2. [473.1685] [REGIONAL RAILROAD AUTHORITIES; JOINT PLANNING.]

Subdivision 1. [JOINT PLANNING BOARD; CREATION; PURPOSE.] There is established a joint planning board for light rail transit, to:

(1) coordinate the activities of individual county regional railroad authorities in planning light rail transit facilities in the metropolitan area; and

(2) ensure that the facilities are acquired, developed, and capable of operation in a coordinated manner as an integrated and unified system on a multicounty basis in coordination with buses and other transportation modes and facilities.

Subd. 2. [MEMBERSHIP.] The joint planning board consists of:

(1) two members of the governing board of each regional railroad authority that applies for and receives state funding for preliminary engineering of light rail transit facilities;

(2) one member, in addition to those under clause (1), of the governing board of the Hennepin county regional railroad authority;

(3) one member of the governing board of each regional railroad authority not represented under clause (1) that applies for and receives state funding for planning of light rail transit facilities;

(4) two members of the metropolitan transit commission; and

(5) the commissioner of transportation or an employee of the department designated by the commissioner.

Appointments under clauses (1) to (3) are made by the respective authorities, and appointments under clause (4) are made by the commission. The regional transit board shall make the appointment for any appointing authority that fails to make the required appointments by August 1, 1989. Members serve at the pleasure of the agency making the appointment.

Subd. 3. [CHAIR.] The joint planning board shall annually elect a chair from among its members.

Subd. 4. [ADMINISTRATION.] Staff and administrative services for the board must be provided by the organizations represented. The board may apply for financial assistance from the state or the regional transit board. The joint planning board may create technical and staff advisory committees as it deems appropriate to assist the board in fulfilling its responsibilities.

Sec. 3. [473.1686] [LIGHT RAIL TRANSIT; REGIONAL MANAGEMENT PLAN.]

Subdivision 1. [REQUIREMENT; PURPOSE.] (a) By January 1, 1990, the joint planning board established under section 2 shall prepare a regional management plan for light rail transit.

(b) Nothing in this section should be interpreted to require the elimination of regional railroad authorities or to forbid one or more authorities to act independently, so long as their activities are consistent with the regional management plan.

(c) The plan must ensure that light rail transit facilities in the metropolitan area will be acquired, developed, owned, and capable

of operation in a coordinated manner as an integrated and unified system on a multicounty basis in coordination with buses and other transportation modes and facilities. The management plan must include at least the following:

(1) specifications and standards to ensure joint or coordinated procurement of vehicles, electrification, communications and ticketing facilities, yards and shops, and other facilities that must be or should be operated on a systemwide basis;

(2) systemwide operating and performance specifications and standards;

(3) a method of organizing and coordinating acquisition, construction, ownership, and operation of the system, including in particular, provision for a single light rail transit operator and the organization and coordination method required if a turn-key approach to facility acquisition is used by a regional rail authority;

(4) bus and park-and-ride coordination policies, standards, and plans;

(5) a staged systemwide development plan for a prospective ten-year period, together with a financial plan showing anticipated and recommended sources and amounts of funds for (i) capital expenditures and debt service requirements for each stage of development, and (ii) annual operating costs and operating subsidies, including the share of the operating subsidy to be paid by regional railroad authorities;

(6) a method for ensuring ongoing coordination of development, design, and operational plans; and

(7) other matters that the joint planning board deems prudent and necessary to ensure that light rail transit facilities are acquired, developed, and capable of operation in a coordinated manner as an integrated and unified system on a multicounty basis in coordination with buses and other transportation modes and facilities.

(d) The plan must provide for the operation of light rail transit by the metropolitan transit commission.

(e) If two or more regional railroad authorities have agreed on aspects of the regional management plan set forth in clause (c), the board shall consider incorporating those aspects into its regional management plan.

Subd. 2. [APPROVAL BY REGIONAL TRANSIT BOARD.] The joint planning board shall submit the management plan prepared under subdivision 1 to the regional transit board by March 1, 1990.

The transit board shall determine whether the plan satisfies the requirements specified in subdivision 1. The transit board shall either approve the plan or, if it determines that the plan does not satisfy the requirements, disapprove the plan, in whole or in part, and recommend modifications in the plan that are necessary in order to secure approval. The transit board may not require that the first priority of the metropolitan system plan be the first route constructed. Before completing its review, the transit board shall:

(1) submit the plan to the council and the commissioner of transportation for review and comment;

(2) assemble a peer review panel of transit and light rail transit experts of national stature to review and comment on the plan; and

(3) hold a public hearing on the plan to receive the comments and suggestions of the public.

The transit board may not include on the peer review panel any person who is employed or under contract as a consultant on light rail transit in the metropolitan area by regional railroad authorities, by a firm employed as a consultant to regional railroad authorities, by the transit commission, or by the transit commission's management contractor. The transit board has 120 days from the date of submission to complete its review of the plan or plan modifications required for approval. Failure to respond within the time period is deemed to be approval, unless an extension of time is agreed to by the transit board and the joint planning board. The transit board shall report on the results of its review to the legislature.

Subd. 3. [APPROVAL REQUIRED.] The regional management plan must be prepared, reviewed, and approved as required by this section before any regional railroad authority may begin construction of light rail transit facilities and before any authority is eligible for state financial assistance for constructing light rail transit facilities.

Subd. 4. [IMPLEMENTATION; CONFORMITY WITH PLAN.] Each regional railroad authority or other developer of light rail transit in the metropolitan area shall act in conformity with the approved regional management plan required by this section. To the extent and in the manner prescribed in the regional management plan, each authority or proposer shall prepare or amend its final light rail transit design plans as necessary to make the local plans consistent with the approved regional management plan. Each authority shall submit its final design plans to the joint planning board for review for consistency with the regional management plan. The joint board shall approve the local plans if it determines that they are consistent with the management plan; otherwise the joint board shall disapprove the plans, in whole or in part, and

recommend modifications in the plans that are necessary in order to secure approval. The joint board has 60 days to complete its review.

Subd. 5. [PLAN AMENDMENT.] Amendments to the regional management plan must be adopted and submitted for review and approval or disapproval by the regional transit board.

Sec. 4. Minnesota Statutes 1988, section 473.169, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT DEFINITIONS AND REQUIREMENTS.] Before constructing a light rail transit facility, the political subdivision proposing the facility must hold a public hearing on the preliminary design plans as provided in subdivision 2, and submit the preliminary and final design plans for review as provided in subdivisions 3 to 5. (a) "Preliminary design plan" means a plan that identifies the following: location, length, and termini of routes; general dimension, elevation, alignment, and character of routes and crossings; approximate station locations; standards and specifications for facilities and equipment; environmental impacts and mitigation measures; intermodal coordination, with bus operations and routes and park and ride, parking, and other transportation facilities; an acquisition and implementation strategy; ridership; capital costs; operating costs and revenues; and funding for final design, construction, and operation.

(b) "Final design plan" means a plan that includes the items in the preliminary design plan for the facilities proposed for construction, but with greater detail and specificity. The final design plan must include, at a minimum: the right-of-way definition; civil engineering; engineering plans for vehicles, track, stations, parking, access, electrification, communication, and other facilities; operational rules, procedures and strategies; capital costs; operating costs and revenues; financing for construction and operation; and other similar matters, all stated with sufficient particularity and detail to allow the proposer to begin the acquisition and construction of operable facilities.

(c) The design plans must include a plan for handicapped accessibility.

Sec. 5. Minnesota Statutes 1988, section 473.169, subdivision 3, is amended to read:

Subd. 3. [PRELIMINARY DESIGN PLANS; LOCAL APPROVAL.] At least 30 days before the hearing under subdivision 2, the proposer must shall submit the preliminary design plans to the governing body of each statutory and home rule charter city, county, and town in which the route is proposed to be located. The city, county, or town must shall hold a public hearing, except that a county board need not hold a hearing if the county board membership is identical to the

membership of the regional rail authority submitting the plan for review. Within 45 days after the hearing under subdivision 2, the city, county, or town must shall review and approve or disapprove the plans for the route to be located in the city, county, or town. A local unit of government that disapproves the plans shall describe specific amendments to the plans that, if adopted, would cause the local unit to withdraw its disapproval. Failure to approve or disapprove the plans in writing within 45 days after the hearing is deemed to be approval, unless an extension of time is agreed to by the city, county, or town and the proposer. If the preliminary design plans are approved by each city, county, and town in which the route is proposed to be located, the proposer may proceed with final design plans under subdivision 5.

Sec. 6. Minnesota Statutes 1988, section 473.169, subdivision 4, is amended to read:

Subd. 4. [PRELIMINARY DESIGN PLANS; METROPOLITAN COUNCIL REFERRAL REVIEW BY REGIONAL TRANSIT BOARD.] If the governing body of one or more cities, counties, or towns disapproves the preliminary design plans within the period allowed (a) After review under subdivision 3, the proposer may refer shall submit the plans, along with any comments of local jurisdictions, to the metropolitan council regional transit board.

(b) The council must board shall hold a hearing on the plan, giving the proposer and the, any disapproving local governmental units, and other persons an opportunity to present the case for or against approval of their views on the plans. The council board may conduct independent study as it deems desirable and may mediate and attempt to resolve disagreements about the plans. Within 90 days after the referral, the council must either approve the plans as submitted by the proposer or recommend amended plans to accommodate the objections presented by the disapproving local governmental units.

(c) The board shall review the preliminary design plans to determine the compatibility of the plans with other light rail transit plans and facilities in the metropolitan area, the adequacy of the plans for handicapped accessibility, and the conformity of the plans with metropolitan transportation system plans. The board may comment on any aspect of the plans. If the board determines that the plans do not satisfy the standard stated in this paragraph, the board shall recommend modifications in the plans that are necessary in order to satisfy the board.

(d) The board has 120 days from the date of submission to complete its review of plans or plan modifications. Failure to respond within the time period is deemed to be approval, unless an extension of time is agreed to by the council and the proposer.

(e) Following approval or recommendation review of preliminary design plans by the council board, the proposer may proceed with final design plans under subdivision 5.

Sec. 7. Minnesota Statutes 1988, section 473.169, subdivision 5, is amended to read:

Subd. 5. [FINAL DESIGN PLANS.] (a) After the approval of preliminary design plans under subdivision 3 or review by the council following referral to the council under subdivision 4, the proposer may prepare final design plans.

(b) Before proceeding with beginning construction, the proposer must shall submit the final design plans to the governing body of each statutory and home rule city, county, and town in which the route is proposed to be located. Within 60 days after the submission of the plans, the city, county, or town must shall review and approve or disapprove the plans for the route located in the city, county, or town. A local unit of government that disapproves the plan shall describe specific amendments to the plan that, if adopted, would cause the local unit to withdraw its disapproval. Failure to approve or disapprove the plans in writing within the time period is deemed to be approval, unless an extension is agreed to by the city, county, or town and the proposer. If the final design plans are approved by each city, county, and town in which the route is proposed to be located, the proposer may proceed with construction on that route.

(c) If the governing body of one or more cities, counties, or towns disapproves the final design plans within the period allowed (b) After review under paragraph (b) (a), the proposer may refer shall submit the final design plans, along with any comments of local jurisdictions, to the metropolitan council regional transit board. The council must board shall review the final design plans under the same procedure and with the same effect and according to the same standards as provided in subdivision 4 for preliminary design plans, except that the board shall also review the final design plans to determine whether the plans conform to the approved regional management plan required by section 3. The board shall either approve the plans or, if it determines that the plans do not satisfy the standards, disapprove the plans, in whole or in part, and recommend modifications in the plans that are necessary in order to secure approval. The board may not disapprove the first route proposed for construction solely because the route is not the first priority of metropolitan system plans.

(c) Following approval or recommendation of final design plans by the council board, the proposer may proceed with construction. A proposer may not proceed with construction unless its design plans have been approved by the board. Following approval of final design plans by the transit board, if a regional railroad authority wishes to select a bid or a response to a request for proposal that is more than

ten percent higher than the capital costs indicated in the final design plans for the facility, the authority may not proceed with construction until it has resubmitted the final design plans to the transit board for further review and approval or disapproval.

Sec. 8. Minnesota Statutes 1988, section 473.17, is amended to read:

473.17 [COOPERATION AND COORDINATION IN LIGHT RAIL TRANSIT.]

~~Notwithstanding section 473.398, Subdivision 1. [REGIONAL AGENCIES.]~~ The metropolitan council and the regional transit board shall cooperate with regional rail authorities in the study, planning, and design of regional rail authority light rail transit systems, and the metropolitan transit commission shall cooperate with regional rail authorities in the operational planning and operation of regional rail authority light rail transit systems.

Subd. 2. [COORDINATION BY REGIONAL TRANSIT BOARD.] The transit board shall ensure coordination of the activities of individual regional railroad authorities and shall ensure that light rail transit facilities in the metropolitan area are acquired, developed, owned, and operated in a coordinated manner as an integrated and unified system on a multicounty basis in coordination with buses and other transportation modes and facilities.

Subd. 3. [LIMITATION.] Nothing in this section should be interpreted to require the elimination of regional rail authorities or to forbid one or more authorities to act independently, so long as the activities are consistent with the coordination required by this section.

Sec. 9. Minnesota Statutes 1988, section 473.373, subdivision 1a, is amended to read:

Subd. 1a. [PURPOSE.] (a) The purposes of the board are:

(1) to foster effective delivery of existing transit services and encourage innovation in transit service;

(2) to increase transit service in suburban areas;

(3) to prepare implementation and financial plans for the metropolitan transit system;

~~(3)~~ (4) to set policies and standards for implementing the transit policies and programs of the state and the transit policies of the metropolitan council in the metropolitan area;

(5) to advise and work cooperatively with local governments, regional rail authorities, and other public agencies, transit providers, developers, and other persons in order to coordinate all modes of transit and to increase the availability of transit services;

(4) (6) to conduct transit research and evaluation; and

(5) (7) to administer state and metropolitan transit subsidies.

(b) The board shall arrange with others for the delivery and provision of transit services and facilities. The board shall avoid, to the greatest extent possible, direct operational planning, administration, and management of specific transit services and facilities.

(c) The board shall advise the council, the council's transportation advisory board, the department of transportation, local political subdivisions, and private developers on the transit aspects and effects of proposed transportation plans and development projects and on methods of improving the coordination, availability, and use of transit services as part of an efficient and effective overall transportation system.

Sec. 10. Minnesota Statutes 1988, section 473.373, is amended by adding a subdivision to read:

Subd. 2a. [MEMBERS.] (a) The board consists of 11 members appointed by the council.

(b) Eight members are appointed from each of the following agency districts:

(1) district A, consisting of council districts 1 and 2;

(2) district B, consisting of council districts 3 and 6;

(3) district C, consisting of council districts 4 and 5;

(4) district D, consisting of council districts 7 and 9;

(5) district E, consisting of council districts 8 and 10;

(6) district F, consisting of council districts 11 and 12;

(7) district G, consisting of council districts 13 and 14, excluding the cities of Lakeville and Burnsville;

(8) district H, consisting of council districts 15 and 16, including the cities of Lakeville and Burnsville.

The members must be residents of the districts for which they are appointed and must be elected officials of statutory or home rule charter cities, towns, or counties. At least two of the members must be county board members, each from a different county. At least 30 days before the expiration of a term, or upon the occurrence of a vacancy, the council shall request nominations for the position from relevant organizations of local elected officials, such as the association of metropolitan municipalities, the metropolitan intercounty association, the association of urban counties, and the association of townships. A local unit of government that is not a member of an association of local elected officials may submit a nomination independently. The council shall make the appointment from the nominees submitted to it, to the extent possible consistent with the other requirements of this paragraph and with a fair representation of the diverse areas and constituencies affected by transit.

(c) Three citizen members with governmental or management experience are appointed to represent the interests of the metropolitan area at large. In making these appointments, the council shall follow the procedures required by section 473.141, subdivision 2.

(d) No single city or town may have more than three of its residents on the board at once.

(e) Appointments are subject to the advice and consent of the senate as provided in section 15.066.

Sec. 11. Minnesota Statutes 1988, section 473.373, subdivision 4, is amended to read:

Subd. 4. [TERMS.] The initial terms of members and the chair appointed under Laws 1984, chapter 654, article 3, section 116, section 10 commence on the first day after July 1, 1984, that the chair and at least seven other members have been appointed and qualified and July 1, 1989. The terms of members and the chair serving on the effective date of this section expire on the first day that the chair and eight members appointed under section 473.141 and this section 10 are appointed and qualified under section 473.141, subdivision 4. By August 1, 1985, the appointing authorities shall appoint a chair and eight members from the districts defined in section 473.141. The initial terms of members and the chair appointed in 1985 are as follows: members representing commission districts A, B, C, and D and the chair of the board, for terms ending the first Monday in January of the year ending in the numeral "7"; members representing commission districts E, F, G, and H for terms ending the first Monday in January of the year ending in the numeral "9." At least one of the members appointed by the council must be 65 years of age or older at the time of the appointment. The council shall appoint half of the members initially appointed under subdivision 2a, paragraph (b), to terms of two years and half to terms of four years. Thereafter the term of each member

and the chair appointed under subdivision 2a, paragraph (b), is four years, subject to the provisions on apportionment, successor qualification, removal, and vacancy of section 473.141, subdivisions 4a, 5, and 6. The council shall appoint two of the members initially appointed under subdivision 2a, paragraph (c), to a term of two years and one to a term of four years. Thereafter the term of each member appointed under subdivision 2a, paragraph (c), is four years, subject to the provisions on successor qualification, removal, and vacancy of section 473.141.

Sec. 12. Minnesota Statutes 1988, section 473.373, subdivision 5, is amended to read:

Subd. 5. [CHAIR.] (a) The board shall elect a member to serve as the chair of the board for a term of two years.

(b) The chair is paid a per diem compensation for each meeting and other services as authorized by the board and is reimbursed for expenses as provided in section 473.141, subdivision 7, except that the chair's per diem is 1½ times the per diem paid to members.

(c) The duties of the chair are:

(a) (1) to preside over all board meetings attended;

(b) (2) to serve as the principal a transit spokesperson within the metropolitan area before the legislature, other state and regional agencies, local units of government, and the general public;

(c) (3) to present to the governor and the legislature, after approval by the council, the board's financial plan for public transit in the metropolitan area;

(d) (4) to convene and preside at an annual regional transit conference of transit providers, operators, and users; and

(e) (5) to perform other duties assigned by law or by the board.

Sec. 13. Minnesota Statutes 1988, section 473.375, subdivision 8, is amended to read:

Subd. 8. [GIFTS; GRANTS.] The board may apply for, accept and disburse gifts, grants, or loans from the United States, the state, or from any person on behalf of itself or any of its contract recipients, for any of its purposes. It may enter into an agreement required for the gifts, grants, or loans and may hold, use, and dispose of money or property received therefrom according to the terms of the gift, grant, or loan. The board may not be a recipient of federal operating or capital assistance distributed by formula or block grant. The board

may not be a recipient of federal discretionary capital grants for light rail and other fixed guideway transit systems.

No political subdivision within the metropolitan area may apply for federal transit assistance unless its application has been submitted to and approved by the board.

Sec. 14. Minnesota Statutes 1988, section 473.375, subdivision 13, is amended to read:

Subd. 13. [FINANCIAL ASSISTANCE.] The board may provide financial assistance to the commission and other providers as provided in sections 473.371 to 473.449 in furtherance of and in conformance with the implementation plan of the board. The board may not use the proceeds of bonds issued by the council under section 473.39 to provide capital assistance to private, for-profit operators of public transit.

Sec. 15. Minnesota Statutes 1988, section 473.404, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The transit commission consists of three five members appointed by the transit board. One member must be a resident of the city of Minneapolis, one must be a resident of the city of St. Paul, and one two must reside in the service area of the commission outside of Minneapolis and St. Paul, and one may reside anywhere in the metropolitan area. At least one of the two members appointed as residents of the service area outside of the two cities must reside in the commission's full-peak and off-peak service area, as defined for tax purposes in section 473.446. Appointments are not subject to the advice and consent of the senate as provided in section 15.066. Appointments are not subject to the advice and consent of the senate.

Sec. 16. Minnesota Statutes 1988, section 473.404, subdivision 3, is amended to read:

Subd. 3. [TERMS.] (a) The term of each member of the commission is three years and until a successor is appointed and qualified.

(b) The initial terms of members authorized in 1984 commence on the first day after August 1, 1984, that all three members have been appointed and qualified. One member must be appointed to an initial term of one year, one to an initial term of two years, and one to an initial term of three years. The terms of members of the transit commission appointed and serving on August 1, 1984, pursuant to Minnesota Statutes 1982, section 473.141, expire on the day that the terms of members appointed pursuant to this section commence.

(c) The initial terms of the two added members, first appointed in

1989, commence August 1, 1989. One member must be appointed to an initial term of two years and one to an initial term of three years.

Sec. 17. Minnesota Statutes 1988, section 473.404, subdivision 5, is amended to read:

Subd. 5. [QUALIFICATION.] Each member of the commission must have transit, governmental, or management experience. A member shall not during a term of office be a member of the metropolitan council, the regional transit board, the metropolitan waste control commission, the metropolitan airports commission, the metropolitan sports facilities commission, or any other independent regional commission, board, or agency, or hold any judicial office. Each member shall qualify by taking and subscribing to the oath of office prescribed by the Minnesota Constitution, article 5, section 5. The oath, duly certified by the official administering it, must be filed with the metropolitan council.

Sec. 18. [TRANSIT COMMISSION; LIGHT RAIL.]

The transit commission shall be the operator of a light rail transit system upon completion of construction of a light rail transit facility, shops, yards, or line segment by a regional rail authority.

Sec. 19. [ELIGIBILITY FOR FEDERAL FUNDS; PROTECTION OF GRANT AWARDS.] Nothing in sections 1 to 18 should be interpreted to forbid, restrict, or delay an application for federal financial assistance of any regional railroad authority acting independently, or to impair, limit, or transfer to another entity the authority of a regional railroad authority to receive such assistance individually, independently, and directly, as long as the facilities or activities for which the funds are awarded conform to the requirements of sections 1 to 18. A regional rail authority is specifically authorized to apply for and receive, in its own name, federal financial assistance. The location of a light rail transit line, stations, yards, and shops for which a federal grant has been applied by April 1, 1989, is not subject to the management plan or approval under sections 1 to 18, if the grant is awarded or a notice of intent to award the grant is received.

Sec. 20. [APPLICATION.]

Sections 2 to 18 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 21. [REPEALER.]

Minnesota Statutes 1988, sections 473.1691 and 473.398, are repealed."

Delete the title and insert:

"A bill for an act relating to metropolitan transit; requiring joint planning for light rail transit; establishing a joint planning board; requiring approval of light rail transit plans by the regional transit board; specifying the composition of the regional transit board and the metropolitan transit commission; changing various provisions relating to metropolitan transit programs and authorities; amending Minnesota Statutes 1988, sections 398A.04, subdivision 9; 473.169, subdivisions 1, 3, 4, and 5; 473.17; 473.373, subdivisions 1a, 4, 5, and by adding a subdivision; 473.375, subdivisions 8 and 13; and 473.404, subdivisions 2, 3, and 5; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1988, sections 473.1691 and 473.398."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 1432, A bill for an act relating to transportation; requiring nonrailroad lessors to comply with certain procedures before sale of property interests; regulating cancellations of leases of railroad right-of-way; amending Minnesota Statutes 1988, sections 222.631, by adding a subdivision; 222.632; and 222.633; proposing coding for new law in Minnesota Statutes, chapter 230.

Reported the same back with the following amendments:

Pages 2 to 4, delete section 4

Renumber the remaining section

Page 4, line 27, delete "4" and insert "3"

Amend the title as follows:

Page 1, line 4, delete everything after the semicolon

Page 1, line 5, delete everything before "amending"

Page 1, line 7, delete everything after "222.633" and insert a period

Page 1, delete line 8

With the recommendation that when so amended the bill pass.

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1440, A bill for an act relating to local government; requiring political subdivisions to request proposals for group insurance coverage; amending Minnesota Statutes 1988, section 43A.316, subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 1988, section 471.616.

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1442, A bill for an act relating to education; requesting the regents of the University of Minnesota to establish a program; appropriating money.

Reported the same back with the following amendments:

Page 1, line 15, delete "and"

Page 1, line 18, before the period insert "; and

(3) periodic in-class evaluations"

Page 1, after line 24, insert:

"Subd. 5. [OPERATING PROCEDURES.] The regents are requested to establish operating procedures of the university to conform with the procedures and sound business practices governing other public bodies including good public relations and scrupulous guardianship of the public trust."

Page 2, line 4, delete "from nonstate sources"

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

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1449, A bill for an act relating to Hennepin county; providing for a chief administrative deputy sheriff in the unclassified service; amending Minnesota Statutes 1988, section 383B.32, subdivision 2.

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

The report was adopted.

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

H. F. No. 1464; A resolution memorializing the Congress of the United States to reject pending legislation that would authorize the use of Minnesota waters for the transportation of coal and would grant the right of eminent domain of coal slurry pipelines.

Reported the same back with the following amendments:

Page 2, line 6, after "the" insert "President of the United States,"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1476, A bill for an act relating to tourism; authorizing the commissioner of trade and economic development to make or participate in tourism-related loans; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116J.

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

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1482, A bill for an act relating to the county of Olmsted;

providing for approval of certain conveyancing instruments by county zoning administrator.

Reported the same back with the following amendments:

Page 1, line 21, after the period insert "The zoning administrator shall complete the examination within 30 days after receipt of the transfer or division."

With the recommendation that when so amended the bill pass.

The report was adopted.

Osthoff from the Committee on Financial Institutions and Housing to which was referred:

H. F. No. 1483, A bill for an act relating to housing; establishing a rent subsidy program for certain recipients receiving aid to families with dependent children assistance; appropriating money; amending Minnesota Statutes 1988, sections 462A.05, by adding a subdivision; and 462A.21, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [462A.202] [AFDC RENTAL HOUSING SUBSIDY DEMONSTRATION PROJECT.]

Subdivision 1. [AUTHORIZATION.] The agency may develop demonstration projects to provide monthly rental housing subsidies for recipients of aid to families with dependent children who participate in employment and training programs specifically designed to reduce long-term dependence on public assistance, and which are administered by the department of human services or the department of jobs and training. The agency shall coordinate the monthly rental housing subsidy projects with the state agencies responsible for administering employment and training programs for recipients of aid to families with dependent children.

Subd. 2. [LOCAL ADMINISTRATION.] The agency may select local public housing agencies or housing and redevelopment authorities for distribution of the subsidy payments. The agency must select the local agencies or authorities based on the following criteria:

(1) demonstrated need for a rental housing subsidy project in conjunction with employment and training programs designed to

reduce long-term dependence on public assistance within the jurisdiction of the local agency or authority;

(2) evidence of a cooperative working relationship among the public and private entities administering the employment and training programs within the jurisdiction of the local agency or authority; and

(3) demonstrated capability of the local agency or authority to administer a rental housing subsidy project, such as the federal section 8 housing assistance program.

Subd. 3. [HOUSEHOLD CRITERIA.] In order to be eligible to receive a rental housing subsidy, a household must meet the following criteria:

(1) the household is not receiving housing assistance through a federal housing assistance program;

(2) 30 percent of the monthly income of the household, including the value of food stamps received, at the time of application for the housing subsidy, is less than the fair market rent for the unit size appropriate for the household, as established by the federal section 8 housing assistance program regulations; and

(3) the head of the household is certified by the administering entity to have been actively and effectively engaged for a minimum of six months in a program of employment and training designed to reduce the dependence of the household on public assistance.

Subd. 4. [PROJECT REQUIREMENTS.] A local agency or authority receiving funding must comply with the following requirements:

(1) the maximum period for which a household may receive a housing subsidy under this section is 24 months;

(2) the housing subsidy must be discontinued if the head of the household ceases to be actively and effectively engaged in a program of employment and training, as certified by the administering entity. The housing subsidy may be continued if the head of household successfully completes the program of employment or training;

(3) the maximum amount of the housing subsidy does not exceed the difference between 30 percent of household income, including the value of food stamps received, and the fair market rent for the unit size appropriate for the household as established by federal section 8 housing assistance program regulations; and

(4) the subsidy payment must be a vendor payment made directly to the property owner.

Up to ten percent of the funds received by the local agency or authority under this section may be used to pay administration costs of the project.

Financial assistance under this section provided to recipients of aid to families with dependent children must be in the form of in-kind services. To the extent possible under federal law, this assistance shall not be considered income under the food stamp or energy assistance programs.

Sec. 2. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 15. [AFDC RENTAL HOUSING SUBSIDY.] It may make grants to local public housing authorities or housing and redevelopment authorities for the purpose of making housing assistance payments to recipients of aid to families with dependent children as provided in section 462A.202, and may pay the costs and expenses for the development and operation of the projects.

Sec. 3. [APPROPRIATION.]

\$ is appropriated from the general fund to the Minnesota housing finance agency for the AFDC rental housing subsidy demonstration projects under section 1."

Delete the title and insert:

"A bill for an act relating to housing; establishing rent subsidy demonstration projects for certain recipients receiving aid to families with dependent children assistance; appropriating money; amending Minnesota Statutes 1988, section 462A.21, by adding a subdivision; proposing coding for new law in chapter 462A."

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

The report was adopted.

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

H. F. No. 1492, A bill for an act relating to state parks; special permits for handicapped users; amending Minnesota Statutes 1988, section 85.053, subdivision 7.

Reported the same back with the following amendments:

Page 1, line 18, after "purchased" insert "or proof of a leasehold interest in the vehicle for a term at least as long as the term of the permit"

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

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1498, A bill for an act relating to telecommunications devices for the deaf; requiring the metropolitan airports commission and certain bus stations to provide telecommunications devices for deaf people; amending Minnesota Statutes 1988, section 473.608, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 256C.

Reported the same back with the following amendments:

Page 1, lines 16 and 25, delete "deaf" and insert "communication-impaired"

Amend the title as follows:

Page 1, line 2, delete "the deaf" and insert "communication-impaired people"

Page 1, line 5, delete "deaf" and insert "communication-impaired"

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1502, A bill for an act relating to education; extending the authority of Pine Point experimental school; amending Minnesota Statutes 1988, sections 128B.09 and 128B.10.

Reported the same back with the following amendments:

Page 1, line 9, delete "1993" and insert "1991"

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1530, A bill for an act relating to commerce; regulating business relations between manufacturers of heavy and utility equipment and independent retail dealers of those products; proposing coding for new law in Minnesota Statutes, chapter 325E.

Reported the same back with the following amendments:

Page 3, lines 34 and 36, delete "60" and insert "180"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1571, A bill for an act relating to courts; authorizing appointment of a law clerk for each judge in the seventh judicial district; amending Minnesota Statutes 1988, section 484.545, subdivision 1.

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1574, A bill for an act relating to corporations; providing that the control share acquisition and business combination statutes apply to certain corporations unless they elect not to be covered; clarifying application of the statutes; reducing the period of time that business combinations may be regulated from five years to three years; removing restrictions on business combinations if an interested shareholder acquires at least 90 percent of the voting shares; modifying requirements for the use of committees to determine whether a corporation should pursue certain legal remedies; providing that meeting notices do not have to be sent to shareholders when mail has been returned undeliverable; amending Minnesota Statutes 1988, sections 302A.011, subdivisions 41 and 49; 302A.243;

302A.435, subdivision 1; 302A.671, subdivision 1; and 302A.673, subdivisions 1 and 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 302A.011, subdivision 41, is amended to read:

Subd. 41. [BENEFICIAL OWNER; BENEFICIAL OWNERSHIP.]

(a) “Beneficial owner,” when used with respect to shares or other securities, includes, but is not limited to, any person who, directly or indirectly through any written or oral agreement, arrangement, relationship, understanding, or otherwise, has or shares the power to vote, or direct the voting of, the shares or securities or has or shares the power to dispose of, or direct the disposition of, the shares or securities, except that:

(1) a person shall not be deemed the beneficial owner of shares or securities tendered pursuant to a tender or exchange offer made by the person or any of the person’s affiliates or associates until the tendered shares or securities are accepted for purchase or exchange; and

(2) a person shall not be deemed the beneficial owner of shares or securities with respect to which the person has the power to vote or direct the voting arising solely from a revocable proxy given in response to a proxy solicitation required to be made and made in accordance with the applicable rules and regulations under the Securities Exchange Act of 1934 and is not then reportable under that act on a Schedule 13D or comparable report, or, if the corporation is not subject to the rules and regulations under the Securities Exchange Act of 1934, would have been required to be made and would not have been reportable if the corporation had been subject to the rules and regulations.

(b) “Beneficial ownership” includes, but is not limited to, the right to acquire shares or securities through the exercise of options, warrants, or rights, or the conversion of convertible securities, or otherwise. The shares or securities subject to the options, warrants, rights, or conversion privileges held by a person shall be deemed to be outstanding for the purpose of computing the percentage of outstanding shares or securities of the class or series owned by the person, but shall not be deemed to be outstanding for the purpose of computing the percentage of the class or series owned by any other person. A person shall be deemed the beneficial owner of shares and securities beneficially owned by any relative or spouse of the person or any relative of the spouse, residing in the home of the person, any trust or estate in which the person owns ten percent or more of the total beneficial interest or serves as trustee or executor or in a

similar fiduciary capacity, any corporation or entity in which the person owns ten percent or more of the equity, and any affiliate of the person.

(c) When two or more persons act or agree to act as a partnership, limited partnership, syndicate, or other group for the purposes of acquiring, owning, or voting shares or other securities of a corporation, all members of the partnership, syndicate, or other group are deemed to constitute a "person" and to have acquired beneficial ownership, as of the date they first so act or agree to act together, of all shares or securities of the corporation beneficially owned by the person.

Sec. 2. Minnesota Statutes 1988, section 302A.011, subdivision 49, is amended to read:

Subd. 49. [INTERESTED SHAREHOLDER.] "Interested shareholder," when used in reference to any issuing public corporation, means any person (other than the issuing public corporation or any subsidiary of the issuing public corporation) that is (1) the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding shares entitled to vote of the issuing public corporation or (2) an affiliate or associate of the issuing public corporation and at any time within the ~~five-year~~ four-year period immediately before the date in question was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the then outstanding shares entitled to vote of the issuing public corporation. Notwithstanding anything stated in this subdivision, if a person who has not been a beneficial owner of ten percent or more of the voting power of the outstanding shares entitled to vote of the issuing public corporation immediately prior to a repurchase of shares by, or recapitalization of, the issuing public corporation or similar action shall become a beneficial owner of ten percent or more of the voting power solely as a result of the share repurchase, recapitalization, or similar action, the person shall not be deemed to be the beneficial owner of ten percent or more of the voting power for purposes of clause (1) or (2) unless:

(i) the repurchase, recapitalization, conversion, or similar action was proposed by or on behalf of, or pursuant to any agreement, arrangement, relationship, understanding, or otherwise (whether or not in writing) with, the person or any affiliate or associate of the person; or

(ii) the person thereafter acquires beneficial ownership, directly or indirectly, of outstanding shares entitled to vote of the issuing public corporation and, immediately after the acquisition, is the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding shares entitled to vote of the issuing public corporation.

Sec. 3. Minnesota Statutes 1988, section 302A.111, subdivision 3, is amended to read:

Subd. 3. [STATUTORY PROVISIONS THAT MAY BE MODIFIED EITHER IN ARTICLES OR IN BYLAWS.] The following provisions govern a corporation unless modified either in the articles or in the bylaws:

(a) Directors serve for an indefinite term that expires at the next regular meeting of shareholders (section 302A.207);

(b) The compensation of directors is fixed by the board (section 302A.211);

(c) A certain method must be used for removal of directors (section 302A.223);

(d) A certain method must be used for filling board vacancies (section 302A.225);

(e) If the board fails to select a place for a board meeting, it must be held at the principal executive office (section 302A.231, subdivision 1);

(f) A director may call a board meeting, and the notice of the meeting need not state the purpose of the meeting (section 302A.231, subdivision 3);

(g) A majority of the board is a quorum for a board meeting (section 302A.235);

(h) A committee shall consist of one or more persons, who need not be directors, appointed by affirmative vote of a majority of the directors present (section 302A.241, subdivision 2);

(i) The board may establish a special litigation committee of disinterested persons (section ~~302A.243~~ 302A.241);

(j) The chief executive officer and chief financial officer have specified duties, until the board determines otherwise (section 302A.305);

(k) Officers may delegate some or all of their duties and powers, if not prohibited by the board from doing so (section 302A.351);

(l) The board may establish uncertificated shares (section 302A.417, subdivision 7);

(m) Regular meetings of shareholders need not be held, unless

demanding by a shareholder under certain conditions (section 302A.431);

(n) In all instances where a specific minimum notice period has not otherwise been fixed by law, not less than ten-days notice is required for a meeting of shareholders (section 302A.435, subdivision 2);

(o) The number of shares required for a quorum at a shareholders' meeting is a majority of the voting power of the shares entitled to vote at the meeting (section 302A.443);

(p) The board may fix a date up to 60 days before the date of a shareholders' meeting as the date for the determination of the holders of shares entitled to notice of and entitled to vote at the meeting (section 302A.445, subdivision 1);

(q) Indemnification of certain persons is required (section 302A.521); and

(r) The board may authorize, and the corporation may make, distributions not prohibited, limited, or restricted by an agreement (section 302A.551, subdivision 1).

Sec. 4. Minnesota Statutes 1988, section 302A.161, subdivision 17, is amended to read:

Subd. 17. [COMMITTEES.] A corporation may establish committees of the board of directors, elect or appoint persons to the committees, and define their duties as provided in sections section 302A.241 and 302A.243 and fix their compensation.

Sec. 5. Minnesota Statutes 1988, section 302A.241, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] A resolution approved by the affirmative vote of a majority of the board may establish committees having the authority of the board in the management of the business of the corporation only to the extent provided in the resolution. Committees may include a special litigation committee consisting of one or more independent directors or other independent persons to consider legal rights or remedies of the corporation and whether those rights and remedies should be pursued. Committees other than special litigation committees are subject at all times to the direction and control of the board, except as provided in section 302A.243.

Sec. 6. Minnesota Statutes 1988, section 302A.251, subdivision 2, is amended to read:

Subd. 2. [RELIANCE.] (a) A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(1) One or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;

(2) Counsel, public accountants, or other persons as to matters that the director reasonably believes are within the person's professional or expert competence; or

(3) A committee of the board upon which the director does not serve, duly established in accordance with sections 302A.241 and 302A.243, as to matters within its designated authority, if the director reasonably believes the committee to merit confidence.

(b) Paragraph (a) does not apply to a director who has knowledge concerning the matter in question that makes the reliance otherwise permitted by paragraph (a) unwarranted.

Sec. 7. Minnesota Statutes 1988, section 302A.435, subdivision 1, is amended to read:

Subdivision 1. [TO WHOM GIVEN.] Except as otherwise provided in this chapter, notice of all meetings of shareholders shall be given to every holder of shares entitled to vote, except where unless:

(1) the meeting is an adjourned meeting and the date, time, and place of the meeting were announced at the time of adjournment; or

(2) the following have been mailed by first class mail to a shareholder at the address in the corporate records and returned undeliverable:

(i) two consecutive annual meeting notices; and

(ii) all meeting notices during the period between the two annual meetings; or all payments of dividends, provided there are at least two sent during a 12-month period.

An action or meeting that is taken or held without notice under clause (2) has the same force and effect as if notice was given. If the shareholder delivers a written notice of the shareholder's current address to the corporation, the notice requirement is reinstated.

Sec. 8. Minnesota Statutes 1988, section 302A.671, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION IN ARTICLES APPLICATION.] (a) Unless otherwise expressly provided in the articles or in bylaws approved by the shareholders of an issuing public corporation, this section applies to a control share acquisition consummated, or a proposed control share acquisition with respect to which an information statement has been received by the issuing public corporation, on or before July 31, 1990.

Unless otherwise expressly provided in the articles or in bylaws approved by the shareholders of an issuing public corporation, this section does not apply to a control share acquisition consummated after July 31, 1990, with respect to which no information statement has been received by the issuing public corporation, on or before July 31, 1990.

(b) The shares of an issuing public corporation acquired by an acquiring person in a control share acquisition that exceed the threshold of voting power of any of the ranges specified in subdivision 2, paragraph (d), shall have only the voting rights as shall be accorded to them pursuant to subdivision 4a.

Sec. 9. Minnesota Statutes 1988, section 302A.673, subdivision 1, is amended to read:

Subdivision 1. [BUSINESS COMBINATION WITH INTERESTED SHAREHOLDER; APPROVAL BY DIRECTORS.] (a) Notwithstanding anything to the contrary contained in this chapter (except the provisions of subdivision 3), an issuing public corporation may not engage in any business combination, or vote, consent, or otherwise act to authorize a subsidiary of the issuing public corporation to engage in any business combination, with, with respect to, proposed by or on behalf of, or pursuant to any written or oral agreement, arrangement, relationship, understanding, or otherwise with, any interested shareholder of the issuing public corporation or any affiliate or associate of the interested shareholder for a period of ~~five~~ four years following the interested shareholder's share acquisition date unless the business combination or the acquisition of shares made by the interested shareholder on the interested shareholder's share acquisition date is approved by a committee of the board of the issuing public corporation before the interested shareholder's share acquisition date. ~~The by a committee shall be of the board of the issuing public corporation formed in accordance with paragraph (d).~~

(b) If a good faith definitive proposal regarding a business combination is made in writing to the board of the issuing public corporation, a committee of the board formed in accordance with paragraph (d) shall consider and take action on the proposal and respond in writing within 30 days after receipt of the proposal by the issuing public corporation, setting forth its decision regarding the proposal.

(c) If a good faith definitive proposal to acquire shares is made in writing to the board of the issuing public corporation, a committee of the board formed in accordance with paragraph (d), shall consider and take action on the proposal and respond in writing within 30 days after receipt of the proposal by the issuing public corporation, setting forth its decision regarding the proposal.

(d)(1) When a business combination or acquisition of shares is proposed pursuant to this subdivision, the board shall promptly form a committee composed of all of the board's disinterested directors. The committee shall take action on the proposal by the affirmative vote of a majority of committee members. No larger proportion or number of votes shall be required. Notwithstanding the provisions of section 302A.241, subdivision 1, the committee shall not be subject to any direction or control by the board with respect to the committee's consideration of, or any action concerning, a business combination or acquisition of shares pursuant to this section.

(2) A committee formed pursuant to this subdivision shall be composed of one or more members. Only disinterested directors may be members of a committee formed pursuant to this subdivision. However, if the board has no disinterested directors, the board shall select three or more disinterested persons to be committee members. Committee members are deemed to be directors for purposes of sections 302A.251, 302A.255, and 302A.521.

(3) For purposes of this subdivision, a director or person is "disinterested" if the director or person is neither an officer nor an employee, nor has been an officer or employee within five years preceding the formation of the committee pursuant to this section, of the issuing public corporation, or of a related corporation.

Sec. 10. Minnesota Statutes 1988, section 302A.673, subdivision 3, is amended to read:

Subd. 3. [APPLICATION.] (a) Unless by express provision electing to be subject to this section contained in the articles or in bylaws approved by the shareholders of an issuing public corporation, this section does not apply to any business combination of an issuing public corporation, that is not, at any time during the period from June 1, 1987, until adoption of the article or bylaw provision, a publicly held corporation. If the article or bylaw provision electing to be subject to this section expressly so provides, this section shall not apply to any business combination with an interested shareholder whose share acquisition date is before the effective date of the article or bylaw provision.

(b) Except as provided in paragraph (c), this section does not apply to any business combination of an issuing public corporation:

(1) if, prior to the time the issuing public corporation becomes a publicly held corporation or becomes subject to this section by virtue of an election under paragraph (a), including any time prior to the time that the corporation becomes an issuing public corporation, articles or bylaws of the corporation contain a provision expressly electing not to be subject to this section;

(2) if the board of the issuing public corporation adopts, prior to September 1, 1987, an amendment to the issuing public corporation's bylaws expressly electing not to be subject to this section;

(3) if an amendment to the articles or bylaws of the issuing public corporation is approved by the shareholders, other than interested shareholders and their affiliates and associates, holding a majority of the outstanding voting power of all shares entitled to vote, excluding the shares of interested shareholders and their affiliates and associates, expressly electing not to be subject to this section and the amendment provides that it is not to be effective until 18 months after the vote of shareholders, or August 1, 1990, whichever date is earlier, and provides that, except as provided in paragraph (c), it does not apply to any business combination of the issuing public corporation with an interested shareholder whose share acquisition date is on or before the effective date of the amendment; or

(4) if the business combination was consummated before, or if a binding agreement for the business combination was entered into before, the day following June 1, 1987.

(c) This section does not apply to any business combination of an issuing public corporation with respect to, proposed by or on behalf of, or pursuant to any written or oral agreement, arrangement, relationship, understanding, or otherwise with any person that would have been an interested shareholder on June 1, 1987, had this section been in effect on this date and had the issuing public corporation been an issuing public corporation on this date.

This section applies to any business combination of an issuing public corporation to which it previously did not apply because of provisions in articles or bylaws adopted or approved under paragraph (b), clause (1), (2), or (3), upon an amendment to the articles or bylaws approved by shareholders holding a majority of the outstanding voting power of all shares entitled to vote expressly electing to be subject to this section becoming effective. This section does not apply to any business combination of the corporation with, with respect to, proposed by or on behalf of, or pursuant to any written or oral agreement, arrangement, relationship, understanding, or otherwise with any person that would have been an interested shareholder on the effective date of the amendment if this section had been applicable.

(d) Unless the articles or bylaws approved by the shareholders of the issuing public corporation otherwise provide, this section does not apply to any business combination of an issuing public corporation with, with respect to, proposed by or on behalf of, or pursuant to any agreement, arrangement, or understanding (whether or not in writing) with, any interested shareholder if the interested shareholder's share acquisition date is on or after August 1, 1990, or an affiliate or associate of that interested shareholder.

Sec. 11. [REPEALER.]

Minnesota Statutes 1988, section 302A.243, is repealed.

Sec. 12. [EFFECTIVE DATE.]

Section 11 is effective the day following final enactment and applies to proceedings pending under Minnesota Statutes, section 302A.243, or proceedings commenced on or after that date. Notwithstanding any contrary provision of chapter 645, the repeal of Minnesota Statutes, section 302A.243 does not imply that the legislature has accepted or rejected the substance of the repealed section but must be interpreted in the same manner as if section 302A.243 had not been enacted.

Delete the title and insert:

"A bill for an act relating to corporations; providing that the control share acquisition and business combination statutes apply to certain corporations unless they elect not to be covered; clarifying application of the statutes; reducing the period of time that business combinations may be regulated from five years to four years; eliminating procedures for the use of committees to determine whether a corporation should pursue certain legal remedies; providing that meeting notices do not have to be sent to shareholders when mail has been returned undeliverable; amending Minnesota Statutes 1988, sections 302A.011, subdivisions 41 and 49; 302A.111, subdivision 3; 302A.161, subdivision 17; 302A.241, subdivision 1; 302A.251, subdivision 2; 302A.435, subdivision 1; 302A.671, subdivision 1; and 302A.673, subdivisions 1 and 3; repealing Minnesota Statutes 1988, section 302A.243."

With the recommendation that when so amended the bill pass.

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1580, A bill for an act relating to the town of Otsego;

authorizing the town to establish an economic development authority and to exercise tax increment financing powers; granting the town the power of a city with respect to the authority.

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1581, A bill for an act relating to commerce; securities regulation; exempting certain over-the-counter securities from registration requirements; amending Minnesota Statutes 1988, section 80A.15, subdivision 1.

Reported the same back with the following amendments:

Page 5, line 7, after "paragraph" insert "; provided that the system shall provide the commissioner with notice of any material change in the system's designation requirements, and provided further that the commissioner may by order revoke this exemption if the commissioner determines that the designation requirements are not enforced or are amended in a manner that lessens protection to investors"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1583, A bill for an act relating to rural development; providing for a rural community needs assessment model; appropriating money.

Reported the same back with the following amendments:

Page 1, line 6, before "The rural" insert "The commissioner of administration shall award a grant to an organization to develop, test, and implement a rural community needs assessment model after consulting"

Page 1, line 9, delete everything after "committee"

Page 1, delete lines 10 to 12

Page 1, line 13, delete everything before the period

Page 2, line 5, after "care," insert "crime and drug abuse prevention."

Page 2, line 29, delete "legislative coordinating commission" and insert "commissioner of administration for the biennium ending June 30, 1991."

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

The report was adopted.

Begich from the Committee on Labor-Management Relations to which was referred:

H. F. No. 1591, A resolution memorializing the Congress of the United States to continue to limit the scope of commercial aircraft maintenance performed outside the United States.

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

The report was adopted.

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

H. F. No. 1601, A bill for an act relating to state government; adding members to the council on Asian-Pacific Minnesotans; amending Minnesota Statutes 1988, section 3.9226, subdivision 1.

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

The report was adopted.

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

H. F. No. 1612, A bill for an act relating to economic development; regulating the job skills partnership program; amending Minnesota Statutes 1988, sections 116L.02; and 116L.04, subdivision 1; repealing Laws 1983, chapter 334, section 7, as amended.

Reported the same back with the following amendments:

Page 2, after line 14, insert:

"Sec. 3. [COMPREHENSIVE CAREER DEVELOPMENT SYSTEM.]

The state director of vocational technical education, with the cooperation of other public post-secondary education systems and state agencies, shall develop a model system which provides assistance to students in career choices including career information, individual assessment information, and counseling assistance.

The director shall submit a report by February 1, 1990, to the governor, the chairs of the senate education and economic development and housing committees, and the chairs of the house education and economic development committees.

Sec. 4. [APPROPRIATION; COMPREHENSIVE CAREER DEVELOPMENT SYSTEM.]

\$80,000 is appropriated from the general fund for the fiscal year ending June 30, 1990, to the state board of vocational technical education for developing a comprehensive career development system under section 3."

Number the sections in order

Amend the title as follows:

Page 1, line 3, after the semicolon insert "providing for a comprehensive career development system; appropriating money;"

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

The report was adopted.

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

H. F. No. 1615, A bill for an act relating to appropriations; appropriating funds for programs to identify, protect and manage endangered natural resources, and the county biological survey.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1616, A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors of a noncontroversial nature; amending Minnesota Statutes 1988, section 124.43, subdivision 1, as amended.

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

The report was adopted.

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

H. F. No. 1626, A bill for an act relating to state lands; conveying easement for sanitary sewer to city of Cambridge.

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

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1630, A bill for an act relating to the city of Austin; providing for the service of the police and fire chiefs.

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 to which was referred:

H. F. No. 1665, A bill for an act relating to commerce; creating a lien for public improvements and expenditures made for the benefit of certain corporations; proposing coding for new law in Minnesota Statutes, chapter 514.

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. 33, 41, 153, 314, 333, 367, 374, 399, 472, 513, 701, 811, 815, 826, 831, 852, 909, 950, 1004, 1027, 1107, 1131, 1139, 1147, 1150, 1207, 1314, 1320, 1323, 1338, 1354, 1355, 1365, 1378, 1395, 1408, 1432, 1440, 1449, 1464, 1482, 1492, 1498, 1502, 1530, 1574, 1580, 1581, 1626, 1630 and 1665 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 115 was read for the second time.

**INTRODUCTION AND FIRST READING
OF HOUSE BILLS**

The following House Files were introduced:

Dempsey, Haukoos, Bertram and Jennings introduced:

H. F. No. 1686, A bill for an act relating to taxation; motor vehicle excise; exempting vehicles used by police departments or sheriffs for law enforcement; amending Minnesota Statutes 1988, section 297B.03.

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

Runbeck, McEachern, Bauerly, Weaver and Vanasek introduced:

H. F. No. 1687, A bill for an act relating to education; proposing a commission on school funding alternatives; appropriating money.

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

Girard introduced:

H. F. No. 1688, A bill for an act relating to taxation; income; providing a credit for taxes paid to the Commonwealth of Puerto Rico; amending Minnesota Statutes 1988, section 290.06, subdivision 22.

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

Simoneau, Vanasek, Schreiber, Wynia and Heap introduced:

H. F. No. 1689, A resolution memorializing the President and Congress of the United States to take action to review and revise the statutory framework of the laws of the United States with respect to hostile takovers and stock accumulations having certain adverse effects and to permit certain state regulation.

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

Pappas and Long introduced:

H. F. No. 1690, A bill for an act relating to human rights; making harassment in certain cases an unfair discriminatory practice; amending Minnesota Statutes 1988, section 363.03, by adding a subdivision.

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

Orenstein introduced:

H. F. No. 1691, A bill for an act relating to insurance; regulating surplus lines insurance; amending Minnesota Statutes 1988, sections 60A.17, subdivision 12; 60A.198, subdivision 1; and 60A.205, by adding a subdivision.

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

Olson, K.; Steensma; Cooper; Winter and Kalis introduced:

H. F. No. 1692, A bill for an act relating to education; clarifying and adding to the authority of ECSUs; amending Minnesota Statutes 1988, section 123.58, subdivisions 6 and 9, and by adding a subdivision.

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

Welle and Schreiber introduced:

H. F. No. 1693, A bill for an act relating to taxation; income; providing an exception to partnership withholding provisions; amending Minnesota Statutes 1988, section 290.92, subdivision 4b, as added.

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

Heap, Macklin and Lynch introduced:

H. F. No. 1694, A bill for an act relating to education; permitting teachers to remove pupils whose conduct would tend to impair the discipline of the classroom or harm other pupils; proposing coding for new law in Minnesota Statutes, chapter 125.

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

Lynch introduced:

H. F. No. 1695, A bill for an act relating to natural resources; establishing a task force to study and report on metropolitan water management issues; appropriating money.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Runbeck introduced:

H. F. No. 1696, A bill for an act relating to retirement; Minnesota state retirement system correctional employees retirement plan; providing retroactive plan coverage for certain correctional service personnel at the Minnesota correctional facility-Lino Lakes; requiring additional member and employer contributions; amending Minnesota Statutes 1988, section 352.91, subdivision 2.

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

Carruthers, Blatz and Pugh introduced:

H. F. No. 1697, A bill for an act relating to traffic regulations; prohibiting the towing of motor vehicles for traffic violations for a period of 12 hours unless moving the vehicle is necessary to relieve a safety problem; amending Minnesota Statutes 1988, section 169.04.

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

Begich; Johnson, V.; Neuenschwander; Limmer and Marsh introduced:

H. F. No. 1698, A bill for an act relating to public safety; regulating firearms; defining terms; regulating possession of firearms; specifying property rights of certain persons in firearms; prohibiting certain transfers of firearms; prescribing penalties; amending Minnesota Statutes 1988, sections 624.712; 624.713; and 624.7132, subdivisions 1, 2, 9, 11, 12, 15, and 16; repealing Minnesota Statutes 1988, section 624.7131; and 624.7132, subdivisions 3, 4, 5, 6, 7, 8, 10, 13, and 14.

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

Segal, Rukavina and Carlson, L., introduced:

H. F. No. 1699, A bill for an act relating to education; establishing a program of loans for graduate students in mental health; providing for loan forgiveness; endowing a University chair; requesting the board of regents to begin a medical residency program; appropriating money; proposing coding for new law in chapter 136A.

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

Carlson, L.; Orenstein; Price; Jaros and Heap introduced:

H. F. No. 1700, A bill for an act relating to education; appropriating money for a study of educational facilities.

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

Nelson, K.; Dawkins; Vellenga; Haukoos and Pappas introduced:

H. F. No. 1701, A bill for an act relating to education; appropriating money for grants to the Minnesota Hispanic Education Program, Inc.

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

Cooper, Dille and Schafer introduced:

H. F. No. 1702, A bill for an act relating to human services; providing for the allocation of central, affiliated, or corporate office

costs of long-term care facilities participating in the medical assistance program; proposing coding for new law in Minnesota Statutes, chapter 256B.

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

Johnson, V., and Sarna introduced:

H. F. No. 1703, A bill for an act relating to consumer protection; requiring storm window dealers to obtain a bond or alternative security as a condition of doing business in the state; providing remedies; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 325F.

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

Jacobs, Quinn and Bennett introduced:

H. F. No. 1704, A bill for an act relating to utilities; providing for extended area telephone service in the metropolitan area.

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

Schafer introduced:

H. F. No. 1705, A bill for an act relating to education; providing a model curriculum for schools; proposing coding for new law in Minnesota Statutes, chapter 126.

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

Ogren, Munger, Welle, Jaros and Dempsey introduced:

H. F. No. 1706, A bill for an act relating to taxation; sales and use; providing an exemption for capital equipment and construction materials for major manufacturing projects in distressed counties; amending Minnesota Statutes 1988, section 297A.257, by adding a subdivision.

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

Long introduced:

H. F. No. 1707, A bill for an act relating to taxation; providing for submission of tax expenditure budget every four years; repealing the Minnesota unfair cigarette sales act; removing requirement that owners file copies of certificate of rent paid with commissioner; changing cigarette distribution subjobber licensing fees and other requirements; eliminating certain surety bonds; appropriating money; amending Minnesota Statutes 1988, sections 270.06; 270.067, subdivisions 1 and 2; 290A.19; 297.01, subdivision 13, and by adding a subdivision; 297.03, subdivision 6; 297.04, subdivisions 4, 5, 6, and 9; 297.041, subdivision 1; 297.06, subdivision 3; 297.08, subdivision 1; 297.31, by adding a subdivision; 297.33, subdivisions 4, 5, 6, 7, and 8; 297C.03, subdivision 1; and 298.28, by adding a subdivision; repealing Minnesota Statutes 1988, sections 297.01, subdivision 15; 297.03, subdivision 12; 297.04, subdivision 10; 297.33, subdivision 13; 297C.03, subdivisions 4 and 4a; and 325D.30 to 325D.42.

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

Sparby introduced:

H. F. No. 1708, A bill for an act relating to agriculture; appropriating money for agriculture information centers.

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

Simoneau, Vanasek, Wynia and Morrison introduced:

H. F. No. 1709, A bill for an act relating to commerce; regulating divesting transactions involving a principal domestic subsidiary; authorizing the metropolitan airports commission to approve a change in control of a major tenant at the Minneapolis-St. Paul International Airport; modifying standards that may be considered by certain investment fiduciaries; providing for worker and consumer protections after a leveraged buyout; imposing a tax on golden parachute compensation agreements; amending Minnesota Statutes 1988, sections 80B.01, subdivisions 1, 10, and by adding subdivisions; 268.07, subdivision 2; and 302A.011, subdivision 41, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 80B; 290; 300; 302A; and 325E; proposing coding for new law as Minnesota Statutes, chapters 268A; and 360A.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1586, A bill for an act relating to appropriations; providing emergency relief for Red River Valley area flooding; providing for an arbitration award.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 297, 361, 299 and 1051.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 297, A bill for an act relating to game and fish; authorizing party hunting for small game; authorizing party fishing by angling; proposing coding for new law in Minnesota Statutes, chapters 97B and 97C.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 361, A bill for an act relating to insurance; no-fault auto; clarifying eligibility for economic loss benefits; amending Minnesota Statutes 1988, sections 65B.51, subdivision 2; and 65B.64, subdivisions 2 and 3.

The bill was read for the first time.

Carruthers moved that S. F. No. 361 and H. F. No. 269, now on the Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 299, A bill for an act relating to game and fish; providing for restitution for wild animals that are illegally killed or injured; providing for civil penalties for wild animals killed or injured; restricting expenditures from restitution to replacement and propagation of wild animals illegally killed or injured; amending Minnesota Statutes 1988, section 97A.065, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 97A.

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

S. F. No. 1051, A resolution memorializing the Congress of the United States to reject pending legislation that would authorize the use of Minnesota waters for the transportation of coal and would grant the right of eminent domain of coal slurry pipelines.

The bill was read for the first time.

Welle moved that S. F. No. 1051 and H. F. No. 1464, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Wynia, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately preceding General Orders for Monday, April 17, 1989:

H. F. No. 65; S. F. No. 294; H. F. Nos. 193, 412, 456, 564, 595, 635, 693, 731, 761, 837, 916, 1069, 1151, 1197, 1357, 1405, 1429 and 1503; S. F. No. 560; and H. F. Nos. 355, 762, 1108, 1113, 1285, 1339, 1353, 1491, 1604 and 996.

CONSENT CALENDAR

S. F. No. 1080, A bill for an act relating to state lands; conveying title to state land in St. Cloud.

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	Greenfield	Lieder	Osthoff	Simoneau
Anderson, G.	Gruenes	Limmer	Ostrom	Skoglund
Battaglia	Gutknecht	Long	Otis	Solberg
Bauerly	Hartle	Lynch	Ozment	Sparby
Beard	Hasskamp	Macklin	Pappas	Stanius
Begich	Haukoos	Marsh	Pauly	Steensma
Bennett	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Swenson
Blatz	Himle	McGuire	Peterson	Tjornhom
Boo	Hugoson	McLaughlin	Poppenhagen	Tompkins
Brown	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Tunheim
Carlson, D.	Jaros	Miller	Quinn	Uphus
Carlson, L.	Jefferson	Morrison	Redalen	Valento
Carruthers	Jennings	Munger	Reding	Vellenga
Clark	Johnson, A.	Murphy	Rest	Wagenius
Conway	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olsen, E.	Schafer	Wynia
Forsythe	Knickerbocker	Olson, K.	Scheid	Spk. Vanasek
Frederick	Kostohryz	Omann	Schreiber	
Frerichs	Krueger	Onnen	Seaberg	
Girard	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 110, A bill for an act relating to metropolitan government; prescribing the term of the chair of the metropolitan council; amending Minnesota Statutes 1988, section 473.123, subdivisions 2a and 4.

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

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Cooper	Hugoson	Long	Ogren
Anderson, G.	Dauner	Jacobs	Lynch	Olsen, S.
Anderson, R.	Dawkins	Jaros	Macklin	Olson, E.
Battaglia	Dempsey	Jefferson	Marsh	Olson, K.
Bauerly	Dille	Jennings	McDonald	Omann
Beard	Dorn	Johnson, A.	McEachern	Onnen
Begich	Forsythe	Johnson, R.	McGuire	Orenstein
Bennett	Frederick	Johnson, V.	McLaughlin	Ostrom
Bishop	Frerichs	Kahn	McPherson	Otis
Blatz	Girard	Kalis	Milbert	Ozment
Boo	Greenfield	Kelly	Miller	Pauly
Brown	Gruenes	Kelso	Morrison	Pellow
Burger	Gutknecht	Knickerbocker	Munger	Pelowski
Carlson, D.	Hartle	Kostohryz	Murphy	Peterson
Carlson, L.	Hasskamp	Krueger	Nelson, C.	Poppenhagen
Carruthers	Heap	Lasley	Nelson, K.	Price
Clark	Henry	Lieder	Neuenschwander	Pugh
Conway	Himle	Limmer	O'Connor	Quinn

Redalen	Sarna	Solberg	Tunheim	Wenzel
Reding	Schafer	Sparby	Uphus	Williams
Rest	Scheid	Stanius	Valento	Winter
Rice	Schreiber	Steensma	Vellenga	Wynia
Richter	Seaberg	Sviggum	Wagenius	Spk. Vanasek
Rodosovich	Segal	Swenson	Waltman	
Rukavina	Simoneau	Tjornhom	Weaver	
Runbeck	Skoglund	Tompkins	Welle	

Those who voted in the negative were:

Osthoff

The bill was passed and its title agreed to.

H. F. No. 483, A bill for an act relating to crime; including controlled substance offenses in the evidentiary provision of the disorderly house crime; amending Minnesota Statutes 1988, section 609.33, subdivision 4.

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

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

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Omann	Scheid
Anderson, G.	Girard	Lasley	Onnen	Schreiber
Anderson, R.	Greenfield	Lieder	Orenstein	Seaberg
Battaglia	Gruenes	Limmer	Osthoff	Segal
Bauerly	Gutknecht	Long	Ostrom	Simoneau
Beard	Hartle	Lynch	Otis	Skoglund
Begich	Hasskamp	Macklin	Ozment	Solberg
Bennett	Haukoos	Marsh	Pappas	Sparby
Bishop	Heap	McDonald	Pauly	Stanius
Blatz	Henry	McEachern	Pellow	Steensma
Boo	Himle	McGuire	Pelowski	Sviggum
Brown	Hugoson	McLaughlin	Peterson	Swenson
Burger	Jacobs	McPherson	Poppenhagen	Tjornhom
Carlson, D.	Janezich	Milbert	Price	Tompkins
Carlson, L.	Jaros	Miller	Pugh	Trimble
Carruthers	Jefferson	Morrison	Quinn	Tunheim
Clark	Jennings	Munger	Redalen	Uphus
Conway	Johnson, A.	Murphy	Reding	Valento
Cooper	Johnson, R.	Nelson, C.	Rest	Vellenga
Dauner	Johnson, V.	Nelson, K.	Rice	Wagenius
Dawkins	Kahn	Neuenschwander	Richter	Waltman
Dempsey	Kalis	O'Connor	Rodosovich	Weaver
Dille	Kelso	Ogren	Rukavina	Welle
Dorn	Kinkel	Olsen, S.	Runbeck	Wenzel
Forsythe	Knickerbocker	Olson, E.	Sarna	Williams
Frederick	Kostohryz	Olson, K.	Schafer	Winter
				Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 678, A bill for an act relating to data privacy; classifying financial information submitted by applicants for liquor licenses to political subdivisions as private; amending Minnesota Statutes 1988, section 13.41, 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Orenstein	Segal
Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Limmer	Ostrom	Skoglund
Battaglia	Gutknecht	Long	Otis	Solberg
Bauerly	Hartle	Lynch	Opzard	Sparby
Beard	Hasskamp	Macklin	Pappas	Stanius
Begich	Haukoos	Marsh	Pauly	Steensma
Bennett	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Swenson
Blatz	Himle	McGuire	Peterson	Tjornhom
Boo	Hugoson	McLaughlin	Poppenhagen	Tompkins
Brown	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Uphus
Carlson, D.	Jaros	Miller	Quinn	Valento
Carlson, L.	Jefferson	Morrison	Redalen	Vellenga
Carruthers	Jennings	Munger	Reding	Wagenius
Clark	Johnson, A.	Murphy	Rest	Waltman
Conway	Johnson, R.	Nelson, C.	Rice	Weaver
Cooper	Johnson, V.	Nelson, K.	Richter	Welle
Dauner	Kahn	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kalis	O'Connor	Rukavina	Williams
Dempsey	Kelly	Ogren	Runbeck	Winter
Dille	Kelso	Olsen, S.	Sarna	Wynia
Dorn	Kinkel	Olson, E.	Schafer	Spk. Vanasek
Forsythe	Knickerbocker	Olson, K.	Scheid	
Frederick	Kostohryz	Omann	Schreiber	
Frerichs	Krueger	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1048, A bill for an act relating to vocational rehabilitation; requiring that 51 percent of the members of the board of directors of centers for independent living are persons with disabilities; changing the membership of the Minnesota council for the blind; amending Minnesota Statutes 1988, sections 129A.01, subdivision 9; and 248.10, 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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Greenfield	Lieder	Osthoff	Simoneau
Anderson, G.	Gruenes	Limmer	Ostrom	Skoglund
Anderson, R.	Gutknecht	Long	Otis	Solberg
Battaglia	Hartle	Lynch	Ozment	Sparby
Beard	Hasskamp	Macklin	Pappas	Stanius
Begich	Haukoos	Marsh	Pauly	Steensma
Bennett	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Swenson
Blatz	Himle	McGuire	Peterson	Tjornhom
Boo	Hugoson	McLaughlin	Poppenhagen	Tompkins
Brown	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Tunheim
Carlson, D.	Jaros	Miller	Quinn	Uphus
Carlson, L.	Jefferson	Morrison	Redalen	Valento
Carruthers	Jennings	Munger	Reding	Vellenga
Clark	Johnson, A.	Murphy	Rest	Wagenius
Conway	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olson, E.	Schafer	Wynia
Forsythe	Knickerbocker	Olson, K.	Scheid	Spk. Vanasek
Frederick	Kostohryz	Omann	Schreiber	
Frerichs	Krueger	Onnen	Seaberg	
Girard	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 1416, A bill for an act relating to state lands; authorizing private conveyance of certain tax-forfeited land in Benton county.

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	Jefferson	McDonald	Orenstein
Anderson, G.	Dempsey	Jennings	McEachern	Osthoff
Anderson, R.	Dille	Johnson, A.	McGuire	Ostrom
Battaglia	Dorn	Johnson, R.	McLaughlin	Otis
Bauerly	Forsythe	Johnson, V.	McPherson	Ozment
Beard	Frederick	Kahn	Milbert	Pappas
Begich	Frerichs	Kalis	Miller	Pauly
Bennett	Girard	Kelly	Morrison	Pellow
Bishop	Greenfield	Kelso	Munger	Pelowski
Blatz	Gruenes	Kinkel	Murphy	Peterson
Boo	Gutknecht	Knickerbocker	Nelson, C.	Poppenhagen
Brown	Hartle	Kostohryz	Nelson, K.	Price
Burger	Hasskamp	Krueger	Neuenschwander	Pugh
Carlson, D.	Haukoos	Lasley	O'Connor	Quinn
Carlson, L.	Heap	Lieder	Ogren	Redalen
Carruthers	Henry	Limmer	Olsen, S.	Reding
Clark	Himle	Long	Olson, E.	Rest
Conway	Hugoson	Lynch	Olson, K.	Rice
Cooper	Jacobs	Macklin	Omann	Richter
Dauner	Jaros	Marsh	Onnen	Rodosovich

Rukavina	Segal	Sviggum	Valento	Williams
Runbeck	Simoneau	Swenson	Vellenga	Winter
Sarna	Skoglund	Tjornhom	Wagenius	Wynia
Schafer	Solberg	Tompkins	Waltman	Spk. Vanasek
Scheid	Sparby	Trimble	Weaver	
Schreiber	Stanius	Tunheim	Welle	
Seaberg	Steensma	Uphus	Wenzel	

The bill was passed and its title agreed to.

H. F. No. 1438, A resolution memorializing the Board of Governors of the Federal Reserve Board to reject amendments to its rules that would govern permissible activities of state-chartered banks.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Orenstein	Segal
Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Limmer	Ostrom	Skoglund
Battaglia	Gutknecht	Long	Otis	Solberg
Bauerly	Hartle	Lynch	Ozment	Sparby
Beard	Hasskamp	Macklin	Pappas	Stanius
Begich	Haukoos	Marsh	Pauly	Steensma
Bennett	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Swenson
Blatz	Himle	McGuire	Peterson	Tjornhom
Boo	Hugoson	McLaughlin	Poppenhagen	Tompkins
Brown	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Tunheim
Carlson, D.	Jaros	Miller	Quinn	Uphus
Carlson, L.	Jefferson	Morrison	Redalen	Valento
Carruthers	Jennings	Munger	Reding	Vellenga
Clark	Johnson, A.	Murphy	Rest	Wagenius
Conway	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Rumbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olson, E.	Schafer	Wynia
Forsythe	Knickerbocker	Olson, K.	Scheid	Spk. Vanasek
Frederick	Kostohryz	Omann	Schreiber	
Frerichs	Krueger	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1172, A bill for an act relating to state lands; authorizing private sale of certain tax-forfeited land in Carlton county.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Orenstein	Segal
Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Limmer	Ostrom	Skoglund
Battaglia	Gutknecht	Long	Otis	Solberg
Bauerly	Hartle	Lynch	Ozment	Sparby
Beard	Hasskamp	Macklin	Pappas	Stanius
Begich	Haukoos	Marsh	Pauly	Steensma
Bennett	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Swenson
Blatz	Himle	McGuire	Peterson	Tjornhom
Boo	Hugoson	McLaughlin	Poppenhagen	Tompkins
Brown	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Tunheim
Carlson, D.	Jaros	Miller	Quinn	Uphus
Carlson, L.	Jefferson	Morrison	Redalen	Valento
Carruthers	Jennings	Munger	Reding	Vellenga
Clark	Johnson, A.	Murphy	Rest	Wagenius
Conway	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olsen, E.	Schafer	Wynia
Forsythe	Knickerbocker	Olsen, K.	Scheid	Spk. Vanasek
Frederick	Kostohryz	Omann	Schreiber	
Frerichs	Krueger	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1459, A bill for an act relating to handicapped persons; permitting training of guide dogs in public accommodations; amending Minnesota Statutes 1988, section 256C.02.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Burger	Forsythe	Himle	Kelly
Anderson, G.	Carlson, D.	Frederick	Hugoson	Kelso
Anderson, R.	Carlson, L.	Frerichs	Jacobs	Kinkel
Battaglia	Carruthers	Girard	Janezich	Knickerbocker
Bauerly	Clark	Greenfield	Jaros	Kostohryz
Beard	Conway	Gruenes	Jefferson	Krueger
Begich	Cooper	Gutknecht	Jennings	Lasley
Bennett	Dauner	Hartle	Johnson, A.	Lieder
Bishop	Dawkins	Hasskamp	Johnson, R.	Limmer
Blatz	Dempsey	Haukoos	Johnson, V.	Long
Boo	Dille	Heap	Kahn	Lynch
Brown	Dorn	Henry	Kalis	Macklin

Marsh	Ogren	Peterson	Scheid	Tunheim
McDonald	Olsen, S.	Poppenhagen	Schreiber	Uphus
McEachern	Olson, E.	Price	Seaberg	Valento
McGuire	Olson, K.	Pugh	Segal	Vellenga
McLaughlin	Omann	Quinn	Simoneau	Wagenius
McPherson	Onnen	Redalen	Skoglund	Waltman
Milbert	Orenstein	Reding	Solberg	Weaver
Miller	Osthoff	Rest	Sparby	Welle
Morrison	Ostrom	Rice	Stanius	Wenzel
Munger	Otis	Richter	Steensma	Williams
Murphy	Ozment	Rodosovich	Svigum	Winter
Nelson, C.	Pappas	Rukavina	Swenson	Wynia
Nelson, K.	Pauly	Runbeck	Tjornhom	Spk. Vanasek
Neuenschwander	Pellow	Sarna	Tompkins	
O'Connor	Pelowski	Schafer	Trimble	

The bill was passed and its title agreed to.

CALENDAR

H. F. No. 736, A bill for an act relating to elections; altering a penalty for issuing certain election certificates; requiring certifications by certain committees; amending Minnesota Statutes 1988, section 211A.05, 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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kostohryz	Olson, K.	Schafer
Anderson, G.	Girard	Krueger	Omann	Scheid
Anderson, R.	Greenfield	Lasley	Onnen	Schreiber
Battaglia	Gruenes	Lieder	Orenstein	Seaberg
Bauerly	Gutknecht	Limmer	Osthoff	Simoneau
Beard	Hartle	Long	Ostrom	Skoglund
Begich	Hasskamp	Lynch	Otis	Solberg
Bennett	Haukoos	Macklin	Ozment	Sparby
Bishop	Heap	Marsh	Pappas	Stanius
Blatz	Henry	McDonald	Pauly	Steensma
Boo	Himle	McEachern	Pellow	Svigum
Brown	Hugoson	McGuire	Pelowski	Swenson
Burger	Jacobs	McLaughlin	Peterson	Tjornhom
Carlson, D.	Janezich	McPherson	Poppenhagen	Tompkins
Carlson, L.	Jaros	Milbert	Price	Trimble
Carruthers	Jefferson	Miller	Pugh	Tunheim
Clark	Jennings	Morrison	Quinn	Uphus
Conway	Johnson, A.	Munger	Redalen	Valento
Cooper	Johnson, R.	Murphy	Reding	Vellenga
Dauner	Johnson, V.	Nelson, C.	Rest	Wagenius
Dawkins	Kahn	Nelson, K.	Rice	Waltman
Dempsey	Kalis	Neuenschwander	Richter	Weaver
Dille	Kelly	O'Connor	Rodosovich	Welle
Dorn	Kelso	Ogren	Rukavina	Wenzel
Forsythe	Kinkel	Olsen, S.	Runbeck	Williams
Frederick	Knickerbocker	Olson, E.	Sarna	Winter
				Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 955, A bill for an act relating to financial institutions; providing standards for determining transaction account service charges; permitting state banks to establish subsidiaries under certain circumstances; authorizing the commissioner to adopt rules regarding activities of banks and bank subsidiaries; amending Minnesota Statutes 1988, sections 48.512, by adding a subdivision; and 48.61, 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	Girard	Krueger	Onnen	Schreiber
Anderson, G.	Greenfield	Lasley	Orenstein	Seaberg
Anderson, R.	Gruenes	Lieder	Osthoff	Segal
Battaglia	Gutknecht	Limmer	Ostrom	Simoneau
Bauerly	Hartle	Long	Otis	Skoglund
Beard	Hasskamp	Lynch	Ozment	Solberg
Begich	Haukoos	Macklin	Pappas	Sparby
Bennett	Heap	Marsh	Pauly	Stanius
Bishop	Henry	McDonald	Pellow	Steensma
Blatz	Himle	McEachern	Pelowski	Sviggum
Boo	Hugoson	McGuire	Peterson	Swenson
Brown	Jacobs	McLaughlin	Poppenhagen	Tjornhom
Carlson, D.	Janezich	McPherson	Price	Tompkins
Carlson, L.	Jaros	Milbert	Pugh	Trimble
Carruthers	Jefferson	Miller	Quinn	Tunheim
Clark	Jennings	Munger	Redalen	Uphus
Conway	Johnson, A.	Murphy	Reding	Valento
Cooper	Johnson, R.	Nelson, C.	Rest	Vellenga
Dauner	Johnson, V.	Nelson, K.	Rice	Wagenius
Dawkins	Kahn	Neuenschwander	Richter	Waltman
Dempsey	Kalis	O'Connor	Rodosovich	Weaver
Dille	Kelly	Ogren	Rukavina	Welle
Dorn	Kelso	Olsen, S.	Runbeck	Wenzel
Forsythe	Kinkel	Olson, E.	Sarna	Williams
Frederick	Knickerbocker	Olson, K.	Schafer	Winter
Frichs	Kostohryz	Omann	Scheid	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1029, A bill for an act relating to Blue Earth county; authorizing the county to transfer certain duties.

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	Girard	Lasley	Orenstein	Segal
Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Limmer	Ostrom	Skoglund
Battaglia	Gutknecht	Long	Otis	Solberg
Bauerly	Hartle	Lynch	Ozment	Sparby
Beard	Hasskamp	Macklin	Pappas	Stanis
Begich	Haukoos	Marsh	Pauly	Steensma
Bennett	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Swenson
Blatz	Himle	McGuire	Peterson	Tjornhom
Boo	Hugoson	McLaughlin	Poppenhagen	Tompkins
Brown	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Tunheim
Carlson, D.	Jaros	Miller	Quinn	Uphus
Carlson, L.	Jefferson	Morrison	Redalen	Valento
Carruthers	Jennings	Munger	Reding	Vellenga
Clark	Johnson, A.	Murphy	Rest	Wagenius
Conway	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Rumbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olsen, E.	Schafer	Wynia
Forsythe	Knickerbocker	Olson, K.	Scheid	
Frederick	Kostohryz	Omann	Schreiber	
Frerichs	Krueger	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1077, A bill for an act relating to state lands; authorizing conveyance of state land to the city of St. Peter.

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	Carlson, D.	Frerichs	Janezich	Kostohryz
Anderson, G.	Carlson, L.	Girard	Jaros	Krueger
Anderson, R.	Carruthers	Greenfield	Jefferson	Lasley
Battaglia	Clark	Gruenes	Jennings	Lieder
Bauerly	Conway	Gutknecht	Johnson, A.	Limmer
Beard	Cooper	Hartle	Johnson, R.	Long
Begich	Dauner	Hasskamp	Johnson, V.	Lynch
Bennett	Dawkins	Haukoos	Kahn	Macklin
Bishop	Dempsey	Heap	Kalis	Marsh
Blatz	Dille	Henry	Kelly	McDonald
Boo	Dorn	Himle	Kelso	McEachern
Brown	Forsythe	Hugoson	Kinkel	McGuire
Burger	Frederick	Jacobs	Knickerbocker	McLaughlin

McPherson	Onnen	Quinn	Segal	Valento
Milbert	Orenstein	Redalen	Simoneau	Vellenga
Miller	Osthoff	Reding	Skoglund	Wagenius
Morrison	Ostrom	Rest	Solberg	Waltman
Murphy	Otis	Rice	Sparby	Weaver
Nelson, C.	Ozment	Richter	Stanius	Welle
Nelson, K.	Pappas	Rodosovich	Steensma	Wenzel
Neuenschwander	Pauly	Rukavina	Sviggum	Williams
O'Connor	Pellow	Runbeck	Swenson	Winter
Ogren	Pelowski	Sarna	Tjornhom	Wynia
Olsen, S.	Peterson	Schafer	Tompkins	Spk. Vanasek
Olson, E.	Poppenhagen	Scheid	Trimble	
Olson, K.	Price	Schreiber	Tunheim	
Omann	Pugh	Seaberg	Uphus	

The bill was passed and its title agreed to.

H. F. No. 1104, A bill for an act relating to county personnel boards and other state and local government bodies; increasing the size of the Ramsey county personnel board; permitting the director to issue subpoenas; providing for court enforcement of state and local government entity subpoena powers; amending Minnesota Statutes 1988, sections 383A.287, subdivision 2; 383A.294, by adding a subdivision; 383B.36, subdivision 2; and 383C.048; proposing coding for new law as Minnesota Statutes, chapter 594.

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	Frerichs	Knickerbocker	Olsen, S.	Rukavina
Anderson, G.	Girard	Kostohryz	Olson, E.	Runbeck
Anderson, R.	Greenfield	Krueger	Olson, K.	Sarna
Battaglia	Gruenes	Lasley	Omann	Schafer
Bauerly	Gutknecht	Lieder	Onnen	Scheid
Beard	Hartle	Limmer	Orenstein	Schreiber
Begich	Hasskamp	Long	Osthoff	Seaberg
Bennett	Haukoos	Lynch	Ostrom	Segal
Bishop	Heap	Macklin	Otis	Simoneau
Blatz	Henry	Marsh	Ozment	Skoglund
Boo	Himle	McDonald	Pappas	Solberg
Brown	Hugoson	McEachern	Pauly	Sparby
Burger	Jacobs	McGuire	Pellow	Stanius
Carlson, D.	Janezich	McLaughlin	Pelowski	Steensma
Carlson, L.	Jaros	McPherson	Peterson	Sviggum
Carruthers	Jefferson	Milbert	Poppenhagen	Swenson
Clark	Jennings	Miller	Price	Tjornhom
Conway	Johnson, A.	Morrison	Pugh	Tompkins
Cooper	Johnson, R.	Munger	Quinn	Trimble
Dauner	Johnson, V.	Murphy	Redalen	Tunheim
Dawkins	Kahn	Nelson, C.	Reding	Uphus
Dille	Kalis	Nelson, K.	Rest	Valento
Dorn	Kelly	Neuenschwander	Rice	Vellenga
Forsythe	Kelso	O'Connor	Richter	Wagenius
Frederick	Kinkel	Ogren	Rodosovich	Waltman

Weaver Wenzel Winter Spk. Vanasek
Welle Williams Wynia

Those who voted in the negative were:

Dempsey.

The bill was passed and its title agreed to.

H. F. No. 1267, A bill for an act relating to Anoka county; permitting the appointment of the auditor, recorder, and treasurer; authorizing the reorganization of county offices.

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	Greenfield	Lieder	Osthoff	Simoneau
Anderson, G.	Gruenes	Limmer	Ostrom	Skoglund
Anderson, R.	Gutknecht	Long	Otis	Solberg
Battaglia	Hartle	Lynch	Ozment	Sparby
Bauerly	Hasskamp	Macklin	Pappas	Stanius
Beard	Haukoos	Marsh	Pauly	Steenasma
Begich	Heap	McDonald	Pellow	Sviggum
Bennett	Henry	McEachern	Pelowski	Swenson
Bishop	Himle	McGuire	Peterson	Tjornhom
Blatz	Hugoson	McLaughlin	Poppenhagen	Tompkins
Boo	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Tunheim
Carlson, D.	Jaros	Miller	Quinn	Uphus
Carlson, L.	Jefferson	Morrison	Redalen	Valento
Carruthers	Jennings	Munger	Reding	Vellenga
Clark	Johnson, A.	Murphy	Rest	Wagenius
Conway	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olson, E.	Schafer	Wynia
Forsythe	Knickerbocker	Olson, K.	Scheid	Spk. Vanasek
Frederick	Kostohryz	Omman	Schreiber	
Frerichs	Krueger	Onnen	Seaberg	
Girard	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 1283, A bill for an act relating to insurance; property and casualty; regulating policy provisions, forms, nonrenewals, coverages; regulating trade practices in these and other lines; regulating the Minnesota joint underwriting association; making certain technical changes; amending Minnesota Statutes 1988, sections 60A.02,

by adding a subdivision; 60A.08, by adding a subdivision; 60A.17, subdivision 6c; 60A.198, subdivision 3; 62I.02, subdivision 2; 62I.16, subdivision 3; 65A.29, subdivision 8, and by adding subdivisions; 65A.33, subdivision 3; 65B.15, subdivision 1; 65B.44, subdivision 3; 65B.525, subdivision 1; 72A.20, subdivision 17, and by adding subdivisions; 72A.201, subdivision 5, and by adding subdivisions; and 79.251, by adding a subdivision; repealing Minnesota Statutes 1988, section 62I.12; and Minnesota Rules, part 2780.2700.

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	Frerichs	Lasley	Onnen	Schreiber
Anderson, G.	Girard	Lieder	Orenstein	Seaberg
Anderson, R.	Greenfield	Limmer	Osthoff	Segal
Battaglia.	Gruenes	Long	Ostrom	Simoneau
Bauerly	Gutknecht	Lynch	Otis	Skoglund
Beard	Hartle	Macklin	Ozment	Solberg
Begich	Hasskamp	Marsh	Pappas	Sparby
Bennett	Haukoos	McDonald	Pauly	Stanisus
Bishop	Heap	McEachern	Pellow	Steensma
Blatz	Henry	McGuire	Pelowski	Sviggum
Boo	Hugoson	McLaughlin	Peterson	Swenson
Brown	Jacobs	McPherson	Poppenhagen	Tjornhom
Burger	Janezich	Milbert	Price	Tompkins
Carlson, D.	Jaros	Miller	Pugh	Trimble
Carlson, L.	Jefferson	Morrison	Quinn	Tunheim
Carruthers	Jennings	Munger	Redalen	Uphus
Clark	Johnson, R.	Murphy	Reding	Valento
Conway	Johnson, V.	Nelson, C.	Rest	Vellenga
Cooper	Kahn	Nelson, K.	Rice	Wagenius
Dauner	Kalis	Neuenschwander	Richter	Waltman
Dawkins	Kelly	O'Connor	Rodosovich	Welle
Dempsey	Kelso	Ogren	Rukavina	Wenzel
Dille	Kinkel	Olsen, S.	Runbeck	Williams
Dorn	Knickerbocker	Olsen, E.	Sarna	Winter
Forsythe	Kostohryz	Olson, K.	Schafer	Wynia
Frederick	Krueger	Omann	Scheid	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1311, A bill for an act relating to public employees; providing a policy prohibiting harassment based on race or disability; requiring discipline for employees who engage in harassment; proposing coding for new law in Minnesota Statutes, chapter 15.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Omann	Scheid
Anderson, G.	Girard	Lasley	Onnen	Schreiber
Anderson, R.	Greenfield	Lieder	Orenstein	Seaberg
Battaglia	Gruenes	Limmer	Osthoff	Segal
Bauerly	Gutknecht	Long	Ostrom	Simoneau
Beard	Hartle	Lynch	Otis	Skoglund
Begich	Hasskamp	Macklin	Ozment	Solberg
Bennett	Haukoos	Marsh	Pappas	Sparby
Bishop	Heap	McDonald	Pauly	Stanius
Blatz	Henry	McEachern	Pellow	Steensma
Boo	Himle	McGuire	Pelowski	Sviggum
Brown	Hugoson	McLaughlin	Peterson	Swenson
Burger	Jacobs	McPherson	Poppenhagen	Tjornhom
Carlson, D.	Janezich	Milbert	Price	Tompkins
Carlson, L.	Jaros	Miller	Pugh	Trimble
Carruthers	Jefferson	Morrison	Quinn	Tunheim
Clark	Jennings	Munger	Redalen	Uphus
Conway	Johnson, A.	Murphy	Reding	Valento
Cooper	Johnson, V.	Nelson, C.	Rest	Vellenga
Dauner	Kahn	Nelson, K.	Rice	Wagenius
Dawkins	Kalis	Neuenschwander	Richter	Waltman
Dempsey	Kelly	O'Connor	Rodosovich	Weaver
Dille	Kelso	Ogren	Rukavina	Welle
Dorn	Kinkel	Olsen, S.	Runbeck	Wenzel
Forsythe	Knickerbocker	Olsen, E.	Sarna	Williams
Frederick	Kostohryz	Olson, K.	Schafer	Winter
				Wynia

The bill was passed and its title agreed to.

H. F. No. 1330, A bill for an act relating to agriculture; changing the dairy industry checkoff rate; amending Minnesota Statutes 1988, section 17.59, 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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Clark	Hasskamp	Kelly	McLaughlin
Anderson, G.	Conway	Haukoos	Kelso	McPherson
Anderson, R.	Cooper	Heap	Kinkel	Milbert
Battaglia	Dauner	Henry	Knickerbocker	Miller
Bauerly	Dawkins	Himle	Kostohryz	Morrison
Beard	Dempsey	Hugoson	Krueger	Munger
Begich	Dille	Jacobs	Lasley	Murphy
Bennett	Dorn	Janezich	Lieder	Nelson, C.
Bishop	Forsythe	Jaros	Limmer	Nelson, K.
Blatz	Frederick	Jefferson	Long	Neuenschwander
Boo	Frerichs	Jennings	Lynch	O'Connor
Brown	Girard	Johnson, A.	Macklin	Ogren
Burger	Greenfield	Johnson, R.	Marsh	Olsen, S.
Carlson, D.	Gruenes	Johnson, V.	McDonald	Olson, E.
Carlson, L.	Gutknecht	Kahn	McEachern	Olson, K.
Carruthers	Hartle	Kalis	McGuire	Omann

Onnen	Poppenhagen	Runbeck	Stanius	Wagenius
Orenstein	Price	Sarna	Steensma	Waltman
Osthoff	Pugh	Schafer	Sviggum	Weaver
Ostrom	Quinn	Scheid	Swenson	Welle
Otis	Redalen	Schreiber	Tjornhom	Wenzel
Ozment	Reding	Seaberg	Tompkins	Williams
Pappas	Rest	Segal	Trimble	Winter
Pauly	Rice	Simoneau	Tunheim	Wynia
Pellow	Richter	Skoglund	Uphus	Spk. Vanasek
Pelowski	Rodosovich	Solberg	Valento	
Peterson	Rukavina	Sparby	Vellenga	

The bill was passed and its title agreed to.

S. F. No. 192, A bill for an act relating to natural resources; increasing certain limits on security in lieu of bond for forestry development projects; amending Minnesota Statutes 1988, section 574.264, 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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lieder	Osthoff	Simoneau
Anderson, G.	Greenfield	Limmer	Ostrom	Skoglund
Anderson, R.	Gruenes	Long	Otis	Solberg
Battaglia	Gutknecht	Lynch	Ozment	Sparby
Bauerly	Hartle	Macklin	Pappas	Stanius
Beard	Hasskamp	Marsh	Pauly	Steensma
Begich	Haukoos	McDonald	Pellow	Sviggum
Bennett	Heap	McEachern	Pelowski	Swenson
Bishop	Henry	McGuire	Peterson	Tjornhom
Blatz	Himle	McLaughlin	Poppenhagen	Tompkins
Boo	Hugoson	McPherson	Price	Trimble
Brown	Jacobs	Milbert	Pugh	Tunheim
Burger	Janezich	Miller	Quinn	Uphus
Carlson, D.	Jaros	Morrison	Redalen	Valento
Carlson, L.	Jefferson	Munger	Reding	Vellenga
Carruthers	Jennings	Murphy	Rest	Wagenius
Clark	Johnson, A.	Nelson, C.	Rice	Waltman
Conway	Johnson, R.	Nelson, K.	Richter	Weaver
Cooper	Johnson, V.	Neuenschwander	Rodosovich	Welle
Dauner	Kalis	O'Connor	Rukavina	Wenzel
Dawkins	Kelly	Ogren	Runbeck	Williams
Dempsey	Kelso	Olsen, S.	Sarna	Winter
Dille	Kinkel	Olson, E.	Schafer	Wynia
Dorn	Knickerbocker	Olson, K.	Scheid	Spk. Vanasek
Forsythe	Kostohryz	Omann	Schreiber	
Frederick	Krueger	Onnen	Seaberg	
Frerichs	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

S. F. No. 271, A bill for an act relating to game and fish; contents

of firearms safety course for young hunters; amending Minnesota Statutes 1988, section 97B.015, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Orenstein	Segal
Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Limmer	Ostrom	Skoglund
Battaglia	Gutknecht	Long	Otis	Solberg
Bauerly	Hartle	Lynch	Ozment	Sparby
Beard	Hasskamp	Macklin	Pappas	Stanius
Begich	Haukoos	Marsh	Pauly	Steenma
Bennett	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Swenson
Blatz	Himle	McGuire	Peterson	Tjornhom
Boo	Hugoson	McLaughlin	Poppenhagen	Tompkins
Brown	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Tunheim
Carlson, D.	Jaros	Miller	Quinn	Uphus
Carlson, L.	Jefferson	Morrison	Redalen	Valento
Carruthers	Jennings	Munger	Reding	Vellenga
Clark	Johnson, A.	Murphy	Rest	Wagenius
Conway	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olson, E.	Schafer	Wynia
Forsythe	Knickerbocker	Olson, K.	Scheid	Spk. Vanasek
Frederick	Kostohryz	Omann	Schreiber	
Frerichs	Krueger	Onnen	Seaberg	

The bill was passed and its title agreed to.

S. F. No. 332, A bill for an act relating to game and fish; open season for walleyed pike on the Rainy River; amending Minnesota Statutes 1988, section 97C.403, subdivision 3.

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

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Bishop	Burger	Clark
Anderson, G.	Beard	Blatz	Carlson, D.	Conway
Anderson, R.	Begich	Boo	Carlson, L.	Cooper
Battaglia	Bennett	Brown	Carruthers	Dauner

Dawkins	Jennings	McLaughlin	Pellow	Skoglund
Dempsey	Johnson, A.	McPherson	Pelowski	Solberg
Dille	Johnson, R.	Milbert	Peterson	Stanius
Dorn	Johnson, V.	Miller	Poppenhagen	Steensma
Forsythe	Kahn	Morrison	Price	Swiggum
Frederick	Kalis	Murphy	Pugh	Swenson
Frerichs	Kelly	Nelson, C.	Quinn	Tjornhom
Girard	Kelso	Nelson, K.	Redalen	Tompkins
Greenfield	Kinkel	Neuenschwander	Reding	Trimble
Gruenes	Knickerbocker	O'Connor	Rest	Tunheim
Gutknecht	Kostohryz	Ogren	Rice	Uphus
Hartle	Krueger	Olsen, S.	Richter	Valento
Hasskamp	Lasley	Olsen, E.	Rodosovich	Vellenga
Haukoos	Lieder	Olson, K.	Rukavina	Wagenius
Heap	Limmer	Omann	Runbeck	Waltman
Henry	Long	Onnen	Sarna	Weaver
Himle	Lynch	Orenstein	Schafer	Welle
Hugoson	Macklin	Ostrom	Scheid	Wenzel
Jacobs	Marsh	Otis	Schreiber	Williams
Janezich	McDonald	Ozment	Seaberg	Winter
Jaros	McEachern	Pappas	Segal	Wynia
Jefferson	McGuire	Pauly	Simoneau	Spk. Vanasek

Those who voted in the negative were:

Osthoff

The bill was passed and its title agreed to.

S. F. No. 681, A bill for an act relating to housing; changing terminology in the temporary housing demonstration program; extending the authorized duration of transitional housing; providing for an annual report to the legislature; amending Minnesota Statutes 1988, section 268.38, subdivisions 1, 2, 4, 8, 11, and 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	Clark	Hasskamp	Kelly	McLaughlin
Anderson, G.	Conway	Haukoos	Kelso	McPherson
Anderson, R.	Cooper	Heap	Kinkel	Milbert
Battaglia	Dauner	Henry	Knickerbocker	Miller
Bauerly	Dawkins	Himle	Kostohryz	Morrison
Beard	Dempsey	Hugoson	Krueger	Munger
Begich	Dille	Jacobs	Lasley	Murphy
Bennett	Dorn	Janezich	Lieder	Nelson, C.
Bishop	Forsythe	Jaros	Limmer	Nelson, K.
Blatz	Frederick	Jefferson	Long	Neuenschwander
Boo	Frerichs	Jennings	Lynch	O'Connor
Brown	Girard	Johnson, A.	Macklin	Ogren
Burger	Greenfield	Johnson, R.	Marsh	Olsen, S.
Carlson, D.	Gruenes	Johnson, V.	McDonald	Olson, E.
Carlson, L.	Gutknecht	Kahn	McEachern	Olson, K.
Carruthers	Hartle	Kalis	McGuire	Omann

Onnen	Poppenhagen	Sarna	Steensma	Waltman
Orenstein	Price	Schafer	Sviggun	Weaver
Osthoff	Quinn	Scheid	Swenson	Welle
Ostrom	Redalen	Schreiber	Tjornhom	Wenzel
Otis	Reding	Seaberg	Tompkins	Williams
Ozment	Rest	Segal	Trimble	Winter
Pappas	Rice	Simoneau	Tunheim	Wynia
Pauly	Richter	Skoglund	Uphus	Spk. Vanasek
Pellow	Rodosovich	Solberg	Valento	
Pelowski	Rukavina	Sparby	Vellenga	
Peterson	Runbeck	Stanius	Wagenius	

The bill was passed and its title agreed to.

H. F. No. 386, A bill for an act relating to health; permitting various public hospitals to hold closed meetings on certain facility business; amending Minnesota Statutes 1988, section 144.581, 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 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Onnen	Seaberg
Anderson, G.	Girard	Lasley	Orenstein	Segal
Anderson, R.	Greenfield	Lieder	Ostrom	Simoneau
Battaglia	Gruenes	Limmer	Otis	Skoglund
Bauerly	Gutknecht	Long	Ozment	Solberg
Beard	Hartle	Lynch	Pappas	Sparby
Begich	Hasskamp	Macklin	Pauly	Stanius
Bennett	Haukoos	Marsh	Pellow	Steensma
Bishop	Heap	McDonald	Pelowski	Sviggun
Blatz	Henry	McEachern	Peterson	Swenson
Boo	Himle	McGuire	Poppenhagen	Tjornhom
Brown	Hugoson	McLaughlin	Price	Tompkins
Burger	Jacobs	McPherson	Pugh	Trimble
Carlson, D.	Janezich	Milbert	Quinn	Tunheim
Carlson, L.	Jaros	Miller	Redalen	Uphus
Carruthers	Jefferson	Morrison	Reding	Valento
Clark	Jennings	Munger	Rest	Vellenga
Conway	Johnson, A.	Murphy	Rice	Wagenius
Cooper	Johnson, R.	Nelson, C.	Richter	Waltman
Dauner	Johnson, V.	Nelson, K.	Rodosovich	Weaver
Dawkins	Kahn	Neuenschwander	Rukavina	Welle
Dempsey	Kalis	O'Connor	Runbeck	Wenzel
Dille	Kelly	Ogren	Sarna	Williams
Dorn	Kinkel	Olson, E.	Schafer	Winter
Forsythe	Knickerbocker	Olson, K.	Scheid	Wynia
Frederick	Kostohryz	Omann	Schreiber	Spk. Vanasek

Those who voted in the negative were:

Olsen, S. Osthoff

The bill was passed and its title agreed to.

H. F. No. 400, A bill for an act relating to natural resources; requiring written notice to the commissioner of natural resources of the vacation of roads, highways, streets, alleys, and similar public grounds that terminate at or abut upon any public water; amending Minnesota Statutes 1988, sections 161.16, subdivision 6; 163.11, by adding a subdivision; 164.07, subdivision 2; 412.851; 440.13; 440.135, subdivision 2; and 505.14.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Orenstein	Segal
Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Limmer	Ostrom	Skoglund
Battaglia	Gutknecht	Long	Otis	Solberg
Bauerly	Hartle	Lynch	Ozment	Sparby
Beard	Hasskamp	Macklin	Pappas	Stanius
Begich	Haukoos	Marsh	Pauly	Steensma
Bennett	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Swenson
Blatz	Himle	McGuire	Peterson	Tjornhom
Boo	Hugoson	McLaughlin	Poppenhagen	Tompkins
Brown	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Tunheim
Carlson, D.	Jaros	Miller	Quinn	Uphus
Carlson, L.	Jefferson	Morrison	Redalen	Valento
Carruthers	Jennings	Munger	Reding	Vellenga
Clark	Johnson, A.	Murphy	Rest	Wagenius
Conway	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olson, E.	Schafer	Wynia
Forsythe	Knickerbocker	Olson, K.	Scheid	Spk. Vanasek
Frederick	Kostohryz	Omann	Schreiber	
Frerichs	Krueger	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 655, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public waters in Anoka county.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Orenstein	Seaberg
Anderson, G.	Girard	Lasley	Osthoff	Segal
Anderson, R.	Greenfield	Lieder	Ostrom	Simoneau
Battaglia	Gruenes	Limmer	Otis	Skoglund
Bauerly	Gutknecht	Long	Ozment	Solberg
Beard	Hartle	Lynch	Pappas	Sparby
Begich	Hasskamp	Macklin	Pauly	Stanius
Bennett	Haukoos	Marsh	Pellow	Steenasma
Bishop	Heap	McDonald	Pelowski	Sviggum
Blatz	Henry	McEachern	Peterson	Swenson
Boo	Himle	McGuire	Poppenhagen	Tjornhom
Brown	Hugoson	McLaughlin	Price	Tompkins
Burger	Jacobs	McPherson	Pugh	Trimble
Carlson, D.	Jaros	Milbert	Quinn	Tunheim
Carlson, L.	Jefferson	Miller	Redalen	Uphus
Carruthers	Jennings	Morrison	Reding	Valento
Clark	Johnson, A.	Murphy	Rest	Vellenga
Conway	Johnson, R.	Nelson, C.	Rice	Wagenius
Cooper	Johnson, V.	Nelson, K.	Richter	Waltman
Dauner	Kahn	Neuenschwander	Rodosovich	Weaver
Dawkins	Kalis	O'Connor	Rukavina	Welle
Dempsey	Kelly	Olsen, S.	Runbeck	Wenzel
Dille	Kelso	Olson, E.	Sarna	Williams
Dorn	Kinkel	Olson, K.	Schafer	Winter
Forsythe	Knickerbocker	Omann	Scheid	Spk. Vanasek
Frederick	Kostohryz	Onnen	Schreiber	

The bill was passed and its title agreed to.

H. F. No. 796, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public waters in Pine and Fillmore counties.

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	Dempsey	Jefferson	McDonald	Orenstein
Anderson, G.	Dille	Jennings	McEachern	Osthoff
Anderson, R.	Dorn	Johnson, A.	McGuire	Ostrom
Battaglia	Forsythe	Johnson, R.	McLaughlin	Ozment
Bauerly	Frederick	Johnson, V.	McPherson	Pappas
Beard	Frerichs	Kahn	Milbert	Pauly
Begich	Girard	Kalis	Miller	Pellow
Bennett	Greenfield	Kelly	Morrison	Pelowski
Bishop	Gruenes	Kelso	Munger	Peterson
Blatz	Gutknecht	Kinkel	Murphy	Poppenhagen
Boo	Hartle	Knickerbocker	Nelson, C.	Price
Brown	Hasskamp	Kostohryz	Nelson, K.	Quinn
Carlson, D.	Haukoos	Krueger	Neuenschwander	Redalen
Carlson, L.	Heap	Lasley	O'Connor	Reding
Carruthers	Henry	Lieder	Ogren	Rest
Clark	Himle	Limmer	Olsen, S.	Rice
Conway	Hugoson	Long	Olson, E.	Richter
Cooper	Jacobs	Lynch	Olson, K.	Rodosovich
Dauner	Janezich	Macklin	Omann	Rukavina
Dawkins	Jaros	Marsh	Onnen	Runbeck

Sarna	Simoneau	Sviggum	Uphus	Welle
Schafer	Skoglund	Swenson	Valento	Wenzel
Scheid	Solberg	Tjornhom	Vellenga	Williams
Schreiber	Sparby	Tompkins	Wagenius	Winter
Seaberg	Stanius	Trimble	Waltman	Wynia
Segal	Steensma	Tunheim	Weaver	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 812, A bill for an act relating to insurance; life; allowing insurance policies to contain a rider providing for early payment of benefits to recipients of long-term care; amending Minnesota Statutes 1988, sections 60A.06, subdivisions 1 and 3; proposing coding for new law in Minnesota Statutes, chapter 61A.

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	Girard	Lasley	Orenstein	Segal
Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Limmer	Ostrom	Skoglund
Battaglia	Gutknecht	Long	Otis	Solberg
Bauerly	Hartle	Lynch	Ozment	Sparby
Beard	Hasskamp	Macklin	Pappas	Stanius
Begich	Haukoos	Marsh	Pauly	Steensma
Bennett	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Swenson
Blatz	Himle	McGuire	Peterson	Tjornhom
Boo	Hugoson	McLaughlin	Poppenhagen	Tompkins
Brown	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Tunheim
Carlson, D.	Jaros	Miller	Quinn	Uphus
Carlson, L.	Jefferson	Morrison	Redalen	Valento
Carruthers	Jennings	Munger	Reding	Vellenga
Clark	Johnson, A.	Murphy	Rest	Wagenius
Conway	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olson, E.	Schafer	Wynia
Forsythe	Knickerbocker	Olson, K.	Scheid	
Frederick	Kostohryz	Omann	Schreiber	
Frerichs	Krueger	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1149, A bill for an act relating to state lands; providing for exceptions to usual conveyance procedures; amending Minnesota Statutes 1988, sections 94.10, by adding a subdivision; and 282.01,

by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 94.

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	Frichs	Krueger	Omann	Scheid
Anderson, G.	Girard	Lasley	Onnen	Schreiber
Anderson, R.	Greenfield	Lieder	Orenstein	Seaberg
Battaglia	Gruenes	Limmer	Osthoff	Segal
Bauerly	Gutknecht	Long	Ostrom	Simoneau
Beard	Hartle	Lynch	Otis	Skoglund
Begich	Hasskamp	Macklin	Ozment	Solberg
Bennett	Haukoos	Marsh	Pappas	Stanius
Bishop	Heap	McDonald	Pauly	Steensma
Blatz	Henry	McEachern	Pellow	Sviggum
Boo	Himle	McGuire	Pelowski	Swenson
Brown	Hugoson	McLaughlin	Peterson	Tjornhom
Burger	Jacobs	McPherson	Poppenhagen	Tompkins
Carlson, D.	Janezich	Milbert	Price	Trimble
Carlson, L.	Jaros	Miller	Pugh	Tunheim
Carruthers	Jefferson	Morrison	Quinn	Uphus
Clark	Jennings	Munger	Redalen	Valento
Conway	Johnson, A.	Murphy	Reding	Vellenga
Cooper	Johnson, R.	Nelson, C.	Rest	Wagenius
Dauner	Johnson, V.	Nelson, K.	Rice	Waltman
Dawkins	Kalis	Neuenschwander	Richter	Weaver
Dempsey	Kelly	O'Connor	Rodosovich	Welle
Dille	Kelso	Ogren	Rukavina	Wenzel
Dorn	Kinkel	Olsen, S.	Runbeck	Williams
Forsythe	Knickerbocker	Olson, E.	Sarna	Winter
Frederick	Kostohryz	Olson, K.	Schafer	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1160; A bill for an act relating to education; authorizing school district participation in certain energy efficiency projects; proposing coding for new law in Minnesota Statutes, chapter 124.

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	Bauerly	Bishop	Burger	Clark
Anderson, G.	Beard	Blatz	Carlson, D.	Conway
Anderson, R.	Begich	Boo	Carlson, L.	Cooper
Battaglia	Bennett	Brown	Carruthers	Dauner

Dawkins	Johnson, A.	Milbert	Pelowski	Sparby
Dempsey	Johnson, R.	Miller	Peterson	Stanis
Dille	Johnson, V.	Morrison	Poppenhagen	Steensma
Dorn	Kahn	Munger	Price	Sviggum
Forsythe	Kalis	Murphy	Pugh	Swenson
Frederick	Kelly	Nelson, C.	Quinn	Tjornhom
Frerichs	Kelso	Nelson, K.	Redalen	Tompkins
Girard	Kinkel	Neuenschwander	Reding	Trimble
Greenfield	Knickerbocker	O'Connor	Rest	Tunheim
Gruenes	Kostohryz	Ogren	Rice	Uphus
Gutknecht	Krueger	Olsen, S.	Richter	Valento
Hartle	Lasley	Olson, E.	Rodosovich	Vellenga
Hasskamp	Lieder	Olson, K.	Rukavina	Waltman
Haukoos	Limmer	Omann	Runbeck	Weaver
Heap	Long	Onnen	Sarna	Welle
Henry	Lynch	Orenstein	Schafer	Wenzel
Himle	Macklin	Osthoff	Scheid	Williams
Hugoson	Marsh	Ostrom	Schreiber	Winter
Jacobs	McDonald	Otis	Seaberg	Wynia
Janezich	McEachern	Ozment	Segal	Spk. Vanasek
Jaros	McGuire	Pappas	Simoneau	
Jefferson	McLaughlin	Pauly	Skoglund	
Jennings	McPherson	Pellow	Solberg	

The bill was passed and its title agreed to.

H. F. No. 1351, A bill for an act relating to local government; permitting the Dakota and Washington county housing and redevelopment authorities to waive performance bonds for single family housing construction; amending Laws 1971, chapter 333; and Laws 1974, chapter 475.

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	Jaros	Marsh	Onnen
Anderson, G.	Dempsey	Jefferson	McDonald	Orenstein
Anderson, R.	Dille	Jennings	McEachern	Osthoff
Battaglia	Dorn	Johnson, A.	McGuire	Ostrom
Bauerly	Forsythe	Johnson, R.	McLaughlin	Otis
Beard	Frederick	Johnson, V.	McPherson	Ozment
Begich	Frerichs	Kahn	Milbert	Pappas
Bennett	Girard	Kalis	Miller	Pauly
Bishop	Greenfield	Kelly	Morrison	Pellow
Blatz	Gruenes	Kelso	Munger	Pelowski
Boo	Gutknecht	Kinkel	Murphy	Peterson
Brown	Hartle	Knickerbocker	Nelson, C.	Poppenhagen
Burger	Hasskamp	Kostohryz	Nelson, K.	Price
Carlson, D.	Haukoos	Krueger	Neuenschwander	Pugh
Carlson, L.	Heap	Lasley	O'Connor	Quinn
Carruthers	Henry	Lieder	Ogren	Redalen
Clark	Himle	Limmer	Olsen, S.	Reding
Conway	Hugoson	Long	Olson, E.	Rest
Cooper	Jacobs	Lynch	Olson, K.	Rice
Dauner	Janezich	Macklin	Omann	Richter

Rodosovich	Segal	Sviggum	Valento	Williams
Rukavina	Simoneau	Swenson	Vellenga	Winter
Runbeck	Skoglund	Tjornhom	Wagenius	Wynia
Sarna	Solberg	Tompkins	Waltman	Spk. Vanasek
Schafer	Sparby	Trimble	Weaver	
Schreiber	Stanius	Tunheim	Welle	
Seaberg	Steensma	Uphus	Wenzel	

The bill was passed and its title agreed to.

H. F. No. 1411, A bill for an act relating to cooperatives; recodifying and clarifying certain provisions on cooperative businesses; amending certain provisions of cooperative business law; requiring a registered officer or agent for cooperatives; authorizing cooperatives to provide greater approval proportions than provided in statute for certain cooperative actions; providing corporate existence of cooperative begins with filing of articles; authorizing loans to and fiduciary powers with members; specifying how vacancies in unexpired directors' terms may be filled; authorizing the board to rescind membership for member violations; eliminating certain filings with county recorders; eliminating attorney general approval of articles of merger or consolidation; prescribing a fee for filing articles of consolidation; prescribing a procedure for dissolution of cooperatives; deeming certain organized cooperatives to be organized under and subject to this act; amending Minnesota Statutes 1988, sections 47.20, subdivision 2; 117.232, subdivision 1; 216B.027, subdivision 5; 237.075, subdivision 9; 273.124, subdivisions 3 and 6; 273.132, subdivision 5; 363.01, subdivision 32; and 500.20, subdivision 2a; proposing coding for new law as Minnesota Statutes, chapter 308A; repealing Minnesota Statutes 1988, sections 308.01 to 308.92.

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	Conway	Heap	Knickerbocker	Morrison
Anderson, G.	Cooper	Henry	Kostohryz	Munger
Anderson, R.	Dauner	Himle	Krueger	Murphy
Battaglia	Dawkins	Hugoson	Lasley	Nelson, C.
Bauerly	Dempsey	Jacobs	Lieder	Nelson, K.
Beard	Dille	Janezich	Limmer	Neuenschwander
Begich	Dorn	Jaros	Long	O'Connor
Bennett	Forsythe	Jefferson	Lynch	Ogren
Bishop	Frederick	Jennings	Macklin	Olsen, S.
Blatz	Frerichs	Johnson, A.	Marsh	Olson, E.
Boo	Girard	Johnson, R.	McDonald	Olson, K.
Brown	Greenfield	Johnson, V.	McEachern	Omann
Burger	Gruenes	Kahn	McGuire	Onnen
Carlson, D.	Gutknecht	Kalis	McLaughlin	Orenstein
Carlson, L.	Hartle	Kelly	McPherson	Osthoff
Carruthers	Hasskamp	Kelso	Milbert	Ostrom
Clark	Haukoos	Kinkel	Miller	Otis

Ozment	Redalen	Schreiber	Swenson	Weaver
Pappas	Reding	Seaberg	Tjornhom	Welle
Pauly	Rest	Segal	Tompkins	Wenzel
Pellow	Rice	Simoneau	Trimble	Williams
Pelowski	Richter	Skoglund	Tunheim	Winter
Peterson	Rodosovich	Solberg	Uphus	Wynia
Poppenhagen	Rukavina	Sparby	Valento	Spk. Vanasek
Price	Runbeck	Stanius	Vellenga	
Pugh	Sarna	Steenasma	Wagenius	
Quinn	Schafer	Sviggum	Waltman	

The bill was passed and its title agreed to.

S. F. No. 478, A bill for an act relating to education; providing for donations to the permanent school fund; amending Minnesota Statutes 1988, sections 84.085 and 124.08.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Orenstein	Segal
Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Limmer	Ostrom	Skoglund
Battaglia	Gutknecht	Long	Otis	Solberg
Bauerly	Hartle	Lynch	Ozment	Sparby
Beard	Hasskamp	Macklin	Pappas	Stanius
Begich	Haukoos	Marsh	Pauly	Steenasma
Bennett	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Swenson
Blatz	Himle	McGuire	Peterson	Tjornhom
Boo	Hugoson	McLaughlin	Poppenhagen	Tompkins
Brown	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Tunheim
Carlson, D.	Jaros	Miller	Quinn	Uphus
Carlson, L.	Jefferson	Morrison	Redalen	Valento
Carruthers	Jennings	Munger	Reding	Vellenga
Clark	Johnson, A.	Murphy	Rest	Wagenius
Conway	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olson, E.	Schafer	Wynia
Forsythe	Knickerbocker	Olson, K.	Scheid	Spk. Vanasek
Frederick	Kostohryz	Omann	Schreiber	
Frerichs	Krueger	Onnen	Seaberg	

The bill was passed and its title agreed to.

SPECIAL ORDERS

H. F. No. 65, A bill for an act relating to economic development;

authorizing local jurisdictions involved in economic development to participate in secondary markets; proposing coding for new law in Minnesota Statutes, chapter 465.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Onnen	Schreiber
Anderson, G.	Girard	Lasley	Orenstein	Seaberg
Anderson, R.	Greenfield	Lieder	Osthoff	Segal
Battaglia	Gruenes	Limmer	Ostrom	Simoneau
Bauerly	Gutknecht	Long	Otis	Skoglund
Beard	Hartle	Lynch	Ozment	Solberg
Begich	Hasskamp	Macklin	Pappas	Sparby
Bennett	Haukoos	Marsh	Pauly	Stanius
Bishop	Heap	McDonald	Pellow	Steensma
Blatz	Henry	McEachern	Pelowski	Sviggum
Boo	Himle	McLaughlin	Peterson	Swenson
Brown	Hugoson	McPherson	Poppenhagen	Tjornhom
Burger	Jacobs	Milbert	Price	Tompkins
Carlson, D.	Janezich	Miller	Pugh	Trimble
Carlson, L.	Jaros	Morrison	Quinn	Tunheim
Carruthers	Jefferson	Munger	Redalen	Uphus
Clark	Jennings	Murphy	Reding	Valento
Conway	Johnson, A.	Nelson, C.	Rest	Vellenga
Cooper	Johnson, R.	Nelson, K.	Rice	Wagenius
Dauner	Johnson, V.	Neuenschwander	Richter	Waltman
Dawkins	Kalis	O'Connor	Rodosovich	Weaver
Dempsey	Kelly	Ogren	Rukavina	Welle
Dille	Kelso	Olsen, S.	Runbeck	Wenzel
Dorn	Kinkel	Olson, E.	Sarna	Williams
Forsythe	Knickerbocker	Olson, K.	Schafer	Winter
Frederick	Kostohryz	Omann	Scheid	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

S. F. No. 294 was reported to the House.

There being no objection, S. F. No. 294 was continued on Special Orders.

H. F. No. 193, A bill for an act relating to crimes; providing that an offender may not demand execution of sentence except under certain circumstances; requiring the board of pardons to meet at least twice each year; amending Minnesota Statutes 1988, sections 609.135, by adding a subdivision; and 638.04.

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	Girard	Lasley	Orenstein	Simoneau
Anderson, G.	Greenfield	Lieder	Osthoff	Skoglund
Anderson, R.	Gruenes	Limmer	Ostrom	Solberg
Battaglia	Gutknecht	Long	Otis	Sparby
Bauerly	Hartle	Lynch	Ozment	Stanius
Beard	Hasskamp	Macklin	Pauly	Steensma
Begich	Haukoos	Marsh	Pellow	Sviggum
Bennett	Heap	McDonald	Pelowski	Swenson
Bishop	Henry	McEachern	Peterson	Tjornhom
Blatz	Himle	McGuire	Poppenhagen	Tompkins
Boo	Hugoson	McLaughlin	Price	Trimble
Brown	Jacobs	McPherson	Pugh	Tunheim
Burger	Janezich	Milbert	Quinn	Uphus
Carlson, D.	Jaros	Miller	Redalen	Valento
Carlson, L.	Jefferson	Morrison	Reding	Vellenga
Carruthers	Jennings	Munger	Rest	Wagenius
Clark	Johnson, A.	Murphy	Rice	Waltman
Conway	Johnson, R.	Nelson, C.	Richter	Weaver
Cooper	Johnson, V.	Nelson, K.	Rodosovich	Welle
Dauner	Kahn	Neuenschwander	Rukavina	Wenzel
Dawkins	Kalis	O'Connor	Runbeck	Williams
Dempsey	Kelly	Ogren	Sarna	Winter
Dille	Kelso	Olsen, S.	Schafer	Wynia
Dorn	Kinkel	Olson, E.	Scheid	Spk. Vanasek
Forsythe	Knickerbocker	Olson, K.	Schreiber	
Frederick	Kostohryz	Omann	Seaberg	
Frerichs	Krueger	Onnen	Segal	

Those who voted in the negative were:

Pappas

The bill was passed and its title agreed to.

Knickerbocker was excused for the remainder of today's session.

H. F. No. 412 was reported to the House.

Olsen, S., moved to amend H. F. No. 412, the first engrossment, as follows:

Page 1, line 22, delete "athletic coaches."

The motion prevailed and the amendment was adopted.

Olsen, S., moved to amend H. F. No. 412, the first engrossment, as amended, as follows:

Page 2, line 3, after "personnel" insert "including athletic coaches"

The motion prevailed and the amendment was adopted.

H. F. No. 412; A bill for an act relating to education; changing the definitions of teachers and of supervisory and support personnel for the purpose of licensure; changing the kinds of personnel licensed by the board of teaching and the state board of education; changing the composition of the board of teaching; providing for teacher performance effectiveness plans; amending Minnesota Statutes 1988, sections 125.03, subdivisions 1 and 4; 125.05, subdivisions 1 and 2; 125.08; and 125.183, subdivisions 1 and 3; proposing coding for new law in Minnesota Statutes, chapter 125.

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 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Onnen	Seaberg
Anderson, G.	Greenfield	Lieder	Orenstein	Segal
Anderson, R.	Gruenes	Limmer	Osthoff	Simoneau
Battaglia	Gutknecht	Long	Ostrom	Skoglund
Bauerly	Hartle	Lynch	Otis	Solberg
Beard	Hasskamp	Macklin	Ozment	Sparby
Begich	Haukoos	Marsh	Pappas	Stanius
Bennett	Heap	McDonald	Pauly	Steensma
Bishop	Henry	McEachern	Pellow	Swiggum
Blatz	Himle	McGuire	Pelowski	Swenson
Boo	Hugoson	McLaughlin	Peterson	Tjornhom
Brown	Jacobs	McPherson	Poppenhagen	Tompkins
Burger	Janezich	Milbert	Price	Trimble
Carlson, D.	Jaros	Miller	Pugh	Tunheim
Carlson, L.	Jefferson	Morrison	Quinn	Uphus
Carruthers	Jennings	Munger	Redalen	Valento
Clark	Johnson, A.	Murphy	Reding	Vellenga
Conway	Johnson, R.	Nelson, C.	Rest	Wagenius
Cooper	Johnson, V.	Nelson, K.	Rice	Waltman
Dauner	Kahn	Neuenschwander	Richter	Weaver
Dawkins	Kalis	O'Connor	Rodosovich	Welle
Dille	Kelly	Ogren	Rukavina	Wenzel
Dorn	Kelso	Olsen, S.	Runbeck	Williams
Forsythe	Kinkel	Olson, E.	Sarna	Winter
Frederick	Kostohryz	Olson, K.	Schafer	Wynia
Frerichs	Krueger	Omann	Scheid	Spk. Vanasek

Those who voted in the negative were:

Dempsey

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

The Speaker called Quinn to the Chair.

H. F. No. 456 was reported to the House.

Marsh moved to amend H. F. No. 456, the first engrossment, as follows:

Page 1, lines 7 to 13, delete Section 1 from the bill.

Williams moved that H. F. No. 456 be temporarily laid over on Special Orders. The motion prevailed.

H. F. No. 564 was reported to the House.

Lasley moved to amend H. F. No. 564, the first engrossment, as follows:

Page 1, line 3, delete "or killed"

The motion prevailed and the amendment was adopted.

H. F. No. 564, A bill for an act relating to volunteers; providing benefits to certain volunteers injured while performing public service; amending Minnesota Statutes 1988, section 176.011, subdivision 9.

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	Clark	Hasskamp	Kelly	McPherson
Anderson, G.	Conway	Haukoos	Kelso	Milbert
Anderson, R.	Cooper	Heap	Kinkel	Miller
Battaglia	Dauner	Henry	Kostohryz	Morrison
Bauerly	Dawkins	Himle	Krueger	Munger
Beard	Dempsey	Hugoson	Lasley	Murphy
Begich	Dille	Jacobs	Lieder	Nelson, C.
Bennett	Dorn	Janezich	Limmer	Nelson, K.
Bishop	Forsythe	Jaros	Long	Neuenschwander
Blatz	Frederick	Jefferson	Lynch	O'Connor
Boo	Frerichs	Jennings	Macklin	Ogren
Brown	Girard	Johnson, A.	Marsh	Olsen, S.
Burger	Greenfield	Johnson, R.	McDonald	Olson, E.
Carlson, D.	Gruenes	Johnson, V.	McEachern	Olson, K.
Carlson, L.	Gutknecht	Kahn	McGuire	Omann
Carruthers	Hartle	Kalis	McLaughlin	Onnen

Orenstein	Price	Sarna	Steensma	Waltman
Osthoff	Pugh	Schafer	Sviggum	Weaver
Ostrom	Quinn	Scheid	Swenson	Welle
Otis	Redalen	Schreiber	Tjornhom	Wenzel
Ozment	Reding	Seaberg	Tompkins	Williams
Pappas	Rest	Segal	Trimble	Winter
Pauly	Rice	Simoneau	Tunheim	Wynia
Pellow	Richter	Skoglund	Uphus	Spk. Vanasek
Pelowski	Rodosovich	Solberg	Valento	
Peterson	Rukavina	Sparby	Vellenga	
Poppenhagen	Runbeck	Stanius	Wagenius	

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

H. F. No. 595, A bill for an act relating to housing; exempting relocated residential buildings from certain provisions of the state building code; amending Minnesota Statutes 1988, sections 16B.61, subdivision 3; and 462.357, 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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lieder	Osthoff	Simoneau
Anderson, G.	Greenfield	Limmer	Ostrom	Skoglund
Anderson, R.	Gruenes	Long	Otis	Solberg
Battaglia	Gutknecht	Lynch	Ozment	Sparby
Bauerly	Hartle	Macklin	Pappas	Stanius
Beard	Hasskamp	Marsh	Pauly	Steensma
Begich	Haukoos	McDonald	Pellow	Sviggum
Bennett	Heap	McEachern	Pelowski	Swenson
Bishop	Henry	McGuire	Peterson	Tjornhom
Blatz	Himle	McLaughlin	Poppenhagen	Tompkins
Boo	Hugoson	McPherson	Price	Trimble
Brown	Jacobs	Milbert	Pugh	Tunheim
Burger	Janezich	Miller	Quinn	Uphus
Carlson, D.	Jaros	Morrison	Redalen	Valento
Carlson, L.	Jefferson	Munger	Reding	Vellenga
Carruthers	Jennings	Murphy	Rest	Wagenius
Clark	Johnson, A.	Nelson, C.	Rice	Waltman
Conway	Johnson, R.	Nelson, K.	Richter	Weaver
Cooper	Johnson, V.	Neuenschwander	Rodosovich	Welle
Dauner	Kahn	O'Connor	Rukavina	Wenzel
Dawkins	Kalis	Ogren	Runbeck	Williams
Dempsey	Kelly	Olsen, S.	Sarna	Winter
Dille	Kelso	Olsen, E.	Schafer	Wynia
Dorn	Kinkel	Olsen, K.	Scheid	Spk. Vanasek
Forsythe	Kostohryz	Omann	Schreiber	
Frederick	Krueger	Omnen	Seaberg	
Frerichs	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 635, A bill for an act relating to credit unions; providing

members with written notice regarding proposed bylaw amendments; clarifying requirements for credit unions to maintain reserve funds; allowing private insurance of member share and deposit accounts; amending Minnesota Statutes 1988, sections 52.02, subdivision 1, and by adding a subdivision; 52.17, subdivision 1; and 52.24, 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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Onnen	Schreiber
Anderson, G.	Greenfield	Lieder	Orenstein	Seaberg
Anderson, R.	Gruenes	Limmer	Osthoff	Segal
Battaglia	Gutknecht	Long	Ostrom	Simoneau
Bauerly	Hartle	Lynch	Otis	Skoglund
Beard	Hasskamp	Macklin	Ozment	Solberg
Begich	Haukoos	Marsh	Pappas	Sparby
Bennett	Heap	McDonald	Pauly	Stanius
Blatz	Henry	McEachern	Pellow	Steensma
Boo	Himle	McGuire	Pellowski	Sviggum
Brown	Hugoson	McLaughlin	Peterson	Swenson
Burger	Jacobs	McPherson	Poppenhagen	Tjornhom
Carlson, D.	Janezich	Milbert	Price	Tompkins
Carlson, L.	Jaros	Miller	Pugh	Trimble
Carruthers	Jefferson	Morrison	Quinn	Tunheim
Clark	Jennings	Munger	Redalen	Uphus
Conway	Johnson, A.	Murphy	Reding	Valento
Cooper	Johnson, R.	Nelson, C.	Rest	Vellenga
Dauner	Johnson, V.	Nelson, K.	Rice	Wagenius
Dawkins	Kahn	Neuenschwander	Richter	Waltman
Dempsey	Kalis	O'Connor	Rodosovich	Weaver
Dille	Kelly	Ogren	Rukavina	Welle
Dorn	Kelso	Olsen, S.	Runbeck	Wenzel
Forsythe	Kinkel	Olson, E.	Sarna	Williams
Frederick	Kostohryz	Olson, K.	Schafer	Winter
Frerichs	Krueger	Omann	Scheid	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 693 was reported to the House.

Carlson, D., moved that H. F. No. 693 be continued on Special Orders. The motion prevailed.

H. F. No. 731, A bill for an act relating to data practices; providing for classification of law enforcement data on child abuse; amending Minnesota Statutes 1988, sections 13.82, by adding a subdivision; and 626.556, subdivisions 11 and 11c.

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	Girard	Lieder	Osthoff	Simoneau
Anderson, G.	Greenfield	Limmer	Ostrom	Skoglund
Anderson, R.	Gruenes	Long	Otis	Solberg
Battaglia	Gutknecht	Lynch	Ozment	Sparby
Bauerly	Hartle	Macklin	Pappas	Stanius
Beard	Hasskamp	Marsh	Pauly	Steensma
Begich	Haukoos	McDonald	Pellow	Sviggum
Bennett	Heap	McEachern	Pelowski	Swenson
Bishop	Henry	McGuire	Peterson	Tjornhom
Blatz	Himle	McLaughlin	Poppenhagen	Tompkins
Boo	Hugoson	McPherson	Price	Trimble
Brown	Jacobs	Milbert	Pugh	Tunheim
Burger	Janezich	Miller	Quinn	Uphus
Carlson, D.	Jaros	Morrison	Redalen	Valento
Carlson, L.	Jefferson	Munger	Reding	Vellenga
Carruthers	Jennings	Murphy	Rest	Wagenius
Clark	Johnson, A.	Nelson, C.	Rice	Waltman
Conway	Johnson, R.	Nelson, K.	Richter	Weaver
Cooper	Johnson, V.	Neuenschwander	Rodosovich	Welle
Dauner	Kahn	O'Connor	Rukavina	Wenzel
Dawkins	Kalis	Ogren	Runbeck	Williams
Dempsey	Kelly	Olsen, S.	Sarna	Winter
Dille	Kelso	Olsen, E.	Schafer	Wynia
Dorn	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Forsythe	Kostohryz	Omann	Schreiber	
Frederick	Krueger	Onnen	Seaberg	
Frerichs	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 761, A bill for an act relating to judgments; providing a reasonable exemption for employee benefits; amending Minnesota Statutes 1988, section 550.37, subdivision 24.

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

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

Those who voted in the affirmative were:

Abrams	Bishop	Clark	Forsythe	Hasskamp
Anderson, G.	Blatz	Conway	Frederick	Haukoos
Anderson, R.	Boo	Cooper	Frerichs	Heap
Battaglia	Brown	Dauner	Girard	Henry
Bauerly	Burger	Dawkins	Greenfield	Himle
Beard	Carlson, D.	Dempsey	Gruenes	Hugoson
Begich	Carlson, L.	Dille	Gutknecht	Jacobs
Bennett	Carruthers	Dorn	Hartle	Janezich

Jaros	Macklin	Omann	Rest	Sviggum
Jefferson	Marsh	Onnen	Rice	Swenson
Jennings	McDonald	Orenstein	Richter	Tjornhom
Johnson, A.	McEachern	Osthoff	Rodosovich	Tompkins
Johnson, R.	McGuire	Ostrom	Rukavina	Trimble
Johnson, V.	McLaughlin	Otis	Runbeck	Tunheim
Kahn	McPherson	Ozment	Sarna	Uphus
Kalis	Milbert	Pappas	Schafer	Valento
Kelly	Miller	Pauly	Scheid	Vellenga
Kelso	Morrison	Pellow	Schreiber	Wagenius
Kinkel	Munger	Pelowski	Seaberg	Waltman
Kostohryz	Murphy	Peterson	Segal	Weaver
Krueger	Nelson, C.	Poppenhagen	Simoneau	Welle
Lasley	Nelson, K.	Price	Skoglund	Wenzel
Lieder	O'Connor	Pugh	Solberg	Williams
Limmer	Olsen, S.	Quinn	Sparby	Winter
Long	Olsen, E.	Redalen	Stanisus	Wynia
Lynch	Olson, K.	Reding	Steensma	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 837, A bill for an act relating to crimes; prohibiting the concealing of criminal proceeds; prohibiting racketeering; providing civil and criminal penalties for engaging in narcotics and violent offenses as part of an enterprise; authorizing the dissolution of a corporate charter, revocation of a license, and injunctive relief to prevent criminal activity by an enterprise; authorizing fines of three times the profit gained through racketeering; authorizing criminal forfeiture; amending Minnesota Statutes 1988, section 541.07; proposing coding for new law in Minnesota Statutes, chapters 541 and 609.

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	Dauner	Jacobs	Lynch	Olson, E.
Anderson, G.	Dawkins	Janezich	Macklin	Olson, K.
Anderson, R.	Dempsey	Jaros	Marsh	Omann
Battaglia	Dille	Jefferson	McDonald	Onnen
Bauerly	Dorn	Jennings	McEachern	Orenstein
Beard	Forsythe	Johnson, A.	McGuire	Osthoff
Begich	Frederick	Johnson, R.	McLaughlin	Ostrom
Bennett	Frerichs	Johnson, V.	McPherson	Otis
Bishop	Girard	Kahn	Milbert	Ozment
Blatz	Greenfield	Kalis	Miller	Pappas
Boo	Gruenes	Kelly	Morrison	Pauly
Brown	Gutknecht	Kelso	Munger	Pellow
Burger	Hartle	Kinkel	Murphy	Pelowski
Carlson, D.	Hasskamp	Kostohryz	Nelson, C.	Peterson
Carlson, L.	Haukoos	Krueger	Nelson, K.	Poppenhagen
Carruthers	Heap	Lasley	Neuenschwander	Price
Clark	Henry	Lieder	O'Connor	Pugh
Conway	Himle	Limmer	Ogren	Quinn
Cooper	Hugoson	Long	Olsen, S.	Redalen

Reding	Schafer	Sparby	Tunheim	Wenzel
Rest	Scheid	Stanjus	Uphus	Williams
Rice	Schreiber	Steensma	Valento	Winter
Richter	Seaberg	Sviggum	Vellenga	Wynia
Rodosovich	Segal	Swenson	Wagenius	Spk. Vanasek
Rukavina	Simoneau	Tjornhom	Waltman	
Runbeck	Skoglund	Tompkins	Weaver	
Sarna	Solberg	Trimble	Welle	

The bill was passed and its title agreed to.

H. F. No. 916, A bill for an act relating to metropolitan government; providing a salary range and specifying responsibilities for the chair of the waste control commission; amending Minnesota Statutes 1988, sections 15A.081, subdivisions 1 and 7; and 473.141, subdivision 3.

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

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Orenstein	Simoneau
Anderson, G.	Greenfield	Lieder	Osthoff	Skoglund
Anderson, R.	Gruenes	Limmer	Ostrom	Solberg
Battaglia	Gutknecht	Long	Otis	Sparby
Bauerly	Hartle	Lynch	Ozment	Steensma
Beard	Hasskamp	Macklin	Pappas	Sviggum
Begich	Haukoos	Marsh	Pauly	Swenson
Bennett	Heap	McDonald	Pelowski	Tjornhom
Bishop	Henry	McEachern	Peterson	Tompkins
Boo	Himle	McGuire	Poppenhagen	Trimble
Brown	Hugoson	McLaughlin	Price	Tunheim
Burger	Jacobs	McPherson	Pugh	Uphus
Carlson, D.	Janezich	Milbert	Quinn	Valento
Carlson, L.	Jaros	Morrison	Redalen	Vellenga
Carruthers	Jefferson	Munger	Reding	Wagenius
Clark	Jennings	Murphy	Rest	Waltman
Conway	Johnson, A.	Nelson, C.	Rice	Weaver
Cooper	Johnson, R.	Nelson, K.	Richter	Welle
Dauner	Johnson, V.	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kahn	O'Connor	Rukavina	Williams
Dempsey	Kalis	Ogren	Runbeck	Winter
Dille	Kelly	Olsen, S.	Sarna	Wynia
Dorn	Kelso	Olson, E.	Schafer	Spk. Vanasek
Forsythe	Kinkel	Olson, K.	Scheid	
Frederick	Kostohryz	Omman	Schreiber	
Frerichs	Krueger	Onnen	Segal	

Those who voted in the negative were:

Blatz	Miller	Pellow	Seaberg	Stanjus
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The bill was passed and its title agreed to.

H. F. No. 1069, A bill for an act relating to real property; providing that purchaser's right to cancel applies to condominiums created before August 1, 1980; providing that lien on real estate added in expansion of flexible condominiums does not affect existing condominiums; amending Minnesota Statutes 1988, sections 515A.1-102; and 515A.2-111.

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	Girard	Lieder	Osthoff	Simoneau
Anderson, G.	Greenfield	Limmer	Ostrom	Skoglund
Anderson, R.	Gruenes	Long	Otis	Solberg
Battaglia	Gutknecht	Lynch	Ozment	Sparby
Bauerly	Hartle	Macklin	Pappas	Stanisus
Beard	Hasskamp	Marsh	Pauly	Steensma
Begich	Haukoos	McDonald	Pellow	Svigum
Bennett	Heap	McEachern	Pelowski	Swenson
Bishop	Henry	McGuire	Peterson	Tjornhom
Blatz	Himle	McLaughlin	Poppenhagen	Tompkins
Boo	Hugoson	McPherson	Price	Trimble
Brown	Jacobs	Milbert	Pugh	Tunheim
Burger	Janezich	Miller	Quinn	Uphus
Carlson, D.	Jaros	Morrison	Redalen	Valento
Carlson, L.	Jefferson	Munger	Reding	Vellenga
Carruthers	Jennings	Murphy	Rest	Wagenius
Clark	Johnson, A.	Nelson, C.	Rice	Waltman
Conway	Johnson, R.	Nelson, K.	Richter	Weaver
Cooper	Johnson, V.	Neuenschwander	Rodosovich	Welle
Dauner	Kahn	O'Connor	Rukavina	Wenzel
Dawkins	Kalis	Ogren	Runbeck	Williams
Dempsey	Kelly	Olsen, S.	Sarna	Winter
Dille	Kelso	Olsen, E.	Schafer	Wynia
Dorn	Kinkel	Olsen, K.	Scheid	Spk. Vanasek
Forsythe	Kostohryz	Omann	Schreiber	
Frederick	Krueger	Onnen	Seaberg	
Frerichs	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 1151, A bill for an act relating to probate; changing procedure for notice to certain creditors; changing certain time limits; amending Minnesota Statutes 1988, sections 524.3-801; 524.3-802; 524.3-803; and 524.3-807.

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	Girard	Lieder	Osthoff	Simoneau
Anderson, G.	Greenfield	Limmer	Ostrom	Skoglund
Anderson, R.	Gruenes	Long	Otis	Solberg
Battaglia	Gutknecht	Lynch	Ozment	Sparby
Bauerly	Hartle	Macklin	Pappas	Stanius
Beard	Hasskamp	Marsh	Pauly	Steensma
Begich	Haukoos	McDonald	Pellow	Sviggum
Bennett	Heap	McEachern	Pelowski	Swenson
Bishop	Henry	McGuire	Peterson	Tjornhom
Blatz	Himle	McLaughlin	Poppenhagen	Tompkins
Boo	Hugoson	McPherson	Price	Trimble
Brown	Jacobs	Milbert	Pugh	Tunheim
Burger	Janezich	Miller	Quinn	Uphus
Carlson, D.	Jaros	Morrison	Redalen	Valento
Carlson, L.	Jefferson	Munger	Reding	Vellenga
Carruthers	Jennings	Murphy	Rest	Wagenius
Clark	Johnson, A.	Nelson, C.	Rice	Waltman
Conway	Johnson, R.	Nelson, K.	Richter	Weaver
Cooper	Johnson, V.	Neuenschwander	Rodosovich	Welle
Dauner	Kahn	O'Connor	Rukavina	Wenzel
Dawkins	Kalis	Ogren	Runbeck	Williams
Dempsey	Kelly	Olsen, S.	Sarna	Winter
Dille	Kelso	Olson, E.	Schafer	Wynia
Dorn	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Forsythe	Kostohryz	Omman	Schreiber	
Frederick	Krueger	Onnen	Seaberg	
Frerichs	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 1197, A bill for an act relating to Minnesota Statutes; correcting erroneous, ambiguous, and omitted text and obsolete references; eliminating certain redundant, conflicting, and superseded provisions; making miscellaneous technical corrections to statutes and other laws; amending Minnesota Statutes 1988, sections 10A.01, subdivisions 5 and 18; 10A.32, subdivision 3a; 13.46, subdivision 2; 13.75, subdivision 2; 16A.26; 16B.28, subdivision 3; 18B.25, subdivision 4; 45.028, subdivision 1; 69.32; 105.81; 115A.195; 115C.08, subdivision 3; 116.44, subdivision 1; 122.23, subdivision 18; 122.96, subdivision 3; 124.646, subdivision 1; 124A.24; 124A.27, subdivision 1; 127.35; 136C.61, subdivision 1; 136D.27, subdivision 3; 136D.71; 136D.74, subdivision 2b; 136D.741, subdivision 4; 136D.87, subdivision 3; 141.35; 144.122; 144.335, subdivision 2; 145A.07, subdivision 1; 145A.13; 157.03; 168.33, subdivision 2; 168A.24, subdivision 2; 168A.29, subdivision 3; 169.345, subdivision 2; 176.081, subdivision 1; 176.101, subdivision 3e; 176.131, subdivision 1; 176.421, subdivision 7; 205.065, subdivision 1; 205.18, subdivision 2; 211B.15, subdivision 4; 214.01, subdivision 2; 245.77; 256.01, subdivision 2; 256.991; 256B.69, subdivision 16; 256D.03, subdivision 4; 256G.02, subdivision 4; 256G.06; 257.354, subdivision 4; 268.04, subdivision 32; 268.10, subdivision 1; 272.02, subdivision 1; 273.124, subdivision 6; 290.05, subdivision 3; 290.92, subdivision 23; 297.07, subdivision 3; 297.35, subdivision 3; 298.2211, subdivision 1; 308.11; 340A.414, subdivision 6; 349.213, subdivision 2; 352.01, subdivision 2b; 353.01,

subdivision 2a; 363.06, subdivision 4; 383B.229; 383B.77; 383C.331; 383C.334; 469.0721; 469.121, subdivision 1; 469.129, subdivision 1; 471.562, subdivision 4; 471.563; 473.605, subdivision 2; 473.845, subdivision 1; 474A.02, subdivision 18; 480A.02, subdivision 7; 485.018, subdivision 2; 515A.3-115; 525.94, subdivision 3; 548.09, subdivision 2; 604.02, subdivision 1; 609.506, subdivision 1; and 611A.53, subdivision 1; reenacting Minnesota Statutes 1988, section 80A.14, subdivision 18; repealing Minnesota Statutes 1988, sections 260.125, subdivision 6; 326.01, subdivision 21; and 362A.08; amending Laws 1976, chapter 134, section 79; Laws 1988, chapter 640, section 5; and chapter 719, article 12, section 29; repealing Laws 1965, chapter 267, section 1; Laws 1971, chapter 830, section 7; Laws 1976, chapter 2, section 62; chapter 134, section 2; chapter 163, section 10; and chapter 173, section 53; Laws 1977, chapter 35, section 8; Laws 1978, chapter 496, section 1; and chapter 706, section 31; Laws 1979, chapter 48, section 2; and chapter 184, section 3; Laws 1981, chapter 271, section 1; Laws 1982, chapter 514, section 15; Laws 1983, chapter 242, section 1; chapter 247, section 38; chapter 289, section 4; chapter 290, sections 2 and 3; chapter 299, section 26; and chapter 303, sections 21 and 22; Laws 1984, chapter 654, article 2, section 117; Laws 1986, chapter 312, section 1; chapter 400, section 43; and chapter 452, section 17; Laws 1986, First Special Session chapter 3, article 1, sections 74 and 79; and Laws 1987, chapter 268, article 5, section 5; chapter 384, article 2, section 25; chapter 385, section 7; chapter 403, article 5, section 1; and chapter 404, section 138.

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	Dempsey	Jennings	McPherson	Pappas
Anderson, G.	Dille	Johnson, A.	Milbert	Pauly
Anderson, R.	Dorn	Johnson, R.	Miller	Pellow
Battaglia	Forsythe	Johnson, V.	Morrison	Pellowski
Bauerly	Frederick	Kalis	Munger	Peterson
Beard	Frerichs	Kelly	Murphy	Popenhagen
Begich	Girard	Kelso	Nelson, C.	Price
Bennett	Greenfield	Kinkel	Nelson, K.	Pugh
Bishop	Gruenes	Kostohryz	Neuenschwander	Quinn
Blatz	Gutknecht	Krueger	O'Connor	Redalen
Boo	Hartle	Lasley	Ogren	Reding
Brown	Hasskamp	Lieder	Olsen, S.	Rest
Burger	Haukoos	Limmer	Olsen, E.	Rice
Carlson, D.	Heap	Long	Olson, K.	Richter
Carlson, L.	Henry	Lynch	Omann	Rodosovich
Carruthers	Himle	Macklin	Onnen	Rukavina
Clark	Hugoson	Marsh	Orenstein	Runbeck
Conway	Jacobs	McDonald	Osthoff	Sarna
Cooper	Janezich	McEachern	Ostrom	Schafer
Dauner	Jaros	McGuire	Otis	Scheid
Dawkins	Jefferson	McLaughlin	Ozment	Schreiber

Seaberg	Sparby	Tompkins	Vellenga	Wenzel
Segal	Steensma	Trimble	Wagenius	Williams
Simoneau	Sviggum	Tunheim	Waltman	Winter
Skoglund	Swenson	Uphus	Weaver	Wynia
Solberg	Tjornhom	Valento	Welle	Spk. Vanasek

Those who voted in the negative were:

Stanius

The bill was passed and its title agreed to.

H. F. No. 1357, A bill for an act relating to taxation; liquor; changing the time limit for certain claims for refund; amending Minnesota Statutes 1988, section 297C.06, subdivisions 2 and 5.

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

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

Those who voted in the affirmative were:

Abrams	Girard	Lieder	Osthoff	Simoneau
Anderson, G.	Greenfield	Limmer	Ostrom	Skoglund
Anderson, R.	Gruenes	Long	Otis	Solberg
Battaglia	Gutknecht	Lynch	Ozment	Sparby
Bauerly	Hartle	Macklin	Pappas	Stanius
Beard	Hasskamp	Marsh	Pauly	Steensma
Begich	Haukoos	McDonald	Pellow	Sviggum
Bennett	Heap	McEachern	Pelowski	Swenson
Bishop	Henry	McGuire	Peterson	Tjornhom
Blatz	Himle	McLaughlin	Poppenhagen	Tompkins
Boo	Hugoson	McPherson	Price	Trimble
Brown	Jacobs	Milbert	Pugh	Tunheim
Burger	Janezich	Miller	Quinn	Uphus
Carlson, D.	Jaros	Morrison	Redalen	Valento
Carlson, L.	Jefferson	Munger	Reding	Vellenga
Carruthers	Jennings	Murphy	Rest	Wagenius
Clark	Johnson, A.	Nelson, C.	Rice	Waltman
Conway	Johnson, R.	Nelson, K.	Richter	Weaver
Cooper	Johnson, V.	Neuenschwander	Rodosovich	Welle
Dauner	Kahn	O'Connor	Rukavina	Wenzel
Dawkins	Kalis	Ogren	Runbeck	Williams
Dempsey	Kelly	Olsen, S.	Sarna	Winter
Dille	Kelso	Olsen, E.	Schafer	Wynia
Dorn	Kinkel	Olsen, K.	Scheid	Spk. Vanasek
Forsythe	Kostohryz	Omann	Schreiber	
Frederick	Krueger	Onnen	Seaberg	
Frerichs	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 1405, A bill for an act relating to liquor; requiring notice and hearing before liquor license fees are increased; amending

Minnesota Statutes 1988, section 340A.408, 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 110 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Abrams	Dorn	Kelso	Olson, K.	Seaberg
Anderson, G.	Forsythe	Kinkel	Omann	Segal
Anderson, R.	Girard	Kostohryz	Orenstein	Simoneau
Battaglia	Gruenes	Krueger	Ostrom	Solberg
Bauerly	Gutknecht	Lasley	Otis	Sparby
Beard	Hartle	Lieder	Ozment	Steensma
Begich	Hasskamp	Limmer	Pappas	Sviggum
Bennett	Haukoos	Lynch	Pauly	Swenson
Bishop	Heap	Macklin	Pellow	Tjornhom
Blatz	Henry	Marsh	Pelowski	Tompkins
Boo	Himle	McEachern	Peterson	Trimble
Brown	Hugoson	McGuire	Poppenhagen	Tunheim
Burger	Jacobs	McLaughlin	Price	Uphus
Carlson, D.	Janezich	McPherson	Pugh	Valento
Carlson, L.	Jaros	Morrison	Quinn	Vellenga
Clark	Jefferson	Murphy	Redalen	Waltman
Conway	Jennings	Nelson, C.	Reding	Welle
Cooper	Johnson, A.	Neuenschwander	Rest	Wenzel
Dauner	Johnson, R.	O'Connor	Rodosovich	Williams
Dawkins	Johnson, V.	Ogren	Rukavina	Winter
Dempsey	Kalis	Olsen, S.	Sarna	Wynia
Dille	Kelly	Olson, E.	Schreiber	Spk. Vanasek

Those who voted in the negative were:

Carruthers	Miller	Richter	Skoglund
Frederick	Nelson, K.	Runbeck	Stanius
Frerichs	Onnen	Schafer	Wagenius
McDonald	Osthoff	Scheid	Weaver

The bill was passed and its title agreed to.

H. F. No. 456 which was temporarily laid over earlier today was again reported to the House.

Marsh withdrew his amendment to H. F. No. 456, the first engrossment, which he offered earlier today.

Williams moved to amend H. F. No. 456, the first engrossment, as follows:

Page 1, lines 11 and 12, before "this" insert "subdivision 5 of"

The motion prevailed and the amendment was adopted.

H. F. No. 456, A bill for an act relating to human rights; allowing results of job evaluation systems as evidence in discrimination actions; amending Minnesota Statutes 1988, sections 43A.05, by adding a subdivision; and 471.997.

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 127 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Lieder	Ostrom	Skoglund
Anderson, G.	Girard	Limmer	Otis	Solberg
Anderson, R.	Greenfield	Long	Ozment	Sparby
Battaglia	Gruenes	Lynch	Pappas	Stanius
Bauerly	Hartle	Macklin	Pauly	Steensma
Beard	Hasskamp	Marsh	Pellow	Sviggum
Begich	Haukoos	McDonald	Pelowski	Swenson
Bennett	Heap	McEachern	Peterson	Tjornhom
Bishop	Henry	McGuire	Poppenhagen	Tompkins
Blatz	Hugoson	McLaughlin	Price	Trimble
Boo	Jacobs	Milbert	Pugh	Tunheim
Brown	Janezich	Morrison	Quinn	Uphus
Burger	Jaros	Munger	Redalen	Valento
Carlson, D.	Jefferson	Murphy	Reding	Vellenga
Carlson, L.	Jennings	Nelson, C.	Rest	Wagenius
Carruthers	Johnson, A.	Nelson, K.	Rice	Waltman
Clark	Johnson, R.	Neuenschwander	Richter	Weaver
Conway	Johnson, V.	O'Connor	Rodosovich	Welle
Cooper	Kahn	Ogren	Rukavina	Wenzel
Dauner	Kalis	Olsen, S.	Runbeck	Williams
Dawkins	Kelly	Olson, E.	Sarna	Winter
Dempsey	Kelso	Olson, K.	Schafer	Wynia
Dille	Kinkel	Omann	Scheid	Spk. Vanasek
Dorn	Kostohryz	Onnen	Seaberg	
Forsythe	Krueger	Orenstein	Segal	
Frederick	Lasley	Osthoff	Simoneau	

Those who voted in the negative were:

Gutknecht McPherson Miller

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

The Speaker resumed the Chair.

H. F. No. 1429, A bill for an act relating to licensure of ambulance services; establishing new standards; amending Minnesota Statutes 1988, sections 144.801, subdivisions 4 and 7; 144.802, subdivisions 3, 3a, 4, and by adding a subdivision; 144.804; 144.806; 144.807,

subdivision 1; 144.808; 144.809; and 144.8091; repealing Minnesota Statutes 1988, sections 144.805; 144.807, subdivision 3; and 144.8092.

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 69 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dorn	Krueger	Osthoff	Segal
Battaglia	Greenfield	Lieder	Otis	Simoneau
Bauerly	Gruenes	Long	Pappas	Skoglund
Beard	Gutknecht	McEachern	Pelowski	Solberg
Begich	Jacobs	McGuire	Peterson	Stanius
Bennett	Janezich	McLaughlin	Price	Trimble
Bishop	Jaros	Milbert	Pugh	Vellenga
Brown	Jefferson	Munger	Quinn	Wagenius
Carlson, L.	Johnson, A.	Murphy	Reding	Welle
Carruthers	Kahn	Nelson, C.	Rest	Wenzel
Clark	Kalis	Nelson, K.	Rice	Williams
Conway	Kelly	O'Connor	Rodosovich	Wynia
Cooper	Kelso	Ogren	Sarna	Spk. Vanasek
Dawkins	Kostohryz	Orenstein	Scheid	

Those who voted in the negative were:

Abrams	Girard	Limmer	Onnen	Seaberg
Anderson, R.	Hartle	Lynch	Ostrom	Sparby
Blatz	Hasskamp	Macklin	Ozment	Steensma
Boo	Haukoos	Marsh	Pauly	Sviggum
Burger	Heap	McDonald	Pellow	Swenson
Carlson, D.	Henry	McPherson	Poppenhagen	Tjornhom
Dauner	Himle	Miller	Redalen	Tompkins
Dempsey	Hugoson	Morrison	Richter	Tunheim
Dille	Jennings	Neuenschwander	Rukavina	Uphus
Forsythe	Johnson, R.	Olsen, S.	Runbeck	Valento
Frederick	Johnson, V.	Olsen, K.	Schafer	Waltman
Frerichs	Kinkel	Omman	Schreiber	Weaver
				Winter

The bill was passed and its title agreed to.

Wynia moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Kelly moved that the name of Skoglund be added as an author on H. F. No. 812. The motion prevailed.

Steensma moved that the name of Pugh be stricken and the name of Olsen, S., be added as an author on H. F. No. 946. The motion prevailed.

Reding moved that the name of Sparby be added as an author on H. F. No. 1307. The motion prevailed.

Morrison moved that the name of Osthoff be added as an author on H. F. No. 1351. The motion prevailed.

Clark moved that the name of Trimble be added as an author on H. F. No. 1519. The motion prevailed.

Kahn moved that the name of Carlson, D., be added as an author on H. F. No. 1684. The motion prevailed.

McEachern moved that H. F. No. 1580, now on Technical General Orders, be re-referred to the Committee on Taxes. The motion prevailed.

Simoneau moved that H. F. No. 1365, now on Technical General Orders, be re-referred to the Committee on Governmental Operations. The motion prevailed.

Stanius moved that H. F. No. 600 be returned to its author. The motion prevailed.

Stanius moved that H. F. No. 605 be returned to its author. The motion prevailed.

Stanius moved that H. F. No. 1264 be returned to its author. The motion prevailed.

Poppenhagen moved that H. F. No. 1503 be returned to its author. The motion prevailed.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 2:30 p.m., Wednesday, April 19, 1989. The motion prevailed.

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Wednesday, April 19, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

THIRTY-THIRD DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 18, 1989

The Senate met on Tuesday, April 18, 1989, which was the Thirty-third Legislative Day of the Seventy-sixth Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

THIRTY-FOURTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 19, 1989

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

Prayer was offered by the Reverend Karl Wittman of the Church of St. Francis De Salles, St. Paul, Minnesota.

The roll was called and the following members were present:

Abrams	Frerichs	Kostohryz	Olson, K.	Schafer
Anderson, G.	Girard	Krueger	Omann	Scheid
Anderson, R.	Greenfield	Lasley	Onnen	Seaberg
Battaglia	Gruenes	Lieder	Orenstein	Segal
Bauerly	Gutknecht	Limmer	Osthoff	Simoneau
Beard	Hartle	Long	Ostrom	Skoglund
Begich	Hasskamp	Lynch	Otis	Solberg
Bennett	Haukoos	Macklin	Ozment	Sparby
Bertram	Heap	Marsh	Pappas	Stanius
Bishop	Henry	McDonald	Pauly	Steensma
Blatz	Himle	McEachern	Pellow	Sviggum
Boo	Hugoson	McGuire	Pelowski	Swenson
Brown	Jacobs	McLaughlin	Peterson	Tompkins
Burger	Janezich	McPherson	Poppenhagen	Trimble
Carlson, D.	Jaros	Milbert	Price	Tunheim
Carlson, L.	Jefferson	Miller	Pugh	Uphus
Carruthers	Jennings	Morrison	Quinn	Valento
Clark	Johnson, A.	Munger	Redalen	Vellenga
Conway	Johnson, R.	Murphy	Reding	Wagenius
Cooper	Johnson, V.	Nelson, C.	Rest	Waltman
Dauner	Kahn	Nelson, K.	Rice	Weaver
Dempsey	Kalis	Neuenschwander	Richter	Welle
Dille	Kelly	O'Connor	Rodosovich	Wenzel
Dorn	Kelso	Ogren	Rukavina	Williams
Forsythe	Kinkel	Olsen, S.	Runbeck	Winter
Frederick	Knickerbocker	Olson, E.	Sarna	Wynia
				Spk. Vanasek

A quorum was present.

Schreiber and Tjornhom were excused.

Dawkins was excused until 3:20 p.m.

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 701, 909, 1131, 1320, 1378, 1440, 1449, 1580, 1630, 852, 1626, 1665, 33, 41, 153, 314, 333, 367, 374, 399, 472, 513, 811, 815, 826, 831, 950, 1004, 1027, 1107, 1139, 1147, 1150, 1207, 1314, 1323, 1338, 1354, 1355, 412, 1395, 1408, 1432, 1464, 1482, 1492, 1498, 1502, 1530, 1574, 1581, 456 and 564 and S. F. Nos. 297, 361, 299 and 1051 have been placed in the members' files.

S. F. No. 361 and H. F. No. 269, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Carruthers moved that S. F. No. 361 be substituted for H. F. No. 269 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1051 and H. F. No. 1464, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Welle moved that S. F. No. 1051 be substituted for H. F. No. 1464 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

34th Day]

WEDNESDAY, APRIL 19, 1989

2605

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

April 13, 1989

The Honorable Robert E. Vanasek
Speaker of the House of Representatives
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 106, relating to game and fish; selection process for wild turkey license holders.

H. F. No. 508, relating to local government; permitting statutory cities to have seven member councils.

H. F. No. 481, relating to the city of Mora; authorizing the city to negotiate certain contracts without competitive bids.

Sincerely,

RUDY PERPICH
Governor

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

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1989 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the

Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F.</i>	<i>H.F.</i>	<i>Session Laws</i>	<i>Time and</i>	<i>Date Filed</i>
<i>No.</i>	<i>No.</i>	<i>Chapter No.</i>	<i>Date Approved</i>	<i>1989</i>
	106	29	17:57 - April 13	April 13
	508	30	17:56 - April 13	April 13
	481	33	17:54 - April 13	April 13

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

April 14, 1989

The Honorable Robert E. Vanasek
Speaker of the House of Representatives
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 937, relating to commerce; uniform commercial code; providing a 20-day notice period for certain fixture filings.

Sincerely,

RUDY PERPICH
Governor

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

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1989 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F.</i> <i>No.</i>	<i>H.F.</i> <i>No.</i>	<i>Session Laws</i> <i>Chapter No.</i>	<i>Time and</i>	
			<i>Date Approved</i> 1989	<i>Date Filed</i> 1989
	937	31	15:11 - April 14	April 14
114		32	15:12 - April 14	April 14

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

Sarna from the Committee on Commerce to which was referred:

H. F. No. 56, A bill for an act relating to watercraft; providing for titling and licensing of watercraft; providing procedures for notification of liens on watercraft; providing for enforcement of liens on watercraft; amending Minnesota Statutes 1988, sections 336.9-402; and 336.9-411; proposing coding for new law as Minnesota Statutes, chapter 361A; repealing Minnesota Statutes 1988, sections 361.03; and 579.01 to 579.08.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 336.9-302, is amended to read:

336.9-302 [WHEN FILING IS REQUIRED TO PERFECT SECU-

RITY INTEREST; SECURITY INTERESTS TO WHICH FILING PROVISIONS OF THIS ARTICLE DO NOT APPLY.]

(1) A financing statement must be filed to perfect all security interest except the following:

(a) A security interest in collateral in possession of the secured party under section 336.9-305;

(b) A security interest temporarily perfected in instruments or documents without delivery under section 336.9-304 or in proceeds for a 20 day period under section 336.9-306;

(c) A security interest created by an assignment of a beneficial interest in a trust or a decedent's estate;

(d) A purchase money security interest in consumer goods; but filing is required for a motor vehicle required to be registered; and fixture filing is required for priority over conflicting interests in fixtures to the extent provided in section 336.9-313;

(e) An assignment of accounts which does not alone or in conjunction with other assignments to the same assignee transfer a significant part of the outstanding accounts of the assignor;

(f) A security interest of a collecting bank (section 336.4-208) or in securities (section 336.8-321) or arising under the article on sales (see section 336.9-113) or covered in subsection (3) of this section;

(g) An assignment for the benefit of all the creditors of the transferor, and subsequent transfers by the assignee thereunder.

(2) If a secured party assigns a perfected security interest, no filing under this article is required in order to continue the perfected status of the security interest against creditors of and transferees from the original debtor.

(3) The filing of a financing statement otherwise required by this article is not necessary or effective to perfect a security interest in property subject to the following statutes or treaties; except that to the extent such statutes or treaties are silent on a specific matter, the provisions of this article shall govern:

(a) a statute or treaty of the United States which provides for a national or international registration or a national or international certificate of title or which specifies a place of filing different from that specified in this article for filing of the security interest; or

(b) the following statutes of this state;

(i) Sections 168A.01 to 168A.31 and sections 2 to 22; but during any period in which collateral is inventory held for sale by a person who is in the business of selling goods of that kind, the filing provisions of this article (part 4) apply to a security interest in that collateral created by the person as a debtor; or

(ii) Sections 300.11 to 300.115.

(c) a certificate of title statute of another jurisdiction under the law of which indication of a security interest on the certificate is required as a condition of perfection (subsection (2) of section 336.9-103).

(4) Compliance with a statute or treaty described in subsection (3) is equivalent to the filing of a financing statement under this article, and a security interest in property subject to the statute or treaty can be perfected only by compliance therewith except as provided in section 336.9-103 on multiple state transactions. A security interest perfected by compliance with such a statute or treaty is governed by this article in all respects not inconsistent with the provisions of the statute or treaty under which it was perfected, provided that this article shall not be deemed inconsistent if it provides for a more extensive duration of effectiveness.

CHAPTER 361A

WATERCRAFT TITLING

Sec. 2. [361A.01] [DEFINITIONS.]

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

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of natural resources.

Subd. 3. [DEALER.] "Dealer" means a person who: (1) is in the business of manufacturing, distributing, selling, or purchasing new or used watercraft; (2) has an established place of business for the sale, trade, and display of watercraft; and (3) possesses watercraft for the purpose of sale or trade.

Subd. 4. [DEPARTMENT.] "Department" means the department of natural resources.

Subd. 5. [DEPUTY REGISTRAR.] "Deputy registrar" means a person appointed or hired by the commissioner of public safety under section 168.33.

Subd. 6. [MANUFACTURER.] "Manufacturer" means a person engaged in the business of constructing or assembling watercraft required to have a certificate of title.

Subd. 7. [MANUFACTURER'S OR IMPORTER'S CERTIFICATE OF ORIGIN.] "Manufacturer's or importer's certificate of origin" means a certificate with the authorized signature of the manufacturer or importer of a watercraft, describing and identifying the watercraft, giving the name and address of the person to whom the watercraft is first sold by the manufacturer or importer, and containing executed assignments of the watercraft to an applicant for a certificate of title on the watercraft in this state.

Subd. 8. [OWNER.] "Owner" means a person, other than a secured party, having the title to a watercraft. "Owner" includes a person entitled to use or possess the watercraft, subject to a security interest in another person, reserved or created by agreement and securing payment of performance of an obligation, but "owner" does not include a lessee under a lease not intended as security.

Subd. 9. [PERSON.] "Person" means an individual, firm, partnership, association, corporation, or governmental organization.

Subd. 10. [SECURED PARTY.] "Secured party" means a secured party as defined in section 336.9-105, subsection (1)(m), having a security interest in a watercraft and includes a lienholder.

Subd. 11. [SECURITY AGREEMENT.] "Security agreement" has the meaning given it in section 336.9-105, subsection (1)(l).

Subd. 12. [SECURITY INTEREST.] "Security interest" has the meaning given it in section 336.1-201, subsection (37), and includes statutory liens for which lien statements are filed.

Subd. 13. [TITLED WATERCRAFT.] "Titled watercraft" means a watercraft required to have a certificate of title under section 3, subdivision 1, or for which a certificate of title has been issued under section 3, subdivision 3.

Subd. 14. [WATERCRAFT.] "Watercraft" means a device used or designed for navigation on water that is greater than 14 feet in length, as defined in section 361.02, subdivision 14, but does not include:

(1) a row-type fishing boat of single hull construction, with oar locks and an outboard motor capacity rating of less than 40 horsepower;

(2) a canoe;

(3) a ship's lifeboat;

(4) a vessel of at least five net tons measured in Code of Federal Regulations, title 46, part 69, that is documented under Code of Federal Regulations, title 46, subpart 67.01; or

(5) a seaplane.

Subd. 15. [WATERS OF THIS STATE.] "Waters of this state" means waters capable of substantial public use and waters to which the public has access, that are within the territorial limits of this state, including boundary waters.

Sec. 3. [361A.02] [CERTIFICATE OF TITLE REQUIRED.]

Subdivision 1. [REQUIREMENT.] Except as provided in subdivision 2, a watercraft used on the waters of the state must have a certificate of title if:

(1) the watercraft is owned by a resident of this state and is kept in the state for more than 90 consecutive days; or

(2) the watercraft is kept in the state for more than 60 consecutive days and has not been issued a certificate of title or similar document from another jurisdiction.

Subd. 2. [EXEMPT WATERCRAFT.] A watercraft is not required to have a certificate of title if the watercraft is:

(1) owned by a manufacturer or dealer and held for sale;

(2) used by a manufacturer solely for testing;

(3) from a jurisdiction other than this state, temporarily using the waters of this state;

(4) owned by the United States, a state, this state, or a political subdivision;

(5) a duck boat used only during duck hunting season;

(6) a rice boat used only during the wild rice harvesting season;

(7) owned by a person, firm, or corporation operating a resort as defined in section 157.01, subdivision 1, or a recreational camping area as defined in section 327.14, subdivision 8, except with respect to a previously titled watercraft; or

(8) watercraft manufactured prior to August 1, 1979.

Subd. 3. [VOLUNTARY TITLING.] The owner of a device used or designed for navigation on water and used on the waters of this state may obtain a certificate of title for the device, even though it is not a watercraft as defined in section 2, subdivision 14, in the same manner and with the same effect as the owner of a watercraft required to be titled under this act. Once titled, the device is a titled watercraft as defined in section 2, subdivision 13, and is and remains subject to this act to the same extent as a watercraft required to be titled.

Subd. 4. [TITLE REQUIRED FOR TRANSFER.] A person may not sell or otherwise transfer a titled watercraft without delivering to the person acquiring the watercraft a certificate of title with an assignment on it to show title in the person acquiring the watercraft. A person may not acquire a watercraft required to have a certificate of title without obtaining a certificate of title for the watercraft in the person's name.

Subd. 5. [NO LEGAL TITLE WITHOUT CERTIFICATE.] A person acquiring a watercraft through a sale or gift does not acquire a right, title, claim, or interest in the watercraft until the person has been issued a certificate of title to the watercraft or has received a manufacturer's or importer's certificate. A waiver or estoppel does not operate in favor of that person against another person who has obtained possession of the certificate of title or manufacturer's or importer's certificate for the watercraft for valuable consideration.

Subd. 6. [WATERCRAFT LICENSE MAY NOT BE ISSUED WITHOUT TITLE.] The commissioner may not issue or renew a watercraft license to an owner of a titled watercraft unless the owner has been issued or has applied for a certificate of title for the watercraft.

Sec. 4. [361A.03] [APPLICATION AND ISSUANCE OF CERTIFICATE OF TITLE.]

Subdivision 1. [APPLICATION.] The owner of a titled watercraft must apply for the first certificate of title of a watercraft in this state to the commissioner or a deputy registrar on a form prescribed by the commissioner. The appropriate fee under section 12 must accompany the application. The application must be signed by the owner and contain:

(1) the full names, dates of birth, and addresses of owners who are natural persons and the full names and addresses of other owners;

(2) a description of the watercraft including its make, model, year, length, the principal material used in construction, the builder's hull identification number, and the manufacturer's inboard engine serial number;

(3) the date of purchase by the applicant, the name and address of the person from whom the watercraft was acquired;

(4) the name and address of the person who is to possess the title and any conditions of possession; and

(5) other information required by the commissioner to determine whether the owner is entitled to a certificate of title and whether security interests exist in the watercraft.

Subd. 2. [ISSUANCE.] (a) The commissioner shall issue a certificate of title for a watercraft upon verification that:

(1) the application is genuine;

(2) the applicant is the owner of the watercraft; and

(3) payment of the required fee.

(b) The original certificate of title must be mailed to the first secured party disclosed in the application or, if none, to the owner named in the application.

Subd. 3. [CONTENTS.] (a) A certificate of title issued by the commissioner must contain:

(1) the date issued;

(2) the full names, dates of birth, and addresses of owners who are natural persons and the full names and addresses of other owners;

(3) the names and addresses of secured parties;

(4) the title number assigned to the watercraft;

(5) a description of the watercraft including its make, model, year of manufacture, length, principal material used in construction, registration number, and manufacturer's hull identification number or, if none, the builder's hull identification number assigned to the watercraft by the commissioner;

(6) spaces for assignment of title by the owner or by the dealer and for warranting that the signer is the owner and that the watercraft is not subject to security interests, liens, or encumbrances except as noted on the face of the certificate of title;

(7) spaces on the certificate for application of title by a new owner subject to the security interests of secured parties named and for the assignment or release of the security interest of a secured party; and

(8) other information the commissioner may require.

(b) A certificate of title issued by the commissioner is prima facie evidence of the facts appearing on it.

Subd. 4. [ISSUANCE WITHOUT ABSOLUTE PROOF OF OWNERSHIP.] (a) If application is made for a certificate of title for a watercraft and the commissioner is not satisfied of the ownership of the watercraft or the existence of security interests in the watercraft, the watercraft may be assigned a title number but the commissioner must:

(1) withhold issuance of a certificate of title until the applicant presents documents that satisfy the commissioner of the applicant's ownership of the watercraft and of security interest in the watercraft; or

(2) require the applicant to file a bond in the form prescribed by the commissioner and executed by the applicant as a condition to issuing a certificate of title.

(b) A bond filed under this subdivision must be accompanied by the deposit of cash or executed by a surety company authorized to do business in this state. The bond must be in an amount equal to 1½ times the value of the watercraft as determined by the commissioner. The bond must be conditioned to indemnify prior owners, secured parties, and later purchasers of the watercraft or persons acquiring a security interest in the watercraft, or successors in interest of the persons, against expenses, losses, or damages, including reasonable attorney fees, by reason of the issuance of the certificate of title to the watercraft or on account of a defect in or undisclosed security interest upon the right, title, and interest of the applicant in the watercraft.

(c) An interested person has a right of action to recover on the bond for a breach of its conditions, but the aggregate liability of the surety to all persons may not exceed the amount of the bond.

(d) The commissioner shall return the bond and any deposit accompanying the bond if:

(1) the commissioner has not been notified of the pendency of an action to recover on the bond;

(2) questions of ownership and outstanding security interests have been resolved to the satisfaction of the commissioner;

(3) the bond has been posted for three years or the watercraft is not registered for license purposes in this state under section 361.03; and

(4) the currently valid certificate of title is surrendered.

Subd. 5. [RECORDS.] (a) The commissioner shall maintain records of certificates of title issued under this section according to one of the following systems:

(1) under a distinctive title number assigned to a watercraft;

(2) under the registration number awarded to a watercraft in accordance with the registration and numbering law of the state where it is registered;

(3) alphabetically, under the name of the owner; or

(4) under another system determined by the commissioner.

(b) Records relating to watercraft titling maintained by the commissioner are public records and are open to public inspection during regular office hours.

Subd. 6. [GROUNDS FOR REFUSAL TO ISSUE CERTIFICATE OF TITLE.] The commissioner may not issue a certificate of title if a required fee is not paid or the commissioner has reasonable grounds to believe that:

(1) the applicant is not the owner of the watercraft;

(2) the application contains a false statement; or

(3) the applicant failed to furnish required information or documents or additional information the commissioner reasonably requires.

Sec. 5. [361A.04] [DEALER ACQUISITION AND TRANSFER.]

Subdivision 1. [CERTIFICATE OF ORIGIN REQUIRED.] (a) A dealer may not purchase or acquire a new titled watercraft without obtaining a manufacturer's or importer's certificate of origin from the seller.

(b) A manufacturer, importer, dealer, or other person may not sell or otherwise dispose of a new titled watercraft to a dealer for purposes of display and resale without delivering to the dealer a manufacturer's or importer's certificate of origin.

Subd. 2. [CONTENTS OF CERTIFICATE.] The manufacturer's or importer's certificate of origin must be of a form prescribed by the commissioner and contain:

(1) a description of the watercraft, including its trade name, if any, year, series or model, hull material, length, and hull identification number;

(2) certification of the date of transfer of the watercraft and the name and address of the person to whom the watercraft was transferred;

(3) certification that the transfer of the watercraft was in ordinary trade and commerce;

(4) the signature and address of a representative of the person transferring the watercraft;

(5) an assignment form, including the name and address of the person the watercraft is to be transferred to, a certification that the watercraft is new, and a warranty that the title at the time of delivery is subject only to the security interests stated on the title; and

(6) other information required by the commissioner.

Subd. 3. [SALE OF NEW WATERCRAFT.] A dealer selling or exchanging a new titled watercraft, before delivering the watercraft to a purchaser, shall apply to the commissioner for a new title in the name of the purchaser. The application must contain the name and address of any secured party holding a security interest created or reserved at the time of sale and the date of the security agreement and must be accompanied by a manufacturer's or importer's certificate of origin. The application must be signed by the dealer and the owner, and the dealer shall promptly mail or deliver the application to the commissioner or a deputy registrar.

Subd. 4. [USED WATERCRAFT ACQUIRED FOR RESALE.] (a) If a dealer buys or acquires a used titled watercraft for resale, the dealer must apply to the commissioner or deputy registrar and obtain a title number before selling or exchanging the watercraft in the same manner as a new watercraft on forms the commissioner provides or apply for and obtain a certificate of title.

(b) If a dealer acquires a used titled watercraft for resale and the watercraft is covered by a certificate of title that is surrendered to the dealer by the owner at the time of delivery of the watercraft, the dealer need not send the certificate of title to the commissioner. Upon transferring the watercraft to another person, the dealer must promptly execute the assignment, showing the name and address of the person to whom the watercraft is transferred and forward the certificate to the commissioner or deputy registrar with the application for a new certificate of title.

Subd. 5. [WATERCRAFT WITH FOREIGN REGISTRATION.] (a) Except as provided in paragraph (b), an application for a certificate of title for a watercraft last registered in another state or foreign country must contain or be accompanied by:

(1) a certificate of title or registration issued by the other state or foreign country; and

(2) other information or documents the commissioner requires to establish the ownership of the watercraft and the existence or nonexistence of security interests.

(b) If the state or foreign country where the watercraft was last registered does not issue certificates of title, the application must contain or be accompanied by:

(1) a proper bill of sale or sworn statement of ownership, certificate of registration, or evidence of ownership as required by the law of the state or foreign country; and

(2) any other information or documents the commissioner requires to establish the ownership of the watercraft and the existence or nonexistence of security interests.

Sec. 6. [361A.05] [TRANSFER BY OWNER.]

Subdivision 1. [VOLUNTARY TRANSFER.] (a) An owner who transfers a titled watercraft must execute the assignment and warranty of title to the person to whom the watercraft is transferred in the space provided on the certificate of title where the watercraft is delivered.

(b) The person acquiring the watercraft must obtain a new certificate of title by applying to the commissioner or a deputy registrar on a form prescribed by the commissioner, and submitting the required fee. The application for certificate of title must be filed within 15 days after delivery of the watercraft to the person acquiring the watercraft.

(c) Upon request of the owner or the person who acquired the watercraft, a secured party in possession of the certificate of title must deliver the certificate to the person acquiring the watercraft, the commissioner, or a deputy registrar, unless the transfer is a breach of the security agreement. The delivery of the certificate does not affect the rights of the secured party under the security agreement.

(d) If a security interest or encumbrance is first created at the time of transfer of ownership, the certificate must be retained by or delivered to the secured party.

Subd. 2. [TRANSFER BY LAW.] (a) Except as otherwise provided in this chapter, if the ownership of a titled watercraft is transferred by operation of law, including inheritance or bequest, order in bankruptcy, insolvency, replevin, execution, sale, or satisfaction of mechanic's lien, or repossession upon default in performance of the terms of a security agreement, the person acquiring the watercraft by operation of law must promptly submit the last certificate of title, if available, or the manufacturer's or importer's certificate or other satisfactory proof of the transfer of ownership to the commissioner or deputy registrar with the application for a new certificate of title and the required fee.

(b) If a secured party acquires a titled watercraft under the terms of a security agreement or by operation of law, the secured party must promptly submit to the commissioner, a deputy registrar, or the person acquiring the watercraft from the secured party the last certificate of title, if available, an application for a new certificate of title with the required fee, and an affidavit by the secured party or an authorized representative stating the facts entitling the secured party to possession and ownership of the watercraft, including a copy of the journal entry, court order, or instrument upon which the claim of possession and ownership is founded. If the secured party cannot produce the required proof of ownership, the secured party may submit other evidence with the application and the commissioner may issue a new certificate of title if the evidence provides satisfactory proof of ownership.

Sec. 7. [361A.06] [TEMPORARY WATERCRAFT USE PERMITS.]

Subdivision 1. [ISSUANCE TO TITLE APPLICANT.] (a) The commissioner may issue a temporary watercraft use permit to a person applying for a certificate of title for a new or used watercraft to allow that person to operate the watercraft on the waters of this state pending completion of the titling and watercraft licensing process.

(b) The watercraft use permit must be carried aboard the watercraft to allow immediate inspection. The watercraft use permit must contain a description of the watercraft, including its trade name, if any, year, series or model, hull material, length, hull identification number, and other information prescribed by the commissioner. A permit is valid only for the watercraft for which it is issued.

Subd. 2. [DISTRIBUTION TO DEALERS.] The commissioner may distribute permits in booklet form to licensed dealers. If the dealer issues a permit, the dealer must submit a watercraft use permit information form to the commissioner. The commissioner must provide information forms that require the name of the person to whom the watercraft use permit was issued, the watercraft

description, dates of issue and expiration, and other information prescribed by the commissioner.

Sec. 8. [361A.07] [DUPLICATE CERTIFICATE.]

Subdivision 1. [FORM AND ISSUANCE.] (a) The commissioner may issue a duplicate certificate of title under this section. The duplicate certificate of title must be a certified copy plainly marked "duplicate" across its face and must contain the legend: "This duplicate certificate of title may be subject to the rights of a person under the original certificate." It must be mailed to the first secured party named in it or, if none, to the owner. The commissioner shall indicate in the department records that a duplicate has been issued.

(b) As a condition to issuing a duplicate certificate of title, the commissioner may require a bond from the applicant in the manner and form prescribed in section 4, subdivision 4, paragraph (b).

Subd. 2. [WAITING PERIOD TO ISSUE NEW CERTIFICATE OF TITLE.] The commissioner may not issue a new certificate of title to a person acquiring a watercraft under an application made on a duplicate certificate of title until at least 15 days after receiving the application.

Subd. 3. [DISAPPEARANCE OF ORIGINAL CERTIFICATE.] If a certificate of title is lost, stolen, or destroyed, the owner or legal representative of the owner named in the certificate may obtain a duplicate by applying to the commissioner, furnishing information the commissioner requires concerning the original certificate, and the circumstances of its loss or destruction.

Subd. 4. [MUTILATED OR ILLEGIBLE CERTIFICATE.] If an original certificate of title is mutilated or rendered illegible, the person in possession of the title must return it to the commissioner with the application for a duplicate.

Subd. 5. [RECOVERY OF LOST OR STOLEN CERTIFICATE.] If a lost or stolen certificate of title for which a duplicate has been issued is recovered, the lost or stolen certificate of title must be surrendered promptly to the commissioner for cancellation.

Sec. 9. [361A.08] [SUSPENSION OR REVOCATION OF CERTIFICATE.]

Subdivision 1. [SUSPENSION OR REVOCATION.] The commissioner shall suspend or revoke a certificate of title upon notice and reasonable opportunity to be heard if authorized by law or if the commissioner finds that:

(1) the certificate of title was fraudulently procured or erroneously issued; or

(2) the watercraft has been scrapped, dismantled, or destroyed.

Subd. 2. [DUTIES OF OWNER.] If the commissioner suspends or revokes a certificate of title, the owner or person in possession of the certificate of title, immediately upon receiving notice of the suspension or revocation, shall mail or deliver the certificate to the commissioner.

Subd. 3. [SEIZURE OR IMPOUNDMENT] The commissioner may seize and impound a certificate of title that has been suspended or revoked.

Subd. 4. [SUBSEQUENT GOOD FAITH PURCHASER.] Suspension or revocation of a certificate of title does not affect the validity of a subsequent transfer to a purchaser relying in good faith on the assignment of a suspended or revoked title if the certificate of title was not surrendered to or seized by the commissioner under subdivisions 2 and 3, and the commissioner shall issue a new certificate of title to an applicant who is a good faith purchaser for value in those circumstances.

Sec. 10. [361A.09] [RESPONSIBILITIES OF COMMISSIONER.]

The commissioner shall prescribe and provide suitable forms of applications, certificates of title, notices of security interests, and other notices and forms necessary to implement this chapter. In addition, the commissioner may:

(1) make necessary investigations to procure information required to implement this chapter;

(2) assign a new hull identification number to a watercraft if the watercraft does not have a number or the number is destroyed or obliterated; or

(3) adopt and enforce rules necessary to implement this chapter.

Sec. 11. [361A.10] [PENALTIES.]

Subdivision 1. [FELONY.] A person is guilty of a felony and punishable by imprisonment for a term of not more than four years, or payment of a fine of not more than \$5,000, or both, if the person with fraudulent intent:

(1) uses a false or fictitious name or address, makes a material false statement, fails to disclose a security interest, or conceals any other material fact in an application for a certificate of title; or

(2) submits a false, forged, or fictitious document in support of an application for a certificate of title.

Subd. 2. [MISDEMEANOR.] A person is guilty of a misdemeanor if that person:

(1) with fraudulent intent permits another to use or possess a certificate of title who is not entitled to use or possess the certificate of title;

(2) willfully fails to mail or deliver a certificate of title to the commissioner or a deputy registrar within ten days after the time required;

(3) willfully fails to deliver to a person acquiring a watercraft a certificate of title within ten days after the time required;

(4) commits a fraud in an application for a certificate of title; or

(5) fails to notify the commissioner of a fact as required by law.

Sec. 12. [361A.11] [TITLE FEES.]

Subdivision 1. [FEES.] (a) The fee to be paid to the commissioner:

(1) for issuing an original certificate of title, including the concurrent notation of an assignment of the security interest and its subsequent release or satisfaction, is \$10.50;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of an assignment of the security interest and its subsequent release or satisfaction, is \$7;

(3) for transferring the interest of an owner and issuing a new certificate of title, is \$7;

(4) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, is \$1; and

(5) for issuing a duplicate certificate of title, is \$4.

(b) In addition to other statutory fees and taxes, a filing fee of \$3.25 is imposed on every application. The filing fee must be shown as a separate item on title renewal notices sent by the commissioner.

Subd. 2. [CONCURRENT APPLICATIONS.] If a person applies for an original or a new certificate of title for a watercraft concurrently with an application for transfer of license of the watercraft to

the applicant, the fee prescribed in subdivision 1 is in lieu of the fee prescribed by section 361.03 for a transfer of ownership or license of the watercraft to the applicant.

Subd. 3. [FEES PAID BEFORE TITLE ISSUED.] Subject to subdivision 2, the commissioner may not issue a certificate of title for a watercraft until the fees prescribed by subdivision 1 and section 361.03 for a prior transfer of ownership or license of the watercraft have been paid.

Subd. 4. [DEPOSIT OF FEE.] Fees collected under this section must be deposited in the state treasury and credited to the water recreation account, except a deputy registrar who originates an application shall retain the filing fee under subdivision 1, paragraph (b).

Sec. 13. [361A.12] [INAPPLICABLE LIENS AND SECURITY INTERESTS.]

The requirements of this chapter relating to security interests and certificate of title do not apply to or affect:

(1) a lien given by statute or rule of law to a supplier of services or materials for the watercraft while the watercraft is in the possession of the lienholder;

(2) a lien given by statute to the United States, this state, or a political subdivision of this state; or

(3) a security interest in a watercraft created by a manufacturer or dealer who holds the watercraft for sale.

Sec. 14. [361A.13] [SECURITY INTERESTS.]

Subdivision 1. [VALIDITY.] Unless excepted by section 13, a security interest in a titled watercraft is not valid against creditors of the owner or subsequent transferees or secured parties of the watercraft unless perfected as provided in this chapter.

Subd. 2. [PERFECTION.] A security interest is perfected by the delivery to the commissioner of the existing certificate of title, if any, or an application for a certificate of title, containing the name and address of the secured party, the date of the security agreement, and the required fee. It is perfected as of the time of its creation if the delivery is completed within the following ten days. In other instances it is perfected as of the time of the delivery. The method provided in this chapter is exclusive.

Sec. 15. [361A.14] [OWNER-CREATED SECURITY INTEREST.]

Paragraphs (a) to (d) apply if an owner creates a security interest in a titled watercraft.

(a) The owner shall immediately execute the application in the space provided on the certificate of title or on a separate form prescribed by the commissioner, show the name and address of the secured party on the certificate, and have the certificate, application, and required fee delivered to the secured party.

(b) The secured party shall immediately have the certificate, application, and required fee mailed or delivered to the commissioner.

(c) Upon request of the owner or subordinate secured party, a secured party in possession of the certificate of title shall either (1) mail or deliver the certificate to the subordinate secured party for delivery to the commissioner, or (2) upon receiving from the subordinate secured party the owner's application and the required fee, mail or deliver them to the commissioner with the certificate. The delivery of the certificate does not affect the rights of the first secured party under the security agreement.

(d) Upon receiving the certificate of title, application, and required fee, the commissioner shall either endorse on the certificate or issue a new certificate containing the name and address of the new secured party, and mail or deliver the certificate to the first secured party named on it.

Sec. 16. [361A.15] [LICENSED WATERCRAFT PREVIOUSLY PERFECTED.]

If a security interest in a previously licensed watercraft is perfected under other applicable Minnesota law on January 1, 1991, the security interest continues perfected:

(1) until its perfection lapses under the law under which it was perfected or would lapse in the absence of a further filing; or

(2) until a certificate of title for the watercraft is issued and the security interest is perfected under section 14.

The assignment, release, or satisfaction of a security interest in a previously licensed watercraft is governed by the laws under which it was perfected.

Sec. 17. [361A.16] [SATISFACTION OF SECURITY INTEREST.]

Subdivision 1. [RELEASE.] Upon the satisfaction of a security interest in a watercraft for which the certificate of title is in the possession of the secured party, the secured party, within 15 days,

shall execute a release of the security interest in the space provided on the certificate or as prescribed by the commissioner, and mail or deliver the certificate and release to the next secured party named or, if none, to the owner or a person who delivers to the secured party an authorization from the owner to receive the certificate. The owner, other than a dealer holding the watercraft for resale, shall promptly have the certificate, the release, and the required fee mailed or delivered to the commissioner, who shall release the secured party's rights on the certificate or issue a new certificate.

Subd. 2. [RELEASE OF SUBORDINATE SECURITY INTEREST.] Upon the satisfaction of a security interest in a watercraft for which the certificate of title is in the possession of a prior secured party, the secured party whose security interest is satisfied shall execute a release in the form prescribed by the commissioner and, within 15 days after satisfaction, deliver the release to the owner or a person who delivers to the secured party.

Sec. 18. [361A.17] [DISCLOSURE OF SECURITY AGREEMENT.]

A secured party named in a certificate of title, upon written request of the owner or other secured party named on the certificate, must disclose pertinent information about the security agreement and the indebtedness secured by it.

Sec. 19. [361A.18] [EFFECT OF SUSPENSION OR REVOCATION ON SECURITY INTEREST.]

Suspension or revocation of a certificate of title does not, in itself, affect the validity of a security interest noted on it.

Sec. 20. [361A.19] [PREVIOUSLY LICENSED WATERCRAFT UNDISCLOSED SECURITY INTERESTS.]

If the commissioner is not satisfied that there are no undisclosed security interests created before the watercraft is initially titled, the commissioner may, in addition to its options under section 4, subdivision 4, issue a distinctive certificate of title for the watercraft containing the legend: "This watercraft may be subject to an undisclosed lien," and any other information the commissioner prescribes.

Sec. 21. [361A.20] [LIENS ATTACHING TO WATERCRAFT.]

(a) A nonpossessory lien on a titled watercraft is not perfected unless a lien statement is filed with the commissioner.

(b) The lien statement must include:

- (1) the watercraft owner's name and address;
- (2) the statute under which the lien is taken;
- (3) the name and address of the lienholder; and
- (4) the title number of the watercraft.

(c) The commissioner shall note the time and date of filing the lien statement.

Sec. 22. [361A.21] [STOLEN WATERCRAFT.]

Subdivision 1. [DUTY OF PEACE OFFICERS.] A peace officer aware of a stolen or converted watercraft shall immediately furnish the commissioner with information concerning the theft or conversion.

Subd. 2. [DUTY OF COMMISSIONER.] The commissioner, upon receiving a report of the theft or conversion of a watercraft, shall record the report information, including the make of the stolen or converted watercraft and its builder's hull identification number, if any. The commissioner shall prepare a list of watercraft reported stolen and those recovered as disclosed by the reports submitted. The report may be distributed as the commissioner deems advisable.

Subd. 3. [DUTY OF OWNER.] If a stolen or converted watercraft is recovered, the owner shall immediately notify the commissioner.

Sec. 23. [EFFECTIVE DATE.]

Subdivision 1. [GENERALLY.] Except as provided in subdivision 2, sections 1 to 22 are effective January 1, 1991.

Subd. 2. [PHASE-IN PROVISIONS.] A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title under this act until the owner transfers part of an interest in the watercraft, grants a security interest in the watercraft, or renews the license.

Sec. 24. [INSTRUCTION TO REVISOR.]

If legislation is enacted in the 1989 legislature to change section numbers of provisions governing watercraft licensing or to recodify those provisions into chapter 361A, the revisor of statutes shall correct cross-references to those provisions in this act and renumber the sections of Minnesota Statutes in this act consistent with those changes."

Delete the title and insert:

“A bill for an act relating to watercraft; providing for titling of watercraft; providing for perfection of security interests in watercraft; providing penalties; amending Minnesota Statutes 1988, section 336.9-302; proposing coding for new law as Minnesota Statutes, chapter 361A.”

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 173, A bill for an act relating to agriculture; requiring consumers to be informed concerning the point of origin of certain food ingredients; 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. [31.105] [ARTIFICIAL CHEESE DISCLOSURE.]

Subdivision 1. [CHEESE ADDITIVES AND CHEESE SUBSTITUTES.] A restaurant or retailer of prepared foods must comply with the disclosure requirements of subdivision 2 if:

(1) the restaurant or retailer uses cheese substitutes such as casein in food products that traditionally contain cheese; or

(2) the restaurant or retailer use nondairy additives or extenders in food products that traditionally contain cheese.

Subd. 2. [DISCLOSURE.] A restaurant or retailer required to disclose under subdivision 1 must:

(1) post in a clearly visible manner on or near each customer entrance to the premises a notice substantially as follows: “NOTICE: ONE OR MORE OF THE PRODUCTS SERVED OR SOLD BY THIS ESTABLISHMENT CONTAIN CHEESE SUBSTITUTES OR NONDAIRY CHEESE ADDITIVES”; or

(2) print on or affix to the menu or menu board a notice stating that one or more of the products listed in the menu or on the menu board contain cheese substitutes or nondairy cheese additives.

Subd. 3. [EXCEPTIONS.] (a) A restaurant or retailer of prepared foods that serves only cheese free from cheese substitutes or non-

dairy additives or extenders is exempt from the disclosure requirements of subdivision 2.

(b) A restaurant or retailer of prepared foods that uses only minor quantities of cheese substitutes or nondairy additives or extenders primarily for cosmetic purposes, but does not use cheese substitutes, additives, or extenders as a substantial ingredient in meals or prepared foods is exempt from the disclosure requirements of subdivision 2.

Sec. 2. [31.106] [SMALLER RESTAURANTS AND RETAILERS EXEMPTED.]

Notwithstanding sections 31.002 and 31.101, subdivision 7, and any other law to the contrary, section 1 applies to restaurants and retailers of prepared foods except those that operate six or fewer outlets or restaurants in Minnesota or have gross annual sales of meals and prepared foods in Minnesota of \$500,000 or less in all retail outlets or restaurants in Minnesota. For purposes of this section, a franchisor is considered to be operating retail outlets and restaurants in this state that may actually be owned and operated by a franchisee.

Sec. 3. [31.107] [RULES.]

The commissioner may adopt rules, including emergency rules, necessary to administer sections 1 and 2. The rules may include provisions governing the size, location, and wording of disclosure notices."

Delete the title and insert:

"A bill for an act relating to agriculture; requiring certain restaurants and retailers of prepared foods to disclose the use of cheese substitutes; exempting certain restaurants and retailers; proposing coding for new law in Minnesota Statutes, chapter 31."

With the recommendation that when so amended the bill pass.

The report was adopted.

Osthoff from the Committee on Financial Institutions and Housing to which was referred:

H. F. No. 241, A bill for an act relating to housing; requiring housing impact statements before displacement of certain low-income housing; requiring state government units to replace certain displaced low-income housing; providing for enforcement; proposing coding for new law in Minnesota Statutes, chapter 504.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [504.30] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to sections 1 to 5.

Subd. 2. [CITY.] “City” means any statutory or home rule charter city. The term “city” also includes a port authority, economic development authority, a housing and redevelopment authority, or any development agency established under chapter 469 which share common boundaries with the city.

Subd. 3. [DISPLACE.] “Displace” means to demolish, acquire for or convert to a use other than housing, or increase rents for rental housing by greater than 25 percent of the current rent; or provide or expend funds that directly result in demolition, acquisition for or conversion to a use other than housing, or increased rents for rental housing by more than 25 percent of the current rate.

“Displace” does not include (1) providing or expending funds that directly result in improvement of owner-occupied housing, or (2) providing or expending funds that directly result in, and are limited to, those improvements of housing which are made to comply with health, housing, building, fire prevention, housing maintenance, or energy codes or standards of the applicable government unit, or to make the housing more accessible to any handicapped person.

Subd. 4. [GOVERNMENT UNIT.] “Government unit” means any state agency; any public or private agency, corporation, or entity receiving a direct appropriation from the state for the purpose of a project that would displace low-income housing; or any general or special purpose unit of government in the state, including, but not limited to, any city, county, county housing and redevelopment authority, town, and regional development commission.

Subd. 5. [HOUSING.] “Housing” means residential owner occupied or rental housing. “Housing” does not include community-based residential facilities.

Subd. 6. [LOW-INCOME HOUSING.] “Low-income housing” means rental housing with a rent less than or equal to 30 percent of 60 percent of the median income for the county in which the rental housing is located, adjusted by size; or owner-occupied housing with an estimated market value less than one-half of the median estimated market value for owner-occupied housing for the county in which the owner-occupied housing is located. “Low-income housing” also includes housing that has been vacant for less than two years,

that was low-income housing when it was last occupied, and that is not condemned as being unfit for human habitation by the applicable government unit.

Subd. 7. [RENTAL HOUSING.] "Rental housing" includes, but is not limited to, rental apartments, rooms, and housing; board and lodging units; rooms in single-occupancy buildings and hotels that offer to be used as the sole residence of the occupant; transitional housing; and shelters. Rental housing does not include transitional housing located within a floodplain.

Subd. 8. [REPLACEMENT HOUSING.] "Replacement housing" means housing that shall:

(1) be the lesser of (i) the number and size of units to house at least the number of occupants that could have been housed in the low-income units displaced, or (ii) be sufficient in number and size to meet the demand for all sizes of low-income housing by housing, by size, and by rent in the city or town;

(2) have rents, mortgage, or contract for deed payments not greater than 125 percent of the rents or payments of the displaced housing, adjusted by housing size;

(3) be low-income housing for the greater of 15 years or the compliance period of the federal low-income housing tax credit under United States Code, title 26, section 42(i)(1), as amended. This section does not prohibit increases in rent to cover operating expenses;

(4) be in at least standard condition; and

(5) be located in the city or town or within five miles of the displaced units, at a site generally not less convenient to employment centers and public facilities in the community.

Replacement housing may be provided as, but not limited to, newly constructed housing, rehabilitated existing housing or structures, or rent-subsidized existing housing.

Subd. 9. [SIZE.] "Size" means the number of bedrooms in a housing unit.

Sec. 2. [504.31] [ANNUAL HOUSING IMPACT REPORT.]

Subdivision 1. [ANNUAL REPORT REQUIRED.] A government unit shall prepare an annual housing impact report for each year in which the government unit displaces five or more units of low-income housing.

Subd. 2. [DRAFT ANNUAL HOUSING IMPACT REPORT.] A government unit subject to this section must prepare a draft annual housing impact report for review and comment by interested persons. The draft report must be completed by January 31 of the year immediately following a year in which the government unit has displaced five or more units of low-income housing.

Subd. 3. [CONTENTS:] The draft and final annual housing impact reports must include:

(1) identification of each low-income housing unit that was displaced in the previous year in the city or town where housing was displaced by the government unit, including the unit's address, size, and rent; the number of persons who could have occupied the unit; the condition the unit was in, and whether it was habitable at the time of displacement; the owner of the unit; whether it was owner occupied; and how and when it was displaced;

(2) identification of each unit of replacement housing provided in the previous year in the city or town, including the unit's address, size, and rent; the number of persons who could occupy the unit; the owner of the unit; whether it is owner occupied; and an identification of the displaced low-income housing unit that was replaced by the unit of replacement housing;

(3) analysis of the supply of and demand for all sizes of low-income housing units, by size and rent, in the city or town;

(4) determination of whether there is an adequate supply of available and unoccupied low-income housing units to meet the demand for all sizes of low-income housing, by size and rent, in the city or town where housing has been displaced by the government unit;

(5) estimation of the cost of providing replacement housing for low-income housing not in adequate supply to meet the demand for all sizes of low-income housing, by size and rent, in the city or town where housing has been displaced by the government unit; and

(6) analysis of the government unit's compliance with the replacement plans of previous housing annual impact reports and project housing impact statements.

Subd. 4. [REPLACEMENT PLAN.] If there is an inadequate supply of available and unoccupied low-income housing units to meet the demand for the replacement housing in the city or town where housing has been displaced by the government unit, the draft and final annual housing impact reports shall include a plan for providing the replacement housing within 36 months following the date of the final annual housing impact report.

Subd. 5. [NOTICE; REQUEST FOR COMMENTS.] A government unit subject to this section must provide for public input in preparing the annual housing impact report, including a public comment period and a public hearing. The government unit must publish notice of its draft annual housing impact report in a newspaper of general circulation in the city or town by the deadline for completion of the draft annual housing impact report. The notice must include a request for comments on the draft annual housing impact report within the 30 days following the notice, and notice of the date, time, and location of a public hearing on the draft annual housing impact report to be held within 15 to 30 days following the date of notice. Copies of the notice must be sent to the neighborhood and citizen participation organizations, district planning councils, housing referral and information services, shelters, homeless and tenants advocacy groups, and legal aid offices in the city or town where the displaced low-income housing was located. Copies of the notice and the draft annual housing impact report must be submitted to the state planning agency and the Minnesota housing finance agency.

Subd. 6. [FINAL ANNUAL HOUSING IMPACT REPORT.] In preparing and approving a final annual housing impact report, a government unit subject to this section must consider comments received during the comment period and at the public hearing on the draft report. The final report shall be prepared within 30 days following the deadline for receipt of comments on the draft annual housing impact report. The government unit shall publish notice of the final annual housing impact report in a newspaper of general circulation in the city or town. Copies of the notice must be sent to neighborhood and citizen participation organizations, district planning councils, housing referral and information services, shelters, homeless and tenants advocacy groups, and legal aid offices in the city or town where the displaced low-income housing was located. Copies of the notice and the draft annual housing impact report must be submitted to the state planning agency and the Minnesota housing finance agency.

Sec. 3. [504.32] [REPLACEMENT HOUSING REQUIRED.]

A government unit subject to section 2 must provide the replacement housing within 36 months following the date of the final annual housing impact report, unless there is an adequate supply of available and unoccupied low-income housing units to meet the demand for the replacement housing in the city or town where housing has been displaced by the government unit.

Sec. 4. [504.33] [PROJECT HOUSING IMPACT STATEMENT.]

Subdivision 1. [STATEMENT.] A government unit may not displace 70 or more units of low-income housing in any project, unless it prepares a project housing impact statement required under this section.

Subd. 2. [DRAFT PROJECT HOUSING IMPACT STATEMENT.] A government unit subject to this section must prepare a draft project housing impact statement for review and comment by interested persons.

Subd. 3. [CONTENTS.] The draft and final project housing impact statement must include:

(1) identification of each low-income housing unit to be displaced, including the unit's address, size, and rent; the number of persons who could have occupied the unit; the condition the unit is in, and whether it is habitable at the time of displacement; the owner of the unit; and whether it is owner occupied;

(2) analysis of the supply of and demand for all sizes of low-income housing units, by size and rent, within the city or town where housing has been displaced by the government unit;

(3) determination of whether there is an adequate supply of available and unoccupied low-income housing units to meet the demand for all sizes of low-income housing, by size and rent, in the city or town where housing has been displaced by the government unit;

(4) estimation of the cost of providing replacement housing for low-income housing not in adequate supply to meet the demand for all sizes of low-income housing, by size and rent, in the city or town where housing has been displaced by the government unit; and

(5) analysis of the government unit's compliance with the replacement plans of previous housing annual impact reports and project housing impact statements.

Subd. 4. [REPLACEMENT PLAN.] If there is an inadequate supply of available and unoccupied low-income housing units to meet the demand for the replacement housing in the city or town where housing has been displaced by the government unit, the draft and final project housing impact statements shall include a plan for providing the replacement units within 36 months after the government unit displaces the housing.

Subd. 5. [NOTICE; REQUEST FOR COMMENTS.] A government unit subject to this section must provide for public input in preparing the project housing impact statement, including a public comment period and a public hearing. The government unit must publish notice of its intent to displace low-income housing and a copy of its draft project housing impact statement in a newspaper of general circulation in the city or town where the housing to be displaced is located. The notice must include a request for comments on the statement within the 30 days following the notice, and notice

of the date, time, and location of a public hearing on the draft project housing impact statement to be held at least 15 days following the date of the notice. Copies of the notice required in this subdivision must be sent to the owners and occupants of the low-income units to be displaced, neighborhood and citizen participation organizations, district planning councils, housing referral and information services, shelters, homeless and tenants advocacy groups, and legal aid offices in the city or town where the housing to be displaced is located. Copies of the notice and the draft project housing impact report must be sent to the state planning agency and the Minnesota housing finance agency.

Subd. 6. [FINAL PROJECT HOUSING IMPACT STATEMENT.] In preparing and approving a final project housing impact statement, a government unit subject to this section must consider comments received during the comment period and at the public hearing on the draft statement. When the final project housing impact statement is completed, the government unit immediately shall publish notice of the final project housing impact statement in a newspaper of general circulation in the affected communities. Copies of the notice must be sent to owners and occupants of the low-income units to be displaced, neighborhood and citizen participation organizations, district planning councils, housing referral and information services, shelters, homeless and tenants advocacy groups, and legal aid offices in the city or town where the housing to be displaced is located. Copies of the notice and the final project housing impact report must be sent to the state planning agency and the Minnesota housing finance agency.

Sec. 5. [504.34] [REPLACEMENT HOUSING REQUIRED.]

A government unit subject to section 4 must provide the replacement housing within 36 months after the government unit displaces the low-income housing, unless there is an adequate supply of available and unoccupied low-income housing units to meet the demand for the replacement housing in the city or town where housing has been displaced by the government unit."

Delete the title and insert:

"A bill for an act relating to housing; requiring annual housing impact reports; requiring housing impact statements before displacement of certain low-income housing; requiring government units to replace certain displaced low-income housing; proposing coding for new law in Minnesota Statutes, chapter 504."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 341, A bill for an act relating to public safety; proposing the emergency planning and community right-to-know act; requiring reports on hazardous substances and chemicals; creating an emergency response commission; providing penalties; amending Minnesota Statutes 1988, section 609.671, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 299F.

Reported the same back with the following amendments:

Page 9, line 18, delete "A person in" and insert "(a) Any person who:

(1) is required to report the release of a hazardous substance under United States Code, title 42, section 9603, or the release of an extremely hazardous substance under United States Code, title 42, section 11004; and

(2) knows or has reason to know that a hazardous substance or an extremely hazardous substance has been released; and

(3) fails to provide immediate notification of the release of a reportable quantity of a hazardous substance or an extremely hazardous substance to the state emergency response center, or a firefighting or law enforcement organization, is, upon conviction, subject to a fine of up to \$25,000 or imprisonment for up to two years, or both. For a second or subsequent conviction under this section, the violator is subject to a fine of up to \$50,000 or imprisonment for not more than five years, or both.

(b) For purposes of this subdivision, a "hazardous substance" means a substance on the list established under United States Code, title 42, section 9602.

(c) For purposes of this subdivision, an "extremely hazardous substance" means a substance on the list established under United States Code, title 42, section 11002.

(d) For purposes of this subdivision, a "reportable quantity" means a quantity that must be reported under United States Code, title 42, section 9602 or 11002."

Page 9, delete lines 19 to 27

Page 10, after line 4, insert:

"Sec. 17. [EFFECTIVE DATE.]

Section 14 is effective August 1, 1989, and applies to crimes committed on or after that date."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 427, A bill for an act relating to crime; requiring county attorneys to develop written plea negotiation and charging policies; proposing coding for new law in Minnesota Statutes, chapter 388.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [241.0221] [GRANT PROGRAM; ALTERNATIVE LOCAL SANCTIONS.]

The commissioner of corrections is authorized to make grants to counties and groups of counties for the purpose of assisting the counties in alleviating crowded conditions in their detention and corrections facilities. In particular, grants may be awarded for the following purposes:

(1) to develop and expand pretrial programs and sentencing sanctions that are alternatives to incarceration, including but not limited to house arrest, electronic monitoring, community work service, and intensive probation;

(2) to develop a court management plan that permits more orderly and efficient processing of criminal cases by the trial courts;

(3) to develop treatment programs for sexual assault offenders and for chemically dependent offenders; and

(4) to conduct feasibility planning for the construction or renovation of regional detention and corrections facilities.

The grants available to counties under this section are in addition to grants available to participating counties under chapter 401.

Sec. 2. [APPROPRIATION.]

\$ is appropriated from the general fund to the commissioner of corrections for the grant program established in section 1."

Delete the title and insert:

"A bill for an act relating to corrections; authorizing the commissioner of corrections to award grants to counties for the purpose of developing nonincarceration sanctions, treatment programs and other alternative sanctions for criminal defendants and sentenced offenders, and for conducting feasibility planning for regional detention and corrections facility construction or renovation; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 241."

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

The report was adopted.

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

H. F. No. 629, A bill for an act relating to elections; providing a public subsidy for legislative candidates in special elections; amending Minnesota Statutes 1988, sections 10A.31, subdivision 5, and by adding a subdivision; and 10A.33.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 10A.04, subdivision 2, is amended to read:

Subd. 2. Each report shall cover the time from the last day of the period covered by the last report to 15 days prior to the current filing date. The reports shall be filed with the board by the following dates:

- (a) January 15;
- (b) April 15; and
- (c) July 15; and
- (d) October 15.

Sec. 2. [10A.065] [CONTRIBUTIONS AND SOLICITATIONS DURING LEGISLATIVE SESSION.]

Subdivision 1. [REGISTERED LOBBYIST CONTRIBUTIONS; LEGISLATIVE SESSION.] A candidate for the legislature, the candidate's principal campaign committee, or any other political

committee with the candidate's name or title shall not solicit or accept a contribution from a registered lobbyist, political committee, or political fund during a regular session of the legislature.

Subd. 2. [DEFINITION.] For purposes of this section, "regular session" does not include a special session or the interim between the two annual sessions of a biennium. This section does not prohibit a contribution to a candidate or committee made at a fundraising event scheduled in advance to take place after the time for adjournment of a legislative session announced by the speaker of the house of representatives and the majority leader of the senate.

Subd. 3. [CIVIL PENALTY.] A candidate, political committee, or political fund that violates this section is subject to a civil fine of up to \$500. If the state ethical practices board makes a public finding that there is probable cause to believe a violation of this section has occurred, the board shall bring an action, or transmit the finding to a county attorney who shall bring an action, in the district court of Ramsey county, to impose a civil fine as prescribed by the board. Fines paid under this section must be deposited in the general fund in the state treasury.

Subd. 4. [SPECIAL ELECTION.] This section does not apply to a candidate or a candidate's principal campaign committee in a legislative special election.

Subd. 5. [POLITICAL COMMITTEE.] This section does not apply to a political committee established by a political party as defined in section 10A.27, subdivision 4.

Sec. 3. Minnesota Statutes 1988, section 10A.20, subdivision 3, is amended to read:

Subd. 3. Each report under this section shall disclose:

(a) The amount of liquid assets on hand at the beginning of the reporting period;

(b) The name, address and employer, or occupation if self-employed, of each individual, political committee or political fund who within the year has made one or more transfers or donations in kind to the political committee or political fund, including the purchase of tickets for all fund raising efforts, which in aggregate exceed \$100 for legislative or statewide candidates or ballot questions, together with the amount and date of each transfer or donation in kind, and the aggregate amount of transfers and donations in kind within the year from each source so disclosed. A donation in kind shall be disclosed at its fair market value. An approved expenditure is listed as a donation in kind. A donation in kind is considered consumed in

the reporting period in which it is received. The names of contributors shall be listed in alphabetical order;

(c) The sum of contributions to the political committee or political fund during the reporting period;

(d) Each loan made or received by the political committee or political fund within the year in aggregate in excess of \$100, continuously reported until repaid or forgiven, 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. If any loan made to the principal campaign committee of a candidate is forgiven at any time or repaid by any entity other than that principal campaign committee, it shall be reported as a contribution for the year in which the loan was made;

(e) Each receipt in excess of \$100 not otherwise listed under clauses (b) to (d);

(f) The sum of all receipts of the political committee or political fund during the reporting period;

(g) The name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the political committee or political fund within the year in excess of \$100, together with the amount, date and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made, identification of the ballot question which the expenditure is intended to promote or defeat, and in the case of independent expenditures made in opposition to a candidate, the name, address and office sought for each such candidate;

(h) The name and address of each individual or association to whom aggregate transfers or disbursements have been made by or on behalf of a political fund or political committee, other than a major political party, minor political party, or principal campaign committee, within the year in excess of \$100, together with the amount, date, purpose of each transfer, or disbursement.

(i) The sum of all expenditures made by or on behalf of the political committee or political fund during the reporting period;

(⊕) (j) The amount and nature of any advance of credit incurred by the political committee or political fund, continuously reported until paid or forgiven. If any advance of credit incurred by the principal campaign committee of a candidate is forgiven at any time by the creditor or paid by any entity other than that principal campaign committee, it shall be reported as a donation in kind for the year in which the advance of credit was incurred;

(j) (k) The name and address of each political committee, political fund, or principal campaign committee to which aggregate transfers in excess of \$100 have been made within the year, together with the amount and date of each transfer;

(k) (l) The sum of all transfers made by the political committee, political fund, or principal campaign committee during the reporting period;

(l) (m) For principal campaign committees only, the sum of noncampaign disbursements made in each category listed in section 10A.01, subdivision 10c, during the reporting period; and

(m) (n) The sum of all noncampaign disbursements made by the political committee, political fund, or principal campaign committee during the reporting period.

Sec. 4. Minnesota Statutes 1988, section 10A.27, subdivision 4, is amended to read:

Subd. 4. For the purposes of this section, a political party means the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts, and all or part of the party organization within either house of the legislature, except for individual members.

Sec. 5. [10A.271] [CONTRIBUTION LIMIT ADJUSTMENT.]

Subdivision 1. [METHOD OF CALCULATION.] The dollar amounts in section 10A.27, subdivision 1, must be adjusted for 1990 and subsequent calendar years as provided in this section. By June 1 of each year, the executive director of the board shall determine the percentage increase in the consumer price index from December of the year in which the last determination was made to December of the year preceding the current year. The dollar amounts used for the current year must be multiplied by that percentage. The product of the calculation must be added to each dollar amount to produce the dollar limitations to be in effect for the next calendar year. The product must be rounded up to the next highest number of dollars evenly divisible by 25. The index used must be the revised consumer price index for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States Department of Labor with 1982 as a base year.

Subd. 2. [TRANSITIONAL PERIOD.] The dollar amounts in section 10A.27, subdivision 1, must be adjusted for 1989 in the manner provided in subdivision 1, except that the percentage increase in the consumer price index shall be determined from

April, 1974 to December, 1987, the product shall be rounded to the next highest dollar for each year prior to 1989, and the adjustment must be calculated by the executive director by June 1, 1989. Notwithstanding subdivision 1, the base year of 1967 must be used for the period of April, 1974 to December, 1987.

Sec. 6. Minnesota Statutes 1988, section 10A.275, is amended to read:

10A.275 [MULTICANDIDATE POLITICAL PARTY EXPENDITURES.]

Subdivision 1. [EXCEPTIONS.] Notwithstanding any other provisions of this chapter, the following expenditures by a state political party or, a substate unit of a state political party as described in section 10A.27, subdivision 4, or two or more substate units of a state political party acting together shall not be considered contributions to or expenditures on behalf of any candidate for the purposes of section 10A.25 or 10A.27, and shall not be allocated to any candidates pursuant to section 10A.22, subdivision 5:

(a) expenditures on behalf of candidates of that party generally without referring to any of them specifically in any advertisement published, posted or broadcast;

(b) expenditures for the preparation, display, mailing or other distribution of an official party sample ballot listing the names of three or more individuals whose names are to appear on the ballot;

(c) expenditures for any telephone conversation including the names of three or more individuals whose names are to appear on the ballot; or

(d) expenditures for any political party fundraising effort on behalf of three or more candidates; or

(e) expenditures for party committee staff member services that benefit three or more candidates. This paragraph applies only to staff members paid from the political committee of a political party as defined in section 10A.27, subdivision 4.

Subd. 2. [SUBSTATE UNIT OF STATE POLITICAL PARTY.] For purposes of this section, "substate unit of a state political party" means the party organization within each house of the legislature; the state party organization; or the party organization within congressional districts, counties, legislative districts, municipalities, or precincts.

Sec. 7. Minnesota Statutes 1988, section 10A.31; subdivision 5, is amended to read:

Subd. 5. In each calendar year the money in the general account shall be allocated to candidates as follows:

(1) 21 percent for the offices of governor and lieutenant governor together;

(2) 3.6 percent for the office of attorney general;

(3) 1.8 percent each for the offices of secretary of state, state auditor, and state treasurer;

(4) In each calendar year during the period in which state senators serve a four-year term, 23 $\frac{1}{3}$ percent for the office of state senator and 46 $\frac{2}{3}$ percent for the office of state representative;

(5) In each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative.

In each calendar year the money in each party account shall be allocated as follows:

(1) 14 percent for the offices of governor and lieutenant governor together;

(2) 2.4 percent for the office of attorney general;

(3) 1.2 percent each for the offices of secretary of state, state auditor, and state treasurer;

(4) In each calendar year during the period in which state senators serve a four-year term, 23 $\frac{1}{3}$ percent for the office of state senator and 46 $\frac{2}{3}$ percent for the office of state representative;

(5) In each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative;

(6) ten percent for the state committee of a political party; money allocated to each state committee under this clause must be deposited in a separate account and must be spent for legitimate political party operations, including voter education; the sample ballot; operations of precinct caucuses, county unit conventions, and state conventions; and the maintenance and programming of computers used to provide lists of voters, party workers, party officers, patterns of voting, and other data for use in political party activities only those items enumerated in section 10A.275; money allocated to a state committee under this clause must be paid to the committee as it is received in the account, on a monthly or other basis agreed to between the committee and the board, with payment on the 15th

day of the calendar month following the month in which the tax returns were received, provided that these distributions would be equal to the amount of money indicated in the department of revenue's weekly unedited reports of income tax returns for that month, subject to final annual adjustment and settlement as indicated according to the certification by the commissioner of revenue under subdivision 6.

To assure that moneys will be returned to the counties from which they were collected, and to assure that the distribution of those moneys rationally relates to the support for particular parties or for particular candidates within legislative districts, money from the party accounts for legislative candidates shall be distributed as follows:

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election shall receive money from the candidate's party account set aside for candidates of the state senate or state house of representatives, whichever applies, according to the following formula;

For each county within the candidate's district the candidate's share of the dollars allocated in that county to the candidate's party account and set aside for that office shall be:

(a) The sum of the votes cast in the last general election in that part of the county in the candidate's district for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct of the state and (ii) for the state senate and state house of representatives, divided by

(b) The sum of the votes cast in that county in the last general election for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct in the state and (ii) for the state senate and state house of representatives, multiplied by

(c) The amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

The sum of all the county shares calculated in the formula above is the candidate's share of the candidate's party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For any party under whose name no candidate's name appeared on the ballot in each voting precinct in the state in the last general

election, amounts in the party's account shall be allocated based on (a) the number of people voting in the last general election in that part of the county in the candidate's district, divided by (b) the number of the people voting in that county in the last general election, multiplied by (c) the amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

In a year in which the first election after a legislative reapportionment is held, "the candidate's district" means the newly drawn district, and voting data from the last general election will be applied to the area encompassing the newly drawn district notwithstanding that the area was in a different district in the last general election.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party shall be the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (a) and (b). The average vote shall be added to the sums in clauses (a) and (b) before the calculation is made for all districts in the county.

Money from a party account not distributed to candidates for state senator and representative in any election year shall be returned to the general fund of the state. Money from a party account not distributed to candidates for other offices in an election year shall be returned to the party account for reallocation to candidates as provided in clauses (1) to (6) in the following year. Money from the general account refused by any candidate shall be distributed to all other qualifying candidates in proportion to their shares as provided in this subdivision.

Sec. 8. Minnesota Statutes 1988, section 10A.31, is amended by adding a subdivision to read:

Subd. 12. [SPECIAL ELECTION ACCOUNT.] The special election account is established as a separate account in the state election campaign fund. Each eligible candidate for a legislative office in a special election shall receive from the special election account an amount equal to the sum of:

(a) the party account money at the last general election for the candidate's party for the office the candidate is seeking; and

(b) the general account money paid to candidates for the same office at the last general election.

If the filing period for the special election does not coincide with the filing period for the general election, a candidate who wishes to receive money from the special election account must submit a signed agreement under section 10A.32, subdivision 3, to the board not later than the day after the candidate files the affidavit of candidacy or nominating petition for the office. Money from the special election account must be distributed in the same manner as provided for the distribution of general account money to legislative candidates in a general election.

Sec. 9. Minnesota Statutes 1988, section 10A.32, is amended by adding a subdivision to read:

Subd. 2a. [MATCHING FUNDS.] In addition to the requirements of subdivision 3, to be eligible to receive any money from the state elections campaign fund, a candidate shall file an affidavit with the board stating that the candidate has received contributions or has made contributions to self, in an amount equal to or greater than 50 percent of the minimum amount that the board estimates, on August 15 of the general election year, would be received by the candidate from the state campaign fund. The candidate shall submit the affidavit required by this subdivision to the board in writing on or before September 1 of the general election year.

Sec. 10. Minnesota Statutes 1988, section 10A.32, subdivision 3, is amended to read:

Subd. 3. As a condition of receiving any money from the state elections campaign fund, a candidate shall agree by stating in writing to the board that (a) the candidate's expenditures and approved expenditures shall not exceed the expenditure limits as set forth in section 10A.25, except as otherwise provided by section 10A.25, subdivision 10, and that (b) except for an amount equal to 25 percent of the expenditure limits set forth in section 10A.25, but not exceeding \$15,000, the candidate shall not accept contributions or allow approved expenditures to be made on the candidate's behalf for the period beginning with January 1 of the election year or with the registration of the candidate's principal campaign committee, whichever occurs later, and ending December 31 of the election year, which aggregate contributions and approved expenditures exceed the difference between the amount which may legally be expended by or for the candidate, and the amount which the candidate receives from the state elections campaign fund. The agreement, insofar as it relates to the expenditure limits set forth in section 10A.25, remains effective until the dissolution of the principal campaign committee of the candidate or the opening of filings for the next succeeding election to the office held or sought at the time of agreement, whichever occurs first. Money in the account of the principal campaign committee of a candidate on January 1 of the election year for the office held or sought shall be considered contributions accepted by that candidate in that year for the purposes of this

subdivision. That amount of all contributions accepted by a candidate in an election year which equals the amount of noncampaign disbursements and contributions and expenditures to promote or defeat a ballot question which are made by that candidate in that year shall not count toward the aggregate contributions and approved expenditure limit imposed by this subdivision. Except for an amount equal to 25 percent of the expenditure limits set forth in section 10A.25, but not exceeding \$15,000, any amount by which the aggregate contributions and approved expenditures agreed to under clause (b) exceed the difference shall be returned to the state treasurer in the manner provided in subdivision 2. In no case shall the amount returned exceed the amount received from the state elections campaign fund.

The candidate may submit the signed agreement to the filing officer on the day of filing the affidavit of candidacy or petition to appear on the ballot, or to the board no later than September 1.

The board prior to the first day of filing for office shall forward forms for the agreement to all filing officers. The filing officer shall without delay forward signed agreements to the board. An agreement may not be rescinded after September 1.

Before the first day of filing for office, the board shall also forward a copy of section 10A.25, subdivision 3, to all filing officers. Before September 1, the filing officer shall provide a copy of section 10A.25, subdivision 3, to each candidate who files an affidavit of candidacy or whose name is to appear on the ballot by petition.

For the purposes of this subdivision only, the total amount to be distributed to each candidate is calculated to be the candidate's share of the total estimated funds in the candidate's party account as provided in subdivision 3a, plus the total amount estimated as provided in subdivision 3a to be in the general account of the state elections campaign fund and set aside for that office divided by the number of candidates whose names are to appear on the general election ballot for that office. If for any reason the amount actually received by the candidate is greater than the candidate's share of the estimate, and the contributions thereby exceed the difference, the agreement shall not be considered violated.

Sec. 11. Minnesota Statutes 1988, section 10A.32, is amended by adding a subdivision to read:

Subd. 3c. [TAX CREDIT; PENALTY.] As a condition of receiving a public subsidy for the candidate's election campaign in the form of tax credits against the tax due from individuals who contribute to the candidate's principal campaign committee, a candidate shall agree by stating in writing to the board at any time, beginning with the registration of the candidate's principal campaign committee, that the candidate's expenditures and approved expenditures shall

not exceed the expenditure limits in section 10A.25, except as otherwise provided by section 10A.25, subdivision 10. The agreement shall remain effective until the dissolution of the principal campaign committee of the candidate or the opening of filing for the next election for the office held or sought at the time of agreement, whichever occurs first.

The commissioner of revenue shall not allow any credit under section 290.06, subdivision 23, for any contribution to a candidate for legislative or statewide office who has not signed an agreement under this subdivision. Nothing in this subdivision shall be construed to limit the campaign expenditure of any candidate who does not sign an agreement under this subdivision but accepts a contribution for which the contributor claims a credit against tax due. The board shall forward a copy of any agreement signed under this subdivision to the commissioner of revenue.

The board shall make available to any candidate signing an agreement a supply of official tax credit receipt forms which state in boldface type that (a) a contributor who is given a receipt form is eligible to receive a credit against tax due in an amount equal to the amount of the contributions, but not more than \$100 for an individual or not more than \$200 for a married couple filing jointly, and (b) the candidate to whom the contribution was made has voluntarily agreed to abide by campaign expenditure limits. A candidate who does not sign an agreement under this subdivision may not issue an official tax credit receipt form or any facsimile of one to any of the candidate's contributors.

Any candidate who does not voluntarily agree to abide by the expenditure limits imposed in section 10A.25 and who willfully issues official tax credit receipt forms or any facsimiles thereof to any contributor is guilty of a misdemeanor.

Sec. 12. Minnesota Statutes 1988, section 10A.33, is amended to read:

10A.33 [APPLICATION.]

Except as otherwise provided in section 8, the provisions of sections 10A.30 to 10A.32 shall apply only in general elections and primaries preceding general elections and shall do not apply to special elections or special primaries.

Sec. 13. Minnesota Statutes 1988, section 97A.485, is amended by adding a subdivision to read:

Subd. 1a. [DEER LICENSE; ABSENTEE BALLOT APPLICATION.] The commissioner shall include with every license to take deer with firearms or by archery, sold or issued during a general

election year, an application for absentee ballots. The commissioner shall obtain absentee ballot application forms from the secretary of state.

Sec. 14. Minnesota Statutes 1988, section 204B.09, subdivision 1, is amended to read:

Subdivision 1. [CANDIDATES IN STATE AND COUNTY GENERAL ELECTIONS.] Except as otherwise provided by this subdivision, affidavits of candidacy and nominating petitions for county, state and federal offices filed at the state general election shall be filed not more than 70 days nor less than 56 days before the state primary. The affidavit may be prepared and signed at any time between 60 days before the filing period opens and the last day of the filing period. Candidates for presidential electors may file petitions on or before the state primary day. Nominating petitions to fill vacancies in nominations shall be filed as provided in section 204B.13. No affidavit or petition shall be accepted later than 5:00 p.m. on the last day for filing. Affidavits and petitions for offices to be voted on in only one county shall be filed with the county auditor of that county. Affidavits and petitions for offices to be voted on in more than one county shall be filed with the secretary of state.

Sec. 15. [204D.165] [SAMPLE BALLOTS TO SCHOOLS.]

Notwithstanding any contrary provisions in section 204D.09 or 204D.16, the county auditor, two weeks before the applicable primary or general election, shall provide one copy of the sample partisan primary, nonpartisan primary, canary, white, or pink ballot to a school district upon request. The school district may have the sample ballots reproduced at its expense for classroom educational purposes.

Sec. 16. Minnesota Statutes 1988, section 290.06, is amended by adding a subdivision to read:

Subd. 23. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] A taxpayer may take a credit against the tax due under this chapter equal to the amount of the taxpayer's contributions to candidates for elective state public office and to any political party. The maximum credit for an individual shall not exceed \$100 and, for a married couple filing jointly, shall not exceed \$200. No credit is allowed under this subdivision for a contribution to any candidate, other than a candidate for elective judicial office, who has not signed an agreement to limit campaign expenditures as provided in section 10A.32. This credit shall be allowed only if the contribution is verified in the manner the commissioner of revenue prescribes.

For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor

political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a. A "major or minor party" includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

Sec. 17. Minnesota Statutes 1988, section 383B.055, subdivision 1, is amended to read:

Subdivision 1. The state ethical practices board shall:

(a) ~~Develop forms for all statements and reports required to be filed under sections 383B.041 to 383B.054 and furnish the forms to the county filing officer in Hennepin county;~~

(b) (1) issue and publish advisory opinions concerning the requirements of sections 383B.041 to 383B.057 upon application in writing by the county filing officer of Hennepin county or any individual or association who wishes to use the opinion to guide the applicant's own conduct; and

(c) (2) exempt any individual or association required to disclose information under sections 383B.046 to 383B.05 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 383B.046 to 383B.05.

Sec. 18. Minnesota Statutes 1988, section 383B.055, subdivision 2, is amended to read:

Subd. 2. The county filing officer of Hennepin county shall develop forms for all statements and reports required to be filed under sections 383B.041 to 383B.054. The filing officer shall furnish sufficient copies of the forms provided by the ethical practices board to all officers with whom candidates file affidavits or applications of candidacy and nominating petitions.

Sec. 19. [APPROPRIATION.]

The amount necessary for the purposes of section 8 is appropriated annually from the general fund to the ethical practices board.

Sec. 20. [REPEALER.]

Minnesota Statutes 1988, section 211B.11, subdivision 2, is repealed.

Sec. 21. [EFFECTIVE DATE.]

Section 5 is effective the day after final enactment. Section 7 is effective for tax returns received by the department of revenue after March 31, 1989. Section 16 is effective for taxable years beginning after December 31, 1988."

Delete the title and insert:

"A bill for an act relating to elections; ethics in government; clarifying and modifying certain exceptions to multicandidate political party expenditure limitations; modifying lobbyist reporting requirements; expanding certain reports by certain political committees and political funds; discontinuing the state ethical practices board responsibility for developing and furnishing certain forms; limiting contributions and solicitations during a regular legislative session; providing a public subsidy for legislative candidates in special elections; providing an income tax credit for contributions to state candidates and political parties; requiring candidates to match funds received from the state elections campaign fund; providing a schedule for distribution of political campaign checkoff money to political parties; requiring deer licenses to include an application for absentee ballots; requiring county auditors to provide a sample ballot for classroom use; specifying a time period for preparing a candidate's affidavit; providing penalties; appropriating money; amending Minnesota Statutes 1988, sections 10A.04, subdivision 2; 10A.20, subdivision 3; 10A.27, subdivision 4; 10A.275; 10A.31, subdivision 5, and by adding a subdivision; 10A.32, subdivision 3, and by adding subdivisions; 10A.33; 97A.485, by adding a subdivision; 204B.09, subdivision 1; 290.06, by adding a subdivision; and 383B.055, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 10A and 204D; repealing Minnesota Statutes, section 211B.11, subdivision 2."

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

The report was adopted.

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

H. F. No. 631, A bill for an act relating to economic development; requiring a job impact statement of certain government units; providing prefeasibility study grants; requiring the employer who engages in a plant closing or mass layoff to pay community benefits, severance pay, and health benefits; establishing a community response committee; requiring repayment of certain financial assistance to businesses; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 268.

Reported the same back with the following amendments:

Page 17, line 2, after the period insert "In cases where the operations of the establishment have been terminated or significantly affected by a fire, flood, or other unexpected natural disaster and the result is a plant closing or mass layoff, the employer is not required to appeal 30 days before the plant closing or mass layoff. The employer may appeal under this subdivision but is not required to make payments to the community or affected employees until the appeals decision is rendered by the appeals panel."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 647, A bill for an act relating to crimes; prohibiting the intentional distribution of computer programs that are designed to destroy or modify computer software, computer data, or other property; imposing penalties; amending Minnesota Statutes 1988, sections 609.87, by adding subdivisions; and 609.88, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 609.87, is amended by adding a subdivision to read:

Subd. 11. [DESTRUCTIVE COMPUTER PROGRAM.] "De-structive computer program" means a computer program that performs a destructive function or produces a destructive product. A program performs a destructive function if it degrades performance of the affected computer, associated peripherals or a computer program; disables the computer, associated peripherals or a computer program; or destroys or alters computer programs or data. A program produces a destructive product if it produces unauthorized data, including data that make computer memory space unavailable; results in the unauthorized alteration of data or computer programs; or produces a destructive computer program, including a self-replicating computer program.

Sec. 2. Minnesota Statutes 1988, section 609.88, subdivision 1, is amended to read:

Subdivision 1. [ACTS.] Whoever does any of the following is guilty

of computer damage and may be sentenced as provided in subdivision 2:

(a) Intentionally and without authorization damages or destroys any computer, computer system, computer network, computer software, or any other property specifically defined in section 609.87, subdivision 6; or

(b) Intentionally and without authorization and with intent to injure or defraud alters any computer, computer system, computer network, computer software, or any other property specifically defined in section 609.87, subdivision 6; or

(c) Distributes a destructive computer program with intent to damage or destroy any computer, computer system, computer network, computer software, or any other property specifically defined in section 609.87, subdivision 6.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective August 1, 1989, and apply to crimes committed after that date.

Delete the title and insert:

"A bill for an act relating to crimes; prohibiting the intentional distribution of destructive computer programs; imposing penalties; amending Minnesota Statutes 1988, sections 609.87, by adding a subdivision; and 609.88, subdivision 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 670, A bill for an act relating to public defender system; updating law governing public defenders; repealing obsolete law governing public defenders; requiring a person requesting appointment of a public defender to submit a financial statement to the court; raising the limits for payment for expert services; amending Minnesota Statutes 1988, sections 611.17; 611.21; and 611.215, subdivision 2; repealing Minnesota Statutes 1988, sections 611.07; 611.071; and 611.25, subdivision 2.

Reported the same back with the following amendments:

Page 2, line 35, after "judge" insert "who is not presiding over the case"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 729, A bill for an act relating to marriage dissolution; including the primary caretaker standard as a factor to be considered in custody decisions; providing that the court may not use one factor as controlling in determining custody; requiring courts to consider the existence of domestic abuse in determining whether to award joint custody; providing for the appointment of visitation expeditors to resolve on-going visitation disputes; providing for visitation by persons who have resided with a child; amending Minnesota Statutes 1988, sections 257.022, by adding a subdivision; 518.17, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 518.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 257.022, is amended by adding a subdivision to read:

Subd. 2b. [WHEN CHILD HAS RESIDED WITH OTHER PERSON.] If an unmarried minor has resided in a household with a person, other than a foster parent, for two years or more and no longer resides with the person, the person may petition the district court for an order granting the person reasonable visitation rights to the child during the child's minority. The court shall grant the petition if it finds that:

- (1) visitation rights would be in the best interests of the child;
- (2) the petitioner and child had established emotional ties creating a parent and child relationship; and
- (3) visitation rights would not interfere with the relationship between the custodial parent and the child.

The court shall consider the reasonable preference of the child, if the court considers the child to be of sufficient age to express a preference.

Sec. 2. Minnesota Statutes 1988, section 518.17, subdivision 2, is amended to read:

Subd. 2. [FACTORS WHEN JOINT CUSTODY IS SOUGHT.] In addition to the factors listed in subdivision 1, where either joint legal or joint physical custody is contemplated or sought, the court shall consider the following relevant factors:

(a) The ability of parents to cooperate in the rearing of their children;

(b) Methods for resolving disputes regarding any major decision concerning the life of the child, and the parents' willingness to use those methods; and

(c) Whether it would be detrimental to the child if one parent were to have sole authority over the child's upbringing; and

(d) Whether domestic abuse, as defined in section 518B.01, has occurred between the parents.

The court shall use a rebuttable presumption that upon request of either or both parties, joint legal custody is in the best interests of the child.

Sec. 3. Minnesota Statutes 1988, section 518.175, subdivision 1, is amended to read:

Subdivision 1. In all proceedings for dissolution or legal separation, subsequent to the commencement of the proceeding and continuing thereafter during the minority of the child, the court shall, upon the request of the ~~noncustodial~~ either parent, grant such rights of visitation on behalf of the child and noncustodial parent as will enable the child and the noncustodial parent to maintain a child to parent relationship that will be in the best interests of the child. If the court finds, after a hearing, that visitation is likely to endanger the child's physical or emotional health or impair the child's emotional development, the court ~~may~~ shall restrict visitation by the noncustodial parent as to time, place, duration, or supervision and may deny visitation entirely, as the circumstances warrant. The court shall consider the age of the child and the child's relationship with the noncustodial parent prior to the commencement of the proceeding. A parent's failure to pay support because of the parent's inability to do so shall not be sufficient cause for denial of visitation.

Sec. 4. Minnesota Statutes 1988, section 518.175, subdivision 5, is amended to read:

Subd. 5. The court ~~may~~ shall modify an order granting or denying visitation rights whenever modification would serve the best interests of the child, but the court shall not restrict a parent's visitation rights unless it finds that:

(1) the visitation is likely to endanger the child's physical or emotional health or impair the child's emotional development; or

(2) the noncustodial parent has chronically and unreasonably failed to comply with court-ordered visitation.

If the custodial parent makes specific allegations that visitation places the custodial parent in danger of harm, the court shall hold a hearing at the earliest possible time to determine the need to modify the order granting visitation rights. The court may require a third party, including the county welfare board, to supervise the visitation or may restrict a parent's visitation rights if necessary to protect the custodial parent from harm.

Sec. 5. [518.1751] [VISITATION DISPUTE RESOLUTION.]

Subdivision 1. [VISITATION EXPEDITOR.] (a) Upon agreement of all parties, the court may appoint a visitation expeditor to resolve visitation disputes that occur under a visitation order while a matter is pending under this chapter, chapter 257 or 518A, or after a decree is entered. Prior to appointing the visitation expeditor, the court shall give the parties notice that the costs of the visitation expeditor will be apportioned among the parties and that if the parties do not reach an agreement, the visitation expeditor will make a nonbinding decision resolving the dispute.

(b) For purposes of this section, "visitation dispute" means a disagreement among parties about visitation with a child. "Visitation dispute" includes a claim by a custodial parent that a noncustodial parent is not visiting a child as well as a claim by a noncustodial parent that a custodial parent is denying or interfering with visitation.

Subd. 2. [APPOINTMENT; COSTS.] The court shall appoint the visitation expeditor. If the parties cannot agree on a visitation expeditor, the court shall present a list of candidates with one more candidate than there are parties to the dispute. In developing the list of candidates, the court must give preference to persons who agree to volunteer their services. Each party shall strike one name and the court shall appoint the remaining individual as the visitation expeditor. In its order appointing the visitation expeditor, the court shall apportion the costs of the visitation expeditor among the parties, with each party bearing the portion of costs that the court determines is just and equitable under the circumstances.

Subd. 3. [AGREEMENT OR DECISION.] (a) The visitation expeditor shall meet with the parties within five days after appointment and make a diligent effort to facilitate an agreement to resolve the visitation dispute.

(b) If the parties do not reach an agreement, the expeditor shall make a decision resolving the dispute as soon as possible. If a party does not comply with an agreement of the parties or a decision of the expeditor, any party may bring a motion with the court to resolve the dispute. The court may consider the agreement of the parties or the decision of the expeditor, but neither is binding on the court.

Subd. 4. [OTHER AGREEMENTS.] This section does not preclude the parties from voluntarily agreeing to submit their visitation dispute to a neutral third party.

Sec. 6. Minnesota Statutes 1988, section 518.552, is amended by adding a subdivision to read:

Subd. 5. [PRIVATE AGREEMENTS.] The parties may expressly preclude or limit modification of maintenance through a stipulation, if the court makes specific findings that the stipulation is fair and equitable, is supported by consideration described in the findings, and that full disclosure of each party's financial circumstances has occurred. The stipulation must be made a part of the judgment and decree.

Sec. 7. Minnesota Statutes 1988, section 518.58, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Upon a dissolution of a marriage, an annulment, or in a proceeding for disposition of property following a dissolution of marriage by a court which lacked personal jurisdiction over the absent spouse or lacked jurisdiction to dispose of the property and which has since acquired jurisdiction, the court shall make a just and equitable division of the marital property of the parties without regard to marital misconduct, after making findings regarding the division of the property. The court shall base its findings on all relevant factors including the length of the marriage, any prior marriage of a party, the age, health, station, occupation, amount and sources of income, vocational skills, employability, estate, liabilities, needs, opportunity for future acquisition of capital assets, and income of each party. The court shall also consider the contribution of each in the acquisition, preservation, depreciation or appreciation in the amount or value of the marital property, as well as the contribution of a spouse as a homemaker. It shall be conclusively presumed that each spouse made a substantial contribution to the acquisition of income and property while they were living together as husband and wife. The court may also award to either spouse the household goods and furniture of the parties, whether or not acquired during the marriage. The court shall value marital assets for purposes of division between the parties as of the day of the proceeding for dissolution or annulment is commenced initially scheduled prehearing settlement conference, unless a different date is agreed upon by the parties, or unless the court finds makes specific findings that the parties subsequently made a good

faith reconciliation, in which case the court may establish the valuation date as of the date the reconciliation ended. Within 60 days after a proceeding for dissolution or annulment is commenced, unless the time is extended either by agreement of the parties or by order of the court for good cause shown, each party shall serve and file a verified statement identifying all assets, marital and nonmarital, the values of the assets and the basis for the values, and disclosing all liabilities of the parties another date of valuation is fair and equitable. If there is a substantial change in value of an asset between the date of valuation and the final distribution, the court may adjust the valuation of that asset as necessary to effect an equitable distribution. During the pendency of a marriage dissolution or annulment proceeding, each party owes a fiduciary duty to the other for any profit or loss derived by the party, without consent of the other, from a transaction or from any use by the party of the marital assets.

Sec. 8. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to marriage dissolution; requiring courts to consider the existence of domestic abuse in determining whether to award joint custody; providing for the appointment of visitation expeditors to resolve ongoing visitation disputes; providing for visitation by persons who have resided with a child; providing that either parent may request visitation rights on behalf of the child; requiring the court to restrict or modify visitation under certain circumstances; permitting agreements about modification of maintenance; amending Minnesota Statutes 1988, sections 257.022, by adding a subdivision; 518.17, subdivision 2; 518.175, subdivisions 1 and 5; 518.552, by adding a subdivision; and 518.58, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 518."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 833, A bill for an act relating to public safety; increasing membership on advisory council for the children's trust fund; amending Minnesota Statutes 1988, section 299A.23, subdivision 2.

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 984, A bill for an act relating to agriculture; adopting a state packers and stockyards act; imposing penalties; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 31B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. [31B.01] [CITATION.]

This chapter is known and may be cited as the "Minnesota packers and stockyards act."

Sec. 2. [31B.02] [DEFINITIONS.]

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

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of agriculture.

Subd. 3. [DEALER.] "Dealer" means a person, other than a market agency in the business of buying or selling livestock, either on the person's own account or as the employee or agent of the vendor or purchaser.

Subd. 4. [LIVESTOCK.] "Livestock" means live or dead cattle, sheep, swine, horses, mules, or goats.

Subd. 5. [LIVESTOCK PRODUCTS.] "Livestock products" means products and by-products other than meats and meat food products of the slaughtering and meat-packing industry derived in whole or in part from livestock.

Subd. 6. [MARKET AGENCY.] "Market agency" means a person engaged in the business of (1) buying or selling livestock on a commission basis, or (2) furnishing stockyard services and includes

a person who sells or offers for sale livestock located in this state by satellite video auction.

Subd. 7. [MEAT FOOD PRODUCTS.] “Meat food products” means edible products and by-products of the slaughtering and meat-packing industry.

Subd. 8. [PACKER.] “Packer” means a person in the business of (1) buying livestock for purposes of slaughter, (2) manufacturing or preparing meats or meat food products for sale or shipment, or (3) marketing meats, meat food products, or livestock products in an unmanufactured form acting as a wholesale broker, dealer, or distributor.

Subd. 9. [STOCKYARD.] “Stockyard” means a place, establishment, or facility commonly known as a stockyard conducted, operated, or managed for profit or nonprofit as a public market for livestock producers, feeders, market agencies, and buyers, consisting of pens, or other enclosures, and their appurtenances, in which live cattle, sheep, swine, horses, mules, or goats are received, held, or kept for sale or shipment.

Subd. 10. [STOCKYARD OWNER.] “Stockyard owner” means a person in the business of conducting or operating a stockyard.

Subd. 11. [STOCKYARD SERVICES.] “Stockyard services” means services or facilities furnished at a stockyard in connection with the receiving, buying, or selling on a commission basis or otherwise, marketing, feeding, watering, holding, delivery, shipment, weighing, or handling of livestock.

Sec. 3. [31B.03] [REPORTING REQUIREMENTS.]

A packer, stockyard owner, market agency, and dealer shall file annually with the commissioner a copy of the annual report prescribed in section 201.97 of the federal packers and stockyards regulations filed with the federal packers and stockyards administration and any additional information that may be required on a form prescribed by the commissioner. The report and any additional information must be filed with the commissioner not later than April 15 following the end of the calendar year or, if the records are kept on a fiscal year basis, not later than 90 days after the close of the fiscal year.

The commissioner shall require: (1) a packer to annually complete a form showing the maximum capacity of each of the packer's packing plants; and (2) a copy of each contract a packer has entered into with a livestock producer and each agreement that will become part of the contract that a packer has with a livestock producer for the purchase or contracting of livestock.

Sec. 4. [31B.04] [PROMPT PAYMENT FOR PURCHASE OF LIVESTOCK.]

Subdivision 1. [KIND OF PAYMENT; TIME REQUIRED.] A packer, market agency, or dealer purchasing livestock shall, before the close of the next business day following the purchase of livestock and transfer of its possession, deliver to the seller or the seller's authorized representative the full amount of the purchase price. If a packer, market agency, or dealer is purchasing livestock for slaughter, that person shall, before the close of the next business day following purchase of livestock and transfer of its possession, actually deliver at the point of transfer of possession to the seller or the seller's authorized representative a check or shall wire transfer funds to the seller's account for the full amount of the purchase price; or, in the case of a purchase on a carcass or "grade and yield" basis, the purchaser shall make payment by check at the point of transfer of possession or shall wire transfer funds to the seller's account for the full amount of the purchase price not later than the close of the first business day following determination of the purchase price. If the seller or a duly authorized representative is not present to receive payment at the point of transfer of possession, the packer, market agency, or dealer shall wire funds or place a check in the United States mail for the full amount of the purchase price properly addressed to the seller within the time limits specified in this section, and that action complies with the requirement for prompt payment.

Subd. 2. [WAIVER.] Notwithstanding subdivision 1 and subject to terms and conditions the commissioner may prescribe, the parties to the purchase and sale of livestock may expressly agree in writing, before the purchase or sale, to effect payment in a manner other than that required in subdivision 1. The agreement must be disclosed in the records of the market agency or dealer selling the livestock, and in the purchaser's records and on the accounts or other documents issued by the purchaser relating to the transaction.

Subd. 3. [DELAY IN PAYMENT OR ATTEMPT TO DELAY.] Any delay or attempt to delay by a market agency, dealer, or packer purchasing livestock, the collection of funds under this section, or otherwise for the purpose of or resulting in extending the normal period of payment for the livestock is an "unfair practice" in violation of this chapter.

Sec. 5. [31B.05] [UNFULFILLED CONTRACT TO BUY LIVESTOCK.]

A packer who has committed either orally or in writing to buy more livestock than the packer's plant can process and who cannot fulfill the commitment to the producer within 30 days of the delivery date of the contract is subject to denial, suspension, or revocation of the packer's license.

Sec. 6. [31B.06] [PACKER AND PROCESSOR LIMITATIONS.]

Hog, cattle, sheep, and dairy processors with annual sales greater than \$10,000,000 are prohibited from owning and feeding their own livestock.

Grain and feed businesses with annual sales greater than \$30,000,000 are prohibited from owning or contract feeding of hogs, cattle, sheep, or dairy cows except through a marketing agency.

ARTICLE 2

Section 1. Minnesota Statutes 1988, section 17A.03, subdivision 7, is amended to read:

Subd. 7. [LIVESTOCK DEALER.] "Livestock dealer" means any person, including a packing company, engaged in the business of buying or selling livestock for the person's own account or for the account of others.

"Livestock dealer" does not include:

(a) Persons licensed under section 28A.04 who are primarily engaged in the sale of meats at retail and persons operating as frozen food processing plants as defined in section 31.185; and

(b) Persons engaged in the business of farming, when purchasing livestock for breeding or herd replacement purposes or feeding programs, and when selling the livestock they have owned and raised, fed out or fattened for slaughter in their specific farming program.

"Livestock dealer" includes a person who operates a facility for profit as a public market where livestock located in this state are sold or offered for sale at a public auction at another facility in Minnesota or elsewhere through the use of a satellite video.

Sec. 2. [17A.035] [INSPECTION OF LIVESTOCK.]

Before any livestock sold at a satellite video public auction are delivered, whether interstate or intrastate, the livestock must be inspected for health by a veterinarian licensed in this state and approved by the board of animal health and, in the case of cattle, for brands by a trained brand inspector acting under rules adopted by the commissioner and the board of animal health. The inspection must take place at the time of the initial delivery of the livestock. If livestock is destined to be shipped interstate, the authorized veterinarian shall furnish to each purchaser a certificate showing that

the inspection has been made and treatment administered in accordance with the veterinary inspection.

All fees for veterinary inspection, treatment, and services must be collected by the livestock dealer and paid to the inspector.

Sec. 3. [17A.036] [CUSTODIAL ACCOUNT FOR SHIPPER PROCEEDS.]

Every market agency engaged in selling livestock on a commission or agency basis in this state shall establish and maintain a separate bank account designated as "custodial account for shippers proceeds" in this state.

Sec. 4. [17A.037] [SALE OF LIVESTOCK BY WEIGHT.]

All livestock sold by weight through a satellite video livestock auction market must be sold based on the weight of the livestock on the day of delivery. All livestock sold by weight must be weighed on scales that have been tested and inspected by the department of agriculture in the manner provided by law.

ARTICLE 3

EFFECTIVE DATE

Section 1. [EFFECTIVE DATE.]

Articles 1 and 2 are effective July 1, 1990."

Delete the title and insert:

"A bill for an act relating to agriculture; regulating certain livestock transactions; amending Minnesota Statutes 1988, section 17A.03, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 17A; proposing coding for new law as Minnesota Statutes, chapter 31B."

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1023, A bill for an act relating to agriculture; changing the agricultural land preservation law; amending Minnesota Statutes 1988, sections 40A.02, subdivision 10; 40A.04, subdivision 1;

40A.10; 40A.11, subdivision 4; 40A.17; and 273.119; proposing coding for new law in Minnesota Statutes, chapter 40A; repealing Minnesota Statutes 1988, section 40A.123, subdivision 3.

Reported the same back with the following amendments:

Page 7, after line 11, insert:

“Sec. 9. Minnesota Statutes 1988, section 473H.03, is amended by adding a subdivision to read:

Subd. 6. Contiguous long-term agricultural land not meeting the total acreage requirements of this section but under the same ownership as an agricultural preserve adjoining it on at least one side shall be eligible for designation as an agricultural preserve.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete “and” and after the semicolon insert “and 473H.03, by adding a subdivision;”

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1037, A bill for an act relating to animals; regulating use of certain prescription veterinary drugs; changing certain procedures for licensing veterinarians; amending Minnesota Statutes 1988, section 156.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 156.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 156.02, subdivision 1, is amended to read:

Subdivision 1. Application for a license to practice veterinary medicine in this state shall be made in writing to the board of veterinary medicine upon a form furnished by the board, accompanied by satisfactory evidence that the applicant is at least 18 years of age, is of good moral character, and has one of the following:

(1) a diploma conferring the degree of doctor of veterinary medi-

cine, or an equivalent degree, from an accredited or approved college of veterinary medicine;

(2) an ECFVG certificate; or

(3) a certificate from the dean of an accredited or approved college of veterinary medicine stating that the applicant is a student in good standing expecting to be graduated at the completion of the next current academic term year of the college in which the applicant is enrolled. The application shall contain the information and material required by subdivision 2 and any other information that the board may, in its sound judgment, require. The application shall be filed with the secretary of the board at least 30 45 days before the date of the examination. If the board deems it advisable, it may require that such application be verified by the oath of the applicant.

Sec. 2. [156.15] [PURPOSE.]

The purpose of sections 3 to 7 is to ensure proper dispensing of veterinary drugs to animals and proper record keeping, to prevent adulteration of the food supply with illegal drug residues through misuse of drugs on food-producing animals, and to promote the health of all treated animals.

Sec. 3. [156.16] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to sections 3 to 7.

Subd. 2. [CLIENT.] "Client" means the owner or caretaker of an animal who arranges for the animal's veterinary care.

Subd. 3. [DISPENSING.] "Dispensing" means distribution of veterinary prescription drugs or over-the-counter drugs for extra-label use by a person registered by the board of pharmacy to dispense or a person licensed by the board of veterinary medicine.

Subd. 4. [EXTRA-LABEL USE.] "Extra-label use" means the actual or intended use of a human or veterinary drug in an animal in a manner that is not in accordance with the drug's labeling.

Subd. 5. [FOOD-PRODUCING ANIMAL.] "Food-producing animal" means an animal, fowl, or fish raised commercially for human consumption.

Subd. 6. [OVER-THE-COUNTER DRUG.] "Over-the-counter drug" means a veterinary drug labeled "for veterinary use only" or

“for animal use only” that does not require a prescription or is not required to have the restrictive legend: “Caution: federal law restricts this drug to use by or on the order of a licensed veterinarian.”

Subd. 7. [PATIENT.] “Patient” means an animal in which a veterinary prescription drug is used or intended to be used.

Subd. 8. [PERSON.] “Person” means an individual, or a firm, partnership, company, corporation, trustee, association, agency, or other public or private entity.

Subd. 9. [PHARMACIST.] “Pharmacist” means an individual with a valid Minnesota license to practice pharmacy.

Subd. 10. [PRESCRIPTION.] “Prescription” means an order from a veterinarian to a pharmacist or another veterinarian authorizing the dispensing of a veterinary prescription drug to a client for use on or in a patient.

Subd. 11. [VETERINARY PRESCRIPTION DRUG.] “Veterinary prescription drug” means:

(1) a drug that is not safe for animal use except under the supervision of a veterinarian, and that is required by federal law to bear the following statement: “Caution: federal law restricts this drug to use by or on the order of a licensed veterinarian”;

(2) a drug that is required by state law to be dispensed only on order or prescription of a licensed veterinarian; and

(3) the extra-label use of an over-the-counter drug.

Subd. 12. [VETERINARIAN.] “Veterinarian” means an individual with a valid Minnesota license to practice veterinary medicine.

Subd. 13. [VETERINARIAN-CLIENT-PATIENT RELATIONSHIP.] “Veterinarian-client-patient relationship” means a relationship in which the conditions in paragraphs (a) to (d) have been met.

(a) The veterinarian has assumed the responsibility for making medical judgments regarding the health of the animal and the need for medical treatment, and the client has agreed to follow the instructions of the veterinarian.

(b) The veterinarian has sufficient knowledge of the animal to initiate at least a general, preliminary, or tentative diagnosis of the medical condition of the animal. The veterinarian must be acquainted with the keeping and care of the animal by virtue of an

examination of the animal or medically appropriate and timely visits to the premises where the animal is kept.

(c) The veterinarian is available for consultation in case of adverse reactions or failure of the regimen of therapy.

(d) The veterinarian maintains records documenting patient visits, diagnosis, treatments, and drugs prescribed, dispensed, or administered, and other relevant information.

Subd. 14. [VETERINARY DRUG.] "Veterinary drug" means:

(1) a drug for animal use recognized in the official United States Pharmacopoeia or National Formulary of the United States;

(2) a drug intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in animals;

(3) a drug, other than feed, medicated feed, or a growth promoting implant intended to affect the structure or function of the body of an animal; or

(4) a drug intended for use as a component of a drug in clause (1), (2), or (3).

Sec. 4. [156.17] [POSSESSION PROHIBITED.]

A person may not possess a veterinary prescription drug unless the person is a licensed veterinarian or pharmacist, a client holding a veterinary prescription drug by or on the order of a veterinarian, a manufacturer or wholesaler of veterinary drugs, a valid researcher, or a person performing official state or federal regulatory duties.

Sec. 5. [156.18] [PRESCRIPTION; LABELS; RECORDS.]

Subdivision 1. [PRESCRIPTION.] (a) A person may not dispense a veterinary prescription drug to a client without a prescription or other veterinary authorization. A client may not make extra-label use of a veterinary drug without a prescription from a veterinarian. A veterinarian or the veterinarian's authorized agent may dispense a veterinary prescription drug to a client or oversee the extra-label use of a veterinary drug directly by a client without a separate written prescription.

(b) A veterinarian may sell prescription veterinary drugs and prescribe extra label use drugs to a client without personally examining the animal if a veterinarian-client-patient relationship exists and in the judgment of the veterinarian the client has sufficient knowledge to use the drugs properly.

(c) A veterinarian may issue a prescription or other veterinary authorization by oral or written communication to the dispenser, or by computer connection. If the communication is oral, the veterinarian must enter it into the patient's record. The dispenser must record the veterinarian's prescription or other veterinary authorization within 72 hours.

(d) A prescription or other veterinary authorization must include: the name, address, and, if written, the signature of the prescriber; the name and address of the client; identification of the species for which the drug is prescribed or ordered; the name, strength, and quantity of the drug; the date of issue; directions for use; withdrawal time; and cautionary statements.

Subd. 2. [LABEL OF DISPENSED VETERINARY DRUGS.] A veterinarian or the veterinarian's authorized agent dispensing a veterinary prescription drug or prescribing the extra-label use of an over-the-counter drug must affix a label to the container containing the name and address of the veterinarian, date of filling, species of patient, name or names of drug, directions for use, withdrawal time, and cautionary statements, if any, appropriate for the drug.

Subd. 3. [RECORDS ON VETERINARY DRUG TRANSACTIONS.] A veterinarian must maintain complete records of receipt and distribution of each prescription veterinary drug. The records may be kept in the form of sales invoices, shipping records, prescription files, or a record or log established solely to satisfy the requirements of this subdivision. Records must include all of the following information:

(1) the name of the drug, including dosage form and strength;

(2) the name and address of the person from whom the drug was received and the date and quantity received; and

(3) the name and address of the person to whom the drug was distributed and the date and quantity shipped or otherwise distributed.

Subd. 4. [RECORD KEEPING.] Records required by this section must be kept for at least two years after dispensing of the drug has been completed.

Sec. 6. [156.19] [INSPECTIONS AND SAMPLES.]

To enforce sections 2 to 6, a veterinarian must permit authorized representatives of the board of veterinary medicine, upon receipt of allegations of a violation of sections 2 to 6 and upon presenting appropriate credentials to the veterinarian in charge, to (1) enter, at reasonable times, within reasonable limits, and in a reasonable

manner, premises and all pertinent records, equipment, materials, containers, and facilities bearing on whether veterinary drugs are in compliance with sections 2 to 6; and (2) collect samples. No inspection authorized by this section may extend to financial information, pricing information, personnel information, or sales information other than shipment information. Inspection must be started and completed with reasonable promptness.

Sec. 7. [156.20] [EXTRA-LABEL USE.]

A person, other than a veterinarian or a person working under the control of a veterinarian, must not make extra-label use of a veterinary drug in or on a food-producing animal, unless permitted by the prescription of a veterinarian. A veterinarian may prescribe the extra-label use of a veterinary drug if:

(1) the veterinarian makes a careful medical diagnosis within the context of a valid veterinarian-client-patient relationship;

(2) the veterinarian determines that there is no marketed drug specifically labeled to treat the condition diagnosed, or that drug therapy as recommended by the labeling has, in the judgment of the attending veterinarian, been found to be clinically ineffective;

(3) the veterinarian recommends procedures to ensure that the identity of the treated animal will be carefully maintained; and

(4) the veterinarian prescribes a significantly extended time period for drug withdrawal before marketing meat, milk, or eggs."

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1093, A bill for an act relating to education; appropriating money to the University of Minnesota for a certain kind of crop management specialist and for support of the specialist.

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

The report was adopted.

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

H. F. No. 1168, A bill for an act relating to retirement; public pension plans; establishing, codifying, clarifying, and revising the obligations, responsibilities, and liabilities of public pension plan fiduciaries; amending Minnesota Statutes 1988, sections 11A.01; 11A.04; 11A.07, subdivision 4; 11A.09; 11A.13, subdivision 1; 69.77, subdivision 2g; 69.775; 136.84; 352.03, subdivision 7; 352.92, by adding a subdivision; 352.96, subdivision 3; 352B.03, subdivision 1; 352C.091, subdivision 1; 352D.09, subdivision 1; 353.03, subdivision 1; 354.06, subdivision 1; 354A.021, subdivision 6; 422A.05, subdivisions 2a and 2d; 423.374; 423.45; 423.805; 423A.21, subdivision 4; 424.06; 424A.001, subdivision 7; 424A.04, subdivision 2; and 490.122; proposing coding for new law in Minnesota Statutes, chapters 3A and 490; proposing coding for new law as Minnesota Statutes, chapter 356A.

Reported the same back with the following amendments:

Page 6, line 10, delete "(a)"

Page 6, line 15, delete the period

Page 6, delete lines 16 and 17

Page 6, line 18, delete "purpose of investment"

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1175, A bill for an act relating to agriculture; regulating the manufacture of cultured dairy food; requiring pasteurization for certain dairy products; amending Minnesota Statutes 1988, section 32.486, subdivision 1, and by adding a subdivision.

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1234, A bill for an act relating to consumer protection; regulating certain rental-purchase agreements; prescribing the

rights and duties of all parties; requiring disclosures; regulating advertising; providing remedies; amending Minnesota Statutes 1988, sections 325G.06, subdivision 2; 325G.12, subdivision 2; and 325G.15, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 325F.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [325F.90] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] As used in sections 325F.90 to 325F.99, the following terms have the meanings given them.

Subd. 2. [ADVERTISEMENT.] "Advertisement" means a commercial message in any medium, including signs, window displays, and price tags, that promote, directly or indirectly, a rental-purchase agreement.

Subd. 3. [CASH PRICE.] "Cash price" means the price at which the lessor in the ordinary course of business would offer to sell the personal property to the lessee for cash on the date of the rental-purchase agreement.

Subd. 4. [CONSUMMATION.] "Consummation" means the time at which the lessee enters into a rental-purchase agreement.

Subd. 5. [LESSEE.] "Lessee" means a natural person who rents personal property under a rental-purchase agreement for personal, family, or household use.

Subd. 6. [LESSOR.] "Lessor" means a person who, in the ordinary course of business, regularly leases, offers to lease, or arranges for the leasing of property under a rental-purchase agreement.

Subd. 7. [PERSONAL PROPERTY.] "Personal property" means property that is not real property under the laws of this state when it is made available for a rental-purchase agreement.

Subd. 8. [RENTAL-PURCHASE AGREEMENT.] "Rental-purchase agreement" means an agreement for the use of personal property in which all of the following apply:

(1) the lessor is regularly engaged in the rental-purchase business;

(2) the agreement is for an initial period of four months or less, whether or not there is any obligation beyond the initial period, that

is automatically renewable with each payment and that permits the lessee to become the owner of the property;

(3) the lessee is a person other than an organization; and

(4) the lessee takes under the rental-purchase agreement primarily for a personal, family, or household purpose.

Sec. 2. [325F.91] [APPLICATION OF OTHER LAW.]

An agreement that complies with sections 325F.90 to 325F.99 shall not be construed as, nor be governed by, the laws relating to:

(1) a "consumer credit sale" as defined in section 325G.15, subdivision 2;

(2) a "security interest" as defined in section 336.1-201, clause (37); or

(3) a "sale of goods" as defined in section 325G.15, subdivision 5.

Sec. 3. [325F.92] [DISCLOSURES.]

Subdivision 1. [REQUIREMENT.] In a rental-purchase agreement, the lessor shall disclose the following items, as applicable:

(a) The total of payments necessary to acquire ownership of the property accompanied by an explanation that this term means the "total dollar amount of payments you will have to make to acquire ownership."

(b) The total number, amounts, and timing of all payments and other charges including taxes or official fees paid to or through the lessor that are necessary to acquire ownership of the property.

(c) Any initial or advance payment such as a delivery charge, security deposit, or trade-in allowance.

(d) A statement that the lessee will not own the property until the lessee has made the total of payments necessary to acquire ownership of the property.

(e) A statement that the total of payments does not include additional charges such as late payment charges, and a separate listing and explanation of these charges as applicable.

(f) Whether the lessee is liable for loss or damage to the property and, if so, the maximum amount for which the lessee is liable, which in the case of loss shall in no event be greater than the price the

lessee would have paid to exercise an early purchase option. In the case of damage to the property other than normal wear and tear, the lessee shall be liable for the lesser of the price the lessee would have paid to exercise an early purchase option or the cost of repair as reasonably determined by the lessor.

(g) A description of the goods or merchandise including model numbers as applicable and a statement indicating whether the property is new or used. It is not a violation of this subdivision to indicate that the property is used if it is actually new.

(h) A statement that the lessee has the option to purchase the leased property during the terms of the rental-purchase agreement and at what price, formula, or by what method the price is to be determined.

(i) The cash price of the merchandise.

Subd. 2. [ALTERNATIVE COMPLIANCE.] With respect to matters specifically governed by the federal Consumer Credit Protection Act, compliance with that act satisfies the requirements of this section.

Sec. 4: [325F.93] [FORM REQUIREMENTS.]

Subdivision 1. [GENERALLY.] The disclosure information required by section 325F.92 must be disclosed in a rental-purchase agreement, and must:

(1) be made clearly and conspicuously with items appearing in logical order and segregated as appropriate for readability and clarity;

(2) be made in writing;

(3) need not be contained in a single writing or made in the order set forth in section 325F.92; and

(4) may be supplemented by additional information or explanations supplied by the lessor, but none shall be stated, used, or placed so as to mislead or confuse the lessee, or to contradict, obscure, or detract attention from the information required by section 325F.92, and so long as the additional information or explanations do not have the effect of circumventing, evading, or unduly complicating the information required to be disclosed by section 325F.92.

Subd. 2. [TIMING.] The lessor shall disclose all information required by section 325F.92 before the rental-purchase agreement is executed. These disclosures must be made on the face of the writing evidencing the rental-purchase agreement.

Subd. 3. [COPY TO LESSEE.] Before any payment is due, the lessor shall furnish the lessee with an exact copy of each rental-purchase agreement. The agreement shall be signed by the lessee and is evidence of the lessee's agreement. If there is more than one lessee in a rental-purchase agreement, delivery of a copy of the rental-purchase agreement to one of the lessees constitutes compliance with this subdivision; however, a lessee not signing the agreement is not liable under it.

Subd. 4. [TYPE SIZE.] The terms of the rental-purchase agreement, except as otherwise provided in this section, must be set forth in not less than eight-point standard type.

Sec. 5. [325F.94] [ADVERTISING.]

Subdivision 1. [PROHIBITION.] An advertisement for a rental-purchase agreement does not state or imply that a specific item is available at specific amounts or terms unless the lessor usually and customarily offers or will offer that item at those amounts or terms.

Subd. 2. [DISCLOSURES.] (a) If an advertisement for a rental-purchase agreement refers to or states the amount of any payment, or the right to acquire ownership, for a specific item, the advertisement must also clearly and conspicuously state the following terms as applicable:

(1) that the transaction advertised is a rental-purchase agreement;

(2) the total of payments necessary to acquire ownership; and

(3) that the lessee will not own the property until the total amount necessary to acquire ownership is paid in full or by prepayment as provided for by law.

(b) Every item displayed or offered under a rental-purchase agreement shall have clearly and conspicuously indicated in Arabic numerals, so as to be readable and understandable by visual inspection, each of the following affixed to the item:

(1) the cash price of the item; and

(2) the amount of the lease payment and the total of lease payments required for ownership.

Subd. 3. [ALTERNATIVE COMPLIANCE.] With respect to any matters specifically governed by the advertising provisions of the federal Consumer Credit Protection Act, compliance with that act satisfies the requirements of this section.

Subd. 4. [NONAPPLICATION.] This section does not apply to the owner or personnel, as such, of any medium in which an advertisement appears or through which it is disseminated.

Sec. 6. [325F.95] [LESSEE'S REINSTATEMENT RIGHTS.]

Subdivision 1. [GENERALLY.] A lessee who fails to make timely lease payments may reinstate the original rental-purchase agreement without losing any rights or options previously acquired under the rental-purchase agreement if both of the following apply:

(1) after having failed to make a timely payment, the lessee has surrendered the property to the lessor, if and when requested by the lessor; and

(2) in the case of a lessee that has paid less than 60 percent of the total of payments necessary to acquire ownership of the property, not more than 60 days has passed since the lessee returned the property. If the lessee has paid more than 60 percent of the total of payments necessary to acquire ownership of the property, the lessee's rights to reinstate shall be extended for a period of not less than 180 days after the lessee has returned the property.

Subd. 2. [CHARGES.] As a condition to reinstating a rental-purchase agreement, a lessor may charge the outstanding balance of any accrued payments and delinquency charges, a reinstatement fee not to exceed \$5, and a reasonable delivery charge, if redelivery of the item is necessary.

Subd. 3. [SUBSTITUTE ITEMS.] If reinstatement occurs pursuant to this section, the lessor shall provide the lessee with the same item, if available, leased by the lessee before reinstatement. If the same item is not available, a substitute item of comparable worth, quality, and condition may be used. If a substitute item is provided, the lessor shall provide the lessee with all the information required by section 325F.92.

Sec. 7. [325F.96] [PROHIBITED PROVISIONS.]

A rental-purchase agreement may not contain a provision:

- (1) requiring a confession of judgment;
- (2) authorizing a lessor or an agent of the lessor to commit a breach of the peace in the repossession of property;
- (3) waiving a defense, counterclaim, or right the lessee may have against the lessor or an agent of the lessor;

(4) requiring the payment of a late charge unless a lease payment is delinquent for more than two business days, and the charge or fee shall not be in an amount more than the greater of ten percent of the delinquent lease payment or \$3; and

(5) requiring a separate payment in addition to lease payments in order to acquire ownership of the property, other than by exercising an early purchase option pursuant to section 325F.97.

Sec. 8. [325F.97] [EARLY PURCHASE OPTION.]

A rental-purchase agreement must provide that at any time after the initial payment, the lessee may acquire ownership of the property by complying with the terms of an early purchase option. This option must be clearly set forth in the rental-purchase agreement, as required by section 325F.92.

Sec. 9. [325F.98] [EXEMPTED TRANSACTION.]

Sections 325F.90 to 325F.99 do not apply to agreements for the rental of property in which the person who rents the property has no legal right to become the owner of the rented property at the end of the rental period.

Sec. 10. [325F.99] [PENALTIES AND REMEDIES.]

Subdivision 1. [DISCLOSURE PENALTIES AND REMEDIES.] A lessor who is found to have violated sections 325F.92 to 325F.94 is subject to the penalties and remedies provided in section 8.31.

Subd. 2. [APPLICATION OF OTHER LAW.] A violation of sections 325F.95 to 325F.97 shall be treated as a violation of section 325F.69. The remedies provided by sections 325F.95 to 325F.97 are cumulative and shall not be construed as restricting any remedy that is otherwise available.

Subd. 3. [OFFSETS LIMITED.] A lessee may not take any action to offset any amount for which a lessor is potentially liable under this section against any amount owned by the lessee, unless the amount of the liability of the lessor has been determined by a judgment of a court of competent jurisdiction in an action in which the lessor was a party. This section does not bar a lessee in default on an obligation arising from the rental-purchase agreement from asserting a violation of this chapter in an original action, or as defense or counterclaim to an action brought by the lessor to collect amounts owned by the lessee pursuant to the rental-purchase agreement.

Subd. 4. [LESSOR'S RIGHT TO CORRECT ERROR.] A lessor is not liable under this section for a violation of sections 325F.90 to

325F.98 if, within 60 days after discovering an error and before an action for damages is filed against the lessor pursuant to this section or written notice of the error is received from the lessee, the lessor notifies the lessee of the error and makes adjustments to the account of the lessee that are necessary to assure that the lessee is not required to pay an amount in excess of the amounts actually disclosed. This subdivision applies whether the error was discovered through the lessor's own procedures or by any other means.

Subd. 5. [LIMITATION OF LIABILITY.] A lessor is not liable under this section for damages in excess of the actual damage sustained by the lessee if the lessor shows by a preponderance of the evidence that the violation of sections 325F.90 to 325F.98 resulted from a bona fide error notwithstanding the maintenance by the lessor of procedures reasonably adopted to avoid the error. As used in this subdivision, "bona fide error" includes, but is not limited to: clerical, calculation, computer malfunction and programming, and printing errors.

Sec. 11. Minnesota Statutes 1988, section 325G.15, subdivision 5, is amended to read:

Subd. 5. "Sale of goods" includes, without limitation, any agreement in the form of a bailment or lease of goods if the bailee or lessee agrees to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the goods involved and it is agreed that the bailee or lessee will become, or for no other or a nominal consideration has the option to become, the owner of the goods upon full compliance with the bailee's or lessee's obligations under the agreement. The term also includes a contract in the form of a terminable bailment or lease of goods if: (a) the bailee or lessee has the option to renew the contract by making the payments specified in the contract; (b) the contract obligates the bailor or lessor to transfer ownership of the property to the bailee or lessee for no other or a nominal consideration upon full compliance by the bailee or lessee with the bailee's or lessee's obligations under the contract including any obligation incurred by reason of the exercise of an option by the bailee or lessee to renew the contract; and (c) the payments contracted for by the bailee or lessee, including those payments pursuant to the exercise of an option by the bailee or lessee to renew the contract, are substantially equivalent to or in excess of the aggregate value of the property and services involved."

Delete the title and insert:

"A bill for an act relating to consumer protection; regulating certain rental-purchase agreements; prescribing the rights and duties of all parties; requiring disclosures; regulating advertising; providing remedies; amending Minnesota Statutes 1988, section 325G.15, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 325F."

With the recommendation that when so amended the bill pass.

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1282, A bill for an act relating to mechanics' liens; clarifying and simplifying the contractors' and subcontractors' notice; amending Minnesota Statutes 1988, section 514.011, subdivisions 1 and 2.

Reported the same back with the following amendments:

Page 3, line 23, strike "unless,"

Page 3, strike line 24

Page 3, line 25, strike everything before the period

Page 3, line 35, delete "have"

Page 3, line 36, delete "prior to receipt of" and insert "before receiving"

Page 3, after line 36, insert:

"Sec. 3. Minnesota Statutes 1988, section 514.011, is amended by adding a subdivision to read:

Subd. 6. [USE OF FORMER NOTICE PERMITTED.] Until August 1, 1990, a notice given in conformity with subdivisions 1 and 2 of Minnesota Statutes 1988 is valid.

Sec. 4. [REPEALER.]

Section 3 is repealed effective August 1, 1990."

Amend the title as follows:

Page 1, line 5, delete "and" and insert a comma and before the period, insert ", and by adding a subdivision"

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1292, A bill for an act relating to commerce; motor fuel franchises; regulating franchise agreements; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 80C.

Reported the same back with the following amendments:

Page 1, line 9, after "agreement" insert "between a refiner or producer and a franchisee"

Page 2, line 9, delete the comma

Page 2, line 10, delete everything before the period

Page 2, line 11, before "costs," insert "direct" and after "and" insert "direct"

Page 2, line 15, after "agreement" insert "between a refiner or producer and a franchisee"

Page 2, line 16, delete "rental"

Page 2, line 17, delete "for its use as a motor vehicle fuel retail outlet" and insert "as determined by the county assessor"

Page 2, line 21, after "agreement" insert "between a refiner or producer"

Page 3, line 5, after "franchisor" insert "that is a refiner or producer"

Page 3, delete lines 17 to 34

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1388, A bill for an act relating to professional hockey games; imposing a civil penalty on team owners for player fights; proposing coding for new law as Minnesota Statutes, chapter 341A.

Reported the same back with the following amendments:

Delete everything after the title and insert:

Whereas, sports are important to the physical, mental, and moral development of young people in Minnesota and America; and

Whereas, professional athletes are role models to Minnesota's and America's children; and

Whereas, ice hockey is an excellent sport requiring strength, skill, and discipline; and

Whereas, epidemic fighting and dangerous "stickwork" characterize much of the hockey played in the National Hockey League; and

Whereas, much of this fighting and "stickwork," occurring anywhere other than a hockey arena, would be considered illegal; and

Whereas, the culture of violence permitted to exist by team owners and management of the National Hockey League is harmful to the young people of our state and nation, and to the general public.

Now, Therefore, Be It Resolved that the Legislature and Governor of the State of Minnesota emphatically encourage the management of the National Hockey League, and the individual team owners, to take the necessary steps to eliminate fighting and vicious "stickwork" from the otherwise outstanding sport of ice hockey; and

Be It Further Resolved that the management of the National Hockey League and the individual team owners communicate to the Legislature and the Governor of the State of Minnesota those steps which the League intends to take to reduce fighting and vicious "stickwork" in the 1989-90 professional hockey season."

Delete the title and insert:

"A resolution relating to violence in professional hockey."

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1436, A bill for an act relating to livestock; providing funds for the Minnesota extension service to match other money to establish a position in the college of veterinary medicine for an expert on small ruminants; appropriating money.

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

The report was adopted.

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

H. F. No. 1443, A bill for an act relating to state government; creating a small business procurements commission to study recent United States Supreme Court decisions and their effect on certain programs; suspending certain requirements relating to procurements from socially and economically disadvantaged businesses during the study; appropriating money; amending Minnesota Statutes 1988, sections 16B.189; 16B.19, subdivisions 2, 4, 5, and 6; 16B.21, subdivision 2; 16B.22; 116J.68, subdivision 1; 136.27; 136.72; 137.31, subdivision 3; 161.321, subdivisions 2, 3, and 6; 241.27, subdivision 2; 471.345, subdivision 8; 473.142; 473.406, subdivisions 1, 2, 4, 5, and 6; and 645.445, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [SMALL BUSINESS PROCUREMENTS COMMISSION.]

Subdivision 1. [CREATION.] A small business procurements commission is created to study the small business procurement programs in Minnesota Statutes, sections 16B.189; 16B.19, subdivisions 2, 4, 5, and 6; 16B.21, subdivision 2; 16B.22; 116J.68, subdivision 1; 136.27; 136.72; 137.31, subdivision 3; 161.321, subdivisions 2, 3, and 6; 241.27, subdivision 2; 471.345, subdivision 8; 473.142; 473.406, subdivisions 1, 2, 4, 5, and 6; and 645.445, subdivision 5, in order to propose amendments that will conform the programs to recent United States Supreme Court decisions. The commission shall take steps to at least:

(1) assure that minority and women's businesses and organizations know of its existence and purpose;

(2) determine the existence and extent of discrimination in Minnesota business, trade, and industry; and

(3) recommend appropriate statutory or regulatory changes.

Subd. 2. [MEMBERSHIP.] The commission shall consist of 11 members: three members of the house of representatives appointed by the speaker, three members of the senate appointed by the

committee on committees; three members appointed by the governor; and two members from the socially or economically disadvantaged community appointed by the commissioner of administration. The attorney general or the attorney general's designee shall serve ex officio. Any vacancy shall be filled by the appointing authority.

Subd. 3. [REPORT.] The commission shall report its findings and recommendations for legislative action to the governor and the legislature by January 3, 1990, and shall cease to function after that date.

Subd. 4. [POWERS; OFFICERS.] The commission shall hold hearings and meetings as necessary to accomplish its purposes and may enter into contracts and subpoena witnesses and records. It shall select from its members a chair or co-chairs and other officers it considers necessary.

Subd. 5. [COMPENSATION, SUPPORT SERVICES.] (a) Legislative members of the commission shall be compensated in the same manner as for other legislative meetings. Other members shall be compensated as provided in Minnesota Statutes, section 15.059, subdivision 3.

(b) The legislative coordinating commission shall provide administrative and support services for the commission.

Sec. 2. Minnesota Statutes 1988, section 16B.189, is amended to read:

16B.189 [CITATION AND PURPOSE.]

Sections 16B.19 to 16B.22 may be cited as the "Minnesota small business procurement act." These sections prescribe procurement practices and procedures to assist in the economic development of small businesses and emerging small businesses owned and operated by socially or economically disadvantaged persons.

Sec. 3. Minnesota Statutes 1988, section 16B.19, is amended to read:

16B.19 [DESIGNATION OF PROCUREMENTS FROM SMALL BUSINESSES.]

Subdivision 1. [SMALL BUSINESS PROCUREMENTS.] The commissioner shall for each fiscal year ensure that small businesses receive at least 25 percent of the value of anticipated total state procurement of goods and services, including printing and construction. The commissioner shall divide the procurements so designated into contract award units of economically feasible production runs in order to facilitate offers or bids from small businesses. In making the

annual designation of such procurements the commissioner shall attempt (1) to vary the included procurements so that a variety of goods and services produced by different small businesses are obtained each year, and (2) to designate small business procurements in a manner that will encourage proportional distribution of such awards among the geographical regions of the state. To promote the geographical distribution of set-aside awards, the commissioner may designate a portion of the small business set-aside procurement for award to bidders from a specified congressional district or other geographical region specified by the commissioner. The failure of the commissioner to designate particular procurements shall not be deemed to prohibit or discourage small businesses from seeking the procurement award through the normal solicitation and bidding processes.

Subd. 1a. [SMALL BUSINESS.] For purposes of sections 16B.189 to 16B.22, "small business" means a small business, as defined in section 645.445, with its principal place of business in Minnesota.

Subd. 2. [CONSULTANT, PROFESSIONAL AND TECHNICAL PROCUREMENTS.] Every state agency shall for each fiscal year designate for awarding to small businesses with their principal place of business in Minnesota at least 25 percent of the value of anticipated procurements of that agency for consultant services or professional and technical services. The set-aside under this subdivision is in addition to that provided by subdivision 1, but shall otherwise comply with section 16B.17. At least six percent of all these procurements for consultant services or professional or technical services shall be set aside for small businesses owned and operated by socially or economically disadvantaged persons.

Subd. 3. [NEGOTIATED PRICE OR BID CONTRACT.] The commissioner may elect to use either a negotiated price or bid contract procedure as may be appropriate in the awarding of a procurement contract under the set-aside or preference program established in sections 16B.19 to 16B.22. The amount of an award may not exceed by more than five percent the commissioner's estimated price for the goods or services, if they were to be purchased on the open market and not under this set-aside program. Surety bonds guaranteed by the federal Small Business Administration and second party bonds are acceptable security for a construction award under this section. "Second party bond" means a bond which that designates as principal, guarantor, or both, a person or persons in addition to the person to whom the contract is proposed for award.

Subd. 4. [DETERMINATION OF ABILITY TO PERFORM.] Before making an award under the set-aside or preference programs established in subdivision 5 for emerging small businesses owned and operated by socially or economically disadvantaged persons, the commissioner shall evaluate whether the small business scheduled to receive the award is able to perform the contract. This determi-

nation shall include consideration of production and financial capacity and technical competence.

Subd. 5. [CERTAIN SMALL BUSINESS PREFERENCES AND SET-ASIDES.] At least nine percent of the value of all procurements shall be awarded, if possible, for award to businesses owned and operated by socially or economically disadvantaged persons as defined in section 645.445 with their principal place of business in Minnesota. The commissioner shall designate set-aside procurements in a manner that will encourage proportional distribution of set-aside awards among the geographical regions of the state. To promote the geographical distribution of set-aside awards, the commissioner may designate a portion of the set-aside for small businesses owned and operated by socially or economically disadvantaged persons for award to bidders from a specified congressional district or other geographical region specified by the commissioner and shall report annually to the governmental operations committees of the house of representatives and the senate on the use and impact of this provision. To reach a goal of nine percent, the commissioner must set aside at least three percent of all procurements for bidding only by small businesses owned and operated by socially or economically disadvantaged persons; may The commissioner shall award a five percent preference in the amount bid on selected all state procurements to emerging small businesses owned and operated by socially or economically disadvantaged persons, or may utilize any other bidding process authorized by this chapter to encourage the participation of emerging small businesses in state procurement. In the event small businesses owned and operated by socially or economically disadvantaged persons are unable to perform at least nine percent of the value of all procurements, the commissioner shall award the remainder to other small businesses. At least 50 75 percent of the value of the procurements awarded to emerging small businesses owned and operated by socially or economically disadvantaged persons shall must actually be performed by the business to which the award is made or another emerging small business owned and operated by a socially or economically disadvantaged person or persons. The commissioner may not designate more than 20 percent of any commodity class for set-aside or preference awards to businesses owned and operated by socially or economically disadvantaged persons. A An emerging small business owned and operated by socially or economically disadvantaged persons that has been awarded more than three-tenths of one percent of the value of the total anticipated procurements for a fiscal year under this subdivision is disqualified from receiving further set-aside or preference advantages for that fiscal year.

Subd. 6. [CONTRACTS IN EXCESS OF \$200,000; SET-ASIDE.] The commissioner, as a condition of awarding state procurements for construction contracts or approving contracts for consultant, professional, or technical services pursuant to under section 16B.17 in

excess of \$200,000, shall require that at least ~~ten~~ 15 percent of the contract award to a prime contractor be subcontracted to a small business owned and operated by a socially or economically disadvantaged person or persons or that at least ten 15 percent of the contract award be expended in purchasing materials or supplies from said ~~person or persons~~ small businesses. Before advertising for bids, the commissioner may determine that small businesses are unable to perform at least 15 percent of the prime contract award, or that it is not feasible to require that small businesses perform at least 15 percent of the prime contract award. If there is are no socially or economically disadvantaged person or persons or other small businesses able to perform the subcontract or to provide the supplies or materials, or if the commissioner determines it is not feasible to require subcontracting, the construction contract or contract for consultant, professional, or technical services may be awarded notwithstanding the ~~ten~~ 15 percent requirement provided that. However the ~~ten~~ 15 percent requirement is must be made up in other such contracts awarded or to be awarded by the same agency. Any subcontracting or purchasing of supplies and materials pursuant to under this subdivision may not be included in determining the total amount of awards required by subdivisions 1, and 2, and 5. In the event small businesses owned and operated by socially and economically disadvantaged persons are unable to perform ~~ten~~ ten percent of the prime contract award, the commissioner shall require that other small businesses perform at least ~~ten~~ ten percent of the prime contract award. The commissioner may determine that small businesses owned and operated by socially and economically disadvantaged persons are unable to perform at least ~~ten~~ ten percent of the prime contract award prior to the advertising for bids. Each construction contractor bidding on a project over \$200,000 shall submit with the bid a list of the small businesses owned and operated by socially or economically disadvantaged persons that are proposed to be utilized on the project with a statement indicating the portion of the total bid to be performed by each business. The commissioner shall reject any bid to which this subdivision applies that does not contain this information. Prime contractors receiving construction contract awards in excess of \$200,000 shall furnish to the commissioner the name of each business owned and operated by a socially or economically disadvantaged person or persons or other small business that is performing work or supplying supplies and materials on the prime contract and the dollar amount of the work performed or to be performed or the supplies and materials to be supplied. Once the contract has been awarded, the prime contractor must use the socially and economically disadvantaged small business subcontractors proposed to be utilized on the project, unless the subcontractors are unable to perform in accordance with the award.

This subdivision does not apply to prime contractors that are themselves small businesses owned and operated by socially or economically disadvantaged persons, as duly certified pursuant to under section 16B.22.

Subd. 8. [RECOURSE TO OTHER BUSINESSES.] In the event that subdivisions 1 to 6 do not operate to extend a contract award to a small business the award must be placed pursuant to the normal solicitation and award provisions in this chapter. The commissioner shall then designate for small businesses additional state procurements corresponding in approximate value to the contract unable to be awarded pursuant to subdivisions 1 to 6.

Subd. 9. [PROCUREMENT PROCEDURES.] All laws and rules pertaining to solicitations, bid evaluations, contract awards, and other procurement matters apply equally to procurements designated for small businesses. In the event of conflict with other rules, section 16B.18 and rules adopted under it govern, if section 16B.18 applies. If it does not apply, sections 16B.19 to 16B.22 and rules adopted under those sections govern.

Subd. 10. [APPLICABILITY.] This section does not apply to construction contracts or contracts for consultant, professional, or technical services pursuant to under section 16B.17 which that are financed in whole or in part with federal funds and which that are subject to federal disadvantaged business enterprise regulations.

Sec. 4. Minnesota Statutes 1988, section 16B.20, subdivision 2, is amended to read:

Subd. 2. [ADVISORY COUNCIL.] A small business procurement advisory council is created. The council consists of 13 members appointed by the commissioner of administration. A chair of the advisory council shall be elected from among the members. The appointments are subject to the appointments program provided by section 15.0597. The terms, compensation, and removal of members are as provided in section 15.059, but members do not receive per diem. The council expires as provided in section 15.059, subdivision 5.

Sec. 5. Minnesota Statutes 1988, section 16B.21, is amended to read:

16B.21 [REPORTS.]

Subdivision 1. [COMMISSIONER OF ADMINISTRATION.] The commissioner shall submit an annual report pursuant to section 3.195 to the governor and the legislature with a copy to the commissioner of trade and economic development indicating the progress being made toward the objectives and goals of sections 16B.19 to 16B.22 during the preceding fiscal year. The commissioner shall also submit a quarterly report to the small business procurement advisory council. These reports shall include the following information:

(1) the total dollar value and number of potential set-aside awards identified during this period and the percentage of total state procurement this figure reflects;

(2) the number of small businesses identified by and responding to the set-aside small business procurement program, the total dollar value and number of set-aside and other contracts actually awarded to small businesses with appropriate designation as to the total number and value of set-aside contracts awarded to each small business, and the total number of small businesses that were awarded set-aside and other contracts;

(3) the total dollar value and number of contracts awarded to emerging small businesses owned and operated by economically or socially disadvantaged persons pursuant to each bidding process authorized by section 16B.19, subdivision 5; the total number and value of these contracts awarded to each emerging small business and to each category of economically or socially disadvantaged persons as defined by section 645.445 and agency rules, and the percentages of the total state procurements the figures of total dollar value and the number of contracts awarded by each bidding process; represent.

(4) for each set-aside or preference contract awarded to a small business, the estimated additional cost to the state of awarding the contract; and

(5) the number of contracts which were designated and set aside pursuant to section 16B.19 but which were not awarded to a small business, the estimated total dollar value of these awards, the lowest offer or bid on each of these awards made by the small business, and the price at which these contracts were awarded pursuant to the normal procurement procedures.

The information required by paragraphs (1) and (2) must be presented on a statewide basis and also broken down by geographic regions within the state.

Subd. 2. [COMMISSIONER OF TRADE AND ECONOMIC DEVELOPMENT.] The commissioner of trade and economic development shall submit an annual report to the governor and the legislature pursuant to section 3.195 with a copy to the commissioner of administration. This report shall include the following information:

(1) the efforts undertaken to publicize the provisions of the set-aside small business procurement program during the preceding fiscal year;

(2) the efforts undertaken to identify emerging small businesses

including those owned and operated by socially or economically disadvantaged persons; and the efforts undertaken to encourage participation in the set-aside bid preference program;

(3) the efforts undertaken by the commissioner to remedy the inability of small businesses to perform on potential set-aside or other contract awards; and

(4) the commissioner's recommendations for strengthening the set-aside program small business and emerging small business procurement program and delivery of services to small businesses.

Sec. 6. Minnesota Statutes 1988, section 16B.22, is amended to read:

16B.22 [ELIGIBILITY; RULES.]

Subdivision 1. [ELIGIBILITY.] A small business owned and operated by socially or economically disadvantaged persons is eligible to participate under the requirements of sections 16B.19 to 16B.22 for a maximum of five years from the date of receipt of the first set-aside award and after that period is not eligible to participate for another five years. A small business that received its first set-aside award more than five years before July 1, 1985 is not eligible to participate for five years after July 1, 1985. The five-year maximum does not apply to sheltered workshops and work activity programs. An emerging small business is not eligible to participate in this program if:

(1) The owner of the business has previously participated in the program and the business exceeded the time limit specified in section 645.445, subdivision 6.

(2) The business has exceeded the time limit specified in section 645.445, subdivision 6, and has been renamed, restructured, or otherwise reorganized.

Subd. 2. [RULES.] (a) The commissioner shall adopt by rule additional standards and procedures for certifying that small businesses and emerging small businesses owned and operated by socially or economically disadvantaged persons are eligible to participate under the requirements of sections 16B.19 to 16B.22. The commissioner shall adopt by rule standards and procedures for hearing appeals and grievances and other rules necessary to carry out the duties set forth in sections 16B.19 to 16B.22.

(b) The commissioner may make rules which exclude or limit the participation of nonmanufacturing business, including third-party lessors, brokers, franchises, jobbers, manufacturers' representatives, and others from eligibility under sections 16B.19 to 16B.22.

Sec. 7. [16B.225] [TRAINING AND TECHNICAL ASSISTANCE.]

The commissioner shall conduct training and provide technical assistance to all small businesses as defined in section 645.445 to enable those small businesses to more effectively compete for state purchases. The commissioner shall also publish a manual for vendors with detailed explanations of the state bidding processes, forms used, and expectations for vendor performance.

Sec. 8. [16B.226] [CERTIFICATION.]

A business that is certified by the commissioner of administration as a small business or an emerging small business is eligible to participate under the requirements of sections 137.31, 161.321, 471.345, and 473.142 without further certification by the contracting agency. Personnel in state agencies currently involved in certifying small businesses shall be reduced accordingly.

Sec. 9. Minnesota Statutes 1988, section 116J.68, subdivision 1, is amended to read:

Subdivision 1. The bureau of small business within the business assistance center shall serve as a clearinghouse and referral service for information needed by small businesses including those operated by a socially or economically disadvantaged person emerging small businesses.

Sec. 10. Minnesota Statutes 1988, section 136.27, is amended to read:

136.27 [CAPITAL PROJECTS BIDDING PROCEDURES.]

In awarding contracts for capital projects under section 16B.09, the board must consider the documentation provided by the bidders regarding their qualifications including evidence of having successfully completed similar work, or delivering services or products comparable to that being requested. The board shall formulate procedures to administer this section which include practices that will assist in the economic development of small businesses and small businesses owned and operated by socially or economically disadvantaged persons emerging small businesses.

Sec. 11. Minnesota Statutes 1988, section 136.72, is amended to read:

136.72 [CAPITAL PROJECTS BIDDING PROCEDURES.]

In awarding contracts for capital projects under section 16B.09, the state board for community colleges shall consider the documentation provided by the bidders regarding their qualifications, includ-

ing evidence of having successfully completed similar work, or delivering services or products comparable to that being requested. The board shall set procedures to administer this section, which must include practices that will assist in the economic development of small businesses and ~~small businesses owned and operated by socially or economically disadvantaged persons~~ emerging small businesses.

Sec. 12. Minnesota Statutes 1988, section 137.31, is amended to read:

137.31 [PROCUREMENT FROM SMALL BUSINESSES.]

Subdivision 1. [SMALL BUSINESS SET ASIDES.] ~~Prior to the beginning of each fiscal year, The regents of the University of Minnesota shall designate and set aside for awarding to assure that small businesses approximately 20 receive at least . . . percent of the value of procurement contracts which are to be awarded during that each fiscal year and which are to be paid in total or in part from funds appropriated to the university by the legislature. The regents shall designate specific procurement contracts to be set aside, or may authorize the university administration to divide the amount set aside into procurement contracts of economically feasible size, in order to facilitate offers or bids from small businesses. In making the annual designation, the regents shall attempt to vary the procurement contracts included in the set-aside program so that a variety of goods and services produced by different small businesses can be included in the university set-aside program over a period of years. For the purposes of this section, (a) "procurement contract" means any agreement, written or oral, by which the university obtains needed goods or services, including the construction of capital improvements; and (b) "small business" has the meaning given that term by state law. Nothing in this section shall be construed to prevent small businesses from seeking awards of procurement contracts not included in the a set-aside program.~~

Subd. 2. [PROCUREMENT RULES.] The regents shall establish procurement rules to govern the university set aside program. The rules ~~shall~~ must include guidelines and procedures for negotiating price or securing bids, reasonable limitations on the amount by which a contract price under the set-aside program may exceed the estimated cost of obtaining comparable goods or services on the open market, uniform procedures for providing security for performance under procurement contracts, criteria for evaluating the financial and technical capabilities of participating small businesses, and any other matter deemed necessary or desirable for the proper operation of the university small business set-aside program.

Subd. 3. [SET ASIDE FOR DISADVANTAGED.] ~~At least 15 percent of the value of the procurement contracts designated for the set-aside program shall be awarded, if possible, to small businesses~~

owned and operated by socially or economically disadvantaged persons, as defined by section 645.445. If small businesses owned and operated by socially or economically disadvantaged persons are unable to perform at least 15 percent of the value of the set-aside contracts, the university may award the balance of the designated set-aside procurement contracts to other small businesses.

Subd. 3a. [BID PREFERENCE.] The regents shall award a five percent preference in the amount bid on all university procurement to emerging small businesses, as defined in section 645.445. At least 75 percent of the value of the procurements awarded to emerging small businesses must actually be performed by the business to which the award is made or another emerging small business. An emerging small business that has been awarded more than three-tenths of one percent of the value of the total anticipated procurements for a fiscal year under this subdivision is disqualified from receiving further bid preferences for that fiscal year. An emerging small business is not eligible to participate in the bid preference established under this subdivision under conditions specified in section 16B.22, subdivision 1.

Subd. 4. [REPLACEMENT CONTRACTS.] If a procurement contract designated for the set-aside program cannot be awarded to a small business under the conditions prescribed in subdivisions 1 to 3, and 2 the award shall be placed in accordance with the regular procurement policies of the university. In this event, the university shall designate as a replacement a procurement contract of comparable value to be included in the university set-aside program during that fiscal year if practicable.

Subd. 5. [PUBLICITY.] The regents and the administration of the University of Minnesota shall publicize the provisions of the university small business set-aside procurement program, attempt to locate small businesses able to perform set aside procurement contracts, and encourage participation by small businesses in the University of Minnesota small business set-aside program.

Subd. 6. [ANNUAL REPORT.] The University of Minnesota shall submit an annual report as provided in section 3.195, to the governor and the legislature, with a copy to the commissioner of trade and economic development, indicating the progress being made toward the objectives and goals of this section. The report shall include the following information:

(a) The total dollar value and number of procurement contracts identified and set aside during this period and the percentage of total value of university procurements that this figure reflects;

(b) The number of small businesses identified by and responding to the university set-aside program, the total dollar value and number of procurement contracts actually awarded to small busi-

nesses with appropriate designation as to the total number and value of procurement contracts awarded to each small business, and the total number of small businesses that were awarded procurement contracts;

(c) The total dollar value and number of procurement contracts awarded to emerging small businesses owned and operated by economically or socially disadvantaged persons with appropriate designation as to the total number and value of procurement contracts awarded to each small business, and the percentages of the total value of university procurements the figures of total dollar value and the number of procurement contracts reflect; and

(d) The number of procurement contracts which were designated and set aside pursuant to this section but which were not awarded to a small business, the estimated total dollar value of these awards, the lowest offer or bid on each of these awards made by the small business and the price at which these contracts were awarded pursuant to regular procurement procedures.

Sec. 13. Minnesota Statutes 1988, section 161.321, subdivision 2, is amended to read:

Subd. 2. [SMALL BUSINESS SET ASIDES.] The commissioner shall set aside, on a fiscal year basis, at least two . . . percent of the construction work to be performed by contract for award to small businesses, small businesses owned and operated by socially or economically disadvantaged persons and small businesses owned and operated by physically handicapped persons or emerging small businesses or for award to businesses which guarantee use of such small businesses or emerging small businesses as subcontractors.

Sec. 14. Minnesota Statutes 1988, section 161.321, subdivision 3, is amended to read:

Subd. 3. [AWARDS TO MINORITY SMALL BUSINESSES.] At least 50 75 percent of the amount so set aside shall must be awarded, if possible, either to emerging small businesses owned and operated by socially and economically disadvantaged persons as direct contracts or as part of contracts awarded to businesses which guarantee the use, as subcontractors, of emerging small businesses owned and operated by socially and economically disadvantaged persons. Any funds subject to this subdivision which are not awarded according to this subdivision shall be awarded to other small businesses and small businesses owned and operated by physically handicapped persons. For purposes of this section, emerging small business has the meaning defined in section 645.445, except that a business is also eligible if it filed its first annual federal and state income tax returns within the preceding ten years.

Sec. 15. Minnesota Statutes 1988, section 161.321, subdivision 6, is amended to read:

Subd. 6. [RULES.] The commissioner may promulgate by rule, standards and procedures for certifying that small businesses, and emerging small businesses owned and operated by physically handicapped persons and small businesses owned and operated by socially or economically disadvantaged persons are eligible to participate in the set aside program authorized in subdivision subdivisions 2 and 3. The commissioner may promulgate other rules as may be necessary to carry out the provisions of this section.

Sec. 16. Minnesota Statutes 1988, section 161.3211, is amended to read:

161.3211 [REPORT BY COMMISSIONER OF TRANSPORTATION.]

The commissioner of transportation shall submit an annual report pursuant to section 3.195, to the governor and the legislature indicating the progress being made toward the objectives and goals of section 161.321 during the preceding fiscal year. This report shall include the following information:

(a) The total dollar value and number of potential set-aside awards identified during this period and the percentage of total construction work this figure reflects;

(b) The number of small businesses identified and responding to the set-aside program, the total dollar value and number of set-aside contracts actually awarded to small businesses with an approximate designation as to the total number and value of set-aside contracts awarded to each small business, and the total number of small businesses that were awarded set-aside contracts;

(c) The total dollar value and number of set-aside contracts awarded to emerging small businesses owned and operated by economically or socially disadvantaged persons with an approximate designation as to the total number and value of set-aside contracts awarded to each such small business, and the percentages of the total construction work the figures of the total dollar value and the number of set-asides contracts reflect;

(d) The number of contracts which were designated and set-aside pursuant to section 161.321, but which were not awarded to a small business, the estimated total dollar value of these awards, the lowest bid on each of these awards made by a small business and the price at which these contracts were awarded pursuant to the normal procedures.

Sec. 17. Minnesota Statutes 1988, section 241.27, subdivision 2, is amended to read:

Subd. 2. [REVOLVING FUND; USE OF FUND.] There is established in the department of corrections under the control of the commissioner of corrections the Minnesota correctional industries revolving fund to which shall be transferred the revolving funds authorized in Minnesota Statutes 1978, sections 243.41, 243.85, clause (f), and any other industrial revolving funds heretofore established at any state correctional facility under the control of the commissioner of corrections. The revolving fund established shall be used for the conduct of the industrial and commercial activities now or hereafter established at any state correctional facility, including but not limited to the purchase of equipment, raw materials, the payment of salaries, wages and other expenses necessary and incident thereto. The purchase of materials and commodities for resale are not subject to the competitive bidding procedures of section 16B.07, but are subject to all other provisions of chapter 16B. When practical, purchases must be made from ~~socially and economically disadvantaged~~ emerging small businesses. Additionally, the expenses of inmate vocational training and the inmate release fund may be financed from the correctional industries revolving fund in an amount to be determined by the commissioner. The proceeds and income from all industrial and commercial activities conducted at state correctional facilities shall be deposited in the correctional industries revolving fund subject to disbursement as hereinabove provided. The commissioner of corrections may request that money in the fund be invested pursuant to section 11A.25; the proceeds from the investment not currently needed shall be accounted for separately and credited to the fund.

Sec. 18. Minnesota Statutes 1988, section 471.345, subdivision 8, is amended to read:

Subd. 8. [PROCUREMENT FROM SOCIALLY OR ECONOMICALLY DISADVANTAGED PERSONS.] For purposes of this subdivision, the following terms shall have the meanings herein ascribed to them:

(a) "socially and economically disadvantaged person" means a person who has been deprived of the opportunity to develop and maintain a competitive position in the economy because of social or economic disadvantage. This disadvantage may arise from cultural, social or economic circumstances or background, physical location if the person resides or is employed in an area declared as a labor surplus area by the United States department of commerce, physical handicap, or other similar cause "Emerging small business" has the meaning given it in section 645.445.

(b) "business entity" means an entity organized for profit, includ-

ing an individual, partnership, corporation, joint venture, association, or cooperative.

Nothing in this section shall be construed to prohibit any municipality from adopting a resolution, rule, regulation or ordinance which on an annual basis designates and sets aside for awarding to business entities controlled by socially or economically disadvantaged persons emerging small businesses a percentage of the value of its anticipated total procurement of goods and services, including construction, and which uses either a negotiated price or bid contract procedure in the awarding of a procurement contract under a set-aside program as allowed in this subdivision, provided that any award based on a negotiated price shall not exceed by more than five percent the municipality's estimated price for the goods and services if they were purchased on the open market and not under the set-aside program.

Sec. 19. Minnesota Statutes 1988, section 473.142, is amended to read:

473.142 [SOCIALLY AND ECONOMICALLY DISADVANTAGED SMALL BUSINESSES.]

(a) The metropolitan council and agencies specified in section 473.143, subdivision 1, shall attempt to award at least nine percent of the value of all procurement, other than contracts under paragraph (c), to small businesses owned and operated by socially or economically disadvantaged persons. For purposes of this section, "socially or economically disadvantaged person" means a person who has been deprived of the opportunity to develop and maintain a competitive position in the economy because of social or economic conditions. This disadvantage may arise from cultural, social or economic circumstances, background, or other similar cause. It includes racial minorities, women, persons with a disability as defined in section 363.01, subdivision 25, rehabilitation facilities, and work activity programs. To the extent practicable, the council and agencies shall attempt to meet this goal through procurement from businesses with their principal place of business in Minnesota. In furtherance of this goal, the council or an agency shall set aside a percentage of all procurements for bidding only by these businesses. The council or an agency may also shall award a five percent preference to these businesses emerging small businesses, as defined in section 645.445, in the amount bid on selected procurements. At least 75 percent of the value of the procurements awarded to emerging small businesses must actually be performed by the business to which the award was made or another emerging small business. An emerging small business that has been awarded more than three-tenths of one percent of the value of the total anticipated procurements for a fiscal year from the agency is disqualified from receiving further preference advantages for that fiscal year from that agency. An emerging small business is not eligible to partici-

pate in the bid preference established under this subdivision under conditions specified in section 16B.22, subdivision 1.

(b) The council and each agency specified in section 473.143, subdivision 1, as a condition of awarding procurements for construction, consultant, professional, or technical service contracts in excess of \$200,000, shall attempt to assure that at least ~~ten~~ 15 percent of the contract award to a prime contractor be subcontracted to a small business owned and operated by a socially or economically disadvantaged person, or that at least ten 15 percent of the contract award be expended in purchasing materials or supplies from this type of a small business. ~~This paragraph does not apply if the council or agency determines that there is no business owned and operated by a socially or economically disadvantaged person able to perform the subcontract or provide the supplies, or if the prime contractor is a business owned and operated by a socially or economically disadvantaged person.~~ Subcontracting or purchasing of supplies under this subdivision is not included in determining achievement of goals under paragraph (a) or (c).

(c) The council and each agency specified in section 473.143, subdivision 1, shall attempt to award at least ~~six . . .~~ percent of the value of all procurements for consultant services or professional or technical services to small businesses owned and operated by socially or economically disadvantaged persons.

(d) In implementing paragraphs (a) and (c), the council and each agency specified in section 473.143, subdivision 1, shall attempt to purchase a variety of goods and services from different small businesses owned and operated by socially or economically disadvantaged persons.

(e) The council and each agency may adopt rules to implement this section.

(f) This section does not apply to procurement financed in whole or in part with federal funds if the procurement is subject to federal disadvantaged, minority, or women business enterprise regulations. The council and each agency shall report annually to the legislature on compliance with this subdivision. The reports must include the information specified in section 16B.21 that pertains to purchasing from small and emerging small businesses owned by socially or economically disadvantaged persons.

Sec. 20. Minnesota Statutes 1988, section 645.445, is amended by adding a subdivision to read:

Subd. 6. "Emerging small business" means sheltered workshops and work activity programs and means a small business as defined in subdivision 2 with its principal place of business in Minnesota, that is not an affiliate or subsidiary of a business dominant in its

field of operation, and that filed the first annual federal and state income tax returns which reflected its operation as a business within the preceding five years or will file its first annual return which reflects its operation as a business within the next 12 months.

Sec. 21. [STUDY OF SMALL BUSINESS PROGRAM.]

The commissioner of administration shall assist the commission created in section 1 in its study of small business procurement programs. The commissioner shall review recent Supreme Court decisions to determine whether there is sufficient justification under a strict scrutiny standard to establish a narrowly tailored purchasing program for the benefit of any socially disadvantaged groups, and shall make recommendations to the commission regarding legislation and program operation where justification exists. The commissioner shall make recommendations: (1) for replacing the five-year limit on emerging small business participation; (2) for revising the definition of small business contained in section 645.445; and (3) for alternative programs to stimulate growth opportunities for small businesses owned and operated by socially disadvantaged persons. The commissioner shall also assess the feasibility of establishing a preference program that incorporates urban and rural areas of high unemployment.

Sec. 22. [RULES.]

The commissioner of administration may adopt emergency rules to implement sections 3 to 6.

Sec. 23. [APPROPRIATIONS.]

The following amounts are appropriated from the general fund to the commissioner of administration for the purposes indicated.

(a) \$100,000 in fiscal year 1990 and \$85,000 in fiscal year 1991 and two positions for the purposes of training and technical assistance.

(b) \$75,000 in fiscal year 1990 for the study required in section 21.

(c) \$115,000 in fiscal year 1990 and \$105,000 in fiscal year 1991 and three positions for the purposes of certifying small businesses and administering the provisions of this act.

Sec. 24. [REPEALER.]

Minnesota Statutes 1988, section 645.445, subdivision 5, is repealed. Laws 1984, chapter 654, article 2, section 49, is repealed.

Section 1 is repealed on January 4, 1990. Minnesota Statutes 1988, section 473.406, is repealed.

Sec. 25. [APPROPRIATION.]

\$ is appropriated from the general fund to the chair of the legislative coordinating commission to administer section 1.

Sec. 26. [EFFECTIVE DATE.]

Sections 1 to 25 are effective on the day following enactment except that the provisions of section 3 establishing a new bid preference program and a new subcontracting requirement are effective on requests for bids or requests for proposals issued 60 days after the effective date of emergency rules issued under section 22. The provisions of sections 12, 13, and 19 requiring new set-aside or bid preference programs are not effective until October 1, 1989.

Delete the title and insert:

“A bill for an act relating to government operations; regulating purchasing from small businesses; appropriating money; amending Minnesota Statutes 1988, sections 16B.189; 16B.19; 16B.20, subdivision 2; 16B.21; 16B.22; 116J.68, subdivision 1; 136.27; 136.72; 137.31; 161.321, subdivisions 2, 3, and 6; 161.3211; 241.27, subdivision 2; 471.345, subdivision 8; 473.142; 645.445, by adding a subdivision; proposing coding in Minnesota Statutes, chapter 16B; repealing Minnesota Statutes 1988, sections 473.406; 645.445, subdivision 5; and Laws 1984, chapter 654, article 2, section 49.”

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1445, A bill for an act relating to agriculture; making technical changes in the seed and dairy inspection laws; amending Minnesota Statutes 1988, sections 21.89, subdivisions 2 and 4; and 32.103.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 21.89, subdivision 2, is amended to read:

Subd. 2. [PERMITS; ISSUANCE, AND REVOCATION.] The commissioner shall issue a permit to the initial labeler of agricultural, vegetable, or flower seeds which are offered sold for sale use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92. The person shall furnish to the commissioner an itemized statement of all seeds sold in Minnesota for the periods established by the commissioner. This statement shall be delivered, along with the payment of the fee, to the commissioner no later than 30 days after the end of each reporting period. Any person holding a permit shall show as part of the analysis labels or invoices on all agricultural, vegetable, flower, tree or shrub seeds all information the commissioner requires. The commissioner may revoke any permit in the event of failure to comply with applicable laws and rules.

Sec. 2. Minnesota Statutes 1988, section 21.89, subdivision 4, is amended to read:

Subd. 4. [EXEMPTIONS.] A person who labels for sale An initial labeler who sells for use in Minnesota agricultural, vegetable, or flower seeds must have a seed fee permit unless:

(a) The person labels and sells less than 50,000 pounds of agricultural seed in Minnesota each calendar year. If more than 50,000 pounds are labeled and sold in Minnesota by any person, the person must have a seed fee permit and pay fees on all seed sold. A person who labels and sells grass seeds and mixtures of grass seeds intended for lawn or turf purposes is not exempted from having a permit and paying seed fees on all seeds in this category sold in Minnesota; or

(b) the agricultural, vegetable, or flower seeds are of the breeder or foundation seed classes of varieties developed by publicly financed research agencies intended for the purpose of increasing the quantity of seed available.

Sec. 3. Minnesota Statutes 1988, section 32.103, is amended to read:

32.103 [INSPECTION OF DAIRIES.]

At such time as the commissioner may deem proper, the commissioner shall cause to be inspected all places where dairy products are made, stored, or served as food for pay, and all places where cows are kept by persons engaged in the sale of milk or cream, and shall require the correction of all insanitary conditions and practices found therein.

Every Physical threat, refusal, or neglect to obey any lawful direction of the commissioner, or the commissioner's agent, given in

carrying out the provisions of this section, shall be deemed a misdemeanor."

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

The report was adopted.

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

H. F. No. 1453, A bill for an act relating to public safety; creating the Minnesota advisory council on fire protection systems; requiring licensing and certifying of the fire protection industry; providing for rules and an exemption; creating fire protection systems account; providing for fees and a surcharge; imposing a penalty; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 299K.

Reported the same back with the following amendments:

Page 2, line 10, delete "when the piping is" and insert "or piping"

Page 2, line 14, after the period insert "A person licensed under section 326.40 may also sell, design, install, modify, or inspect a standpipe or hose system."

Page 4, line 18, after "bonding," insert "certification, registration,"

Page 4, line 25, after "license" insert "or certificate"

Page 4, line 26, delete "certificate,"

Page 5, delete lines 5 to 13 and insert:

"The fire protection systems account is established as a special account in the state treasury. The fees and penalties collected under this chapter must be deposited in the state treasury and credited to the account."

Delete page 5, line 14 to page 7, line 12, and insert:

"Sec. 11. [299K.11] [FEES.]

Subdivision 1. [LICENSING FEE.] A person required to be licensed under section 3, subdivision 1, shall, before receipt of the license and before causing fire protection related work to be performed, pay the commissioner an annual license fee.

Subd. 2. [CERTIFICATION FEE.] Employees required to be certified under section 3, subdivision 2, shall, before performing fire protection related work, pay the commissioner an annual certification fee.

Subd. 3. [REGISTRATION FEE.] Employees required to be registered under section 1, subdivision 2, shall, before performing fire protection related work, pay the commissioner an annual registration fee.

Subd. 4. [PERMIT FEE.] Before beginning fire protection related work, a fire protection contractor shall pay a project permit fee to the commissioner based on a percentage of the total costs of the fire protection related work.

Subd. 5. [DEPOSIT OF FEES.] Fees collected under this section shall be deposited in the fire protection systems account created by section 10.

Page 7, line 13, delete "[299K.13]" and insert "[299K.12]"

Renumber the sections in sequence

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1475, A bill for an act relating to wild rice; clarifying requirements on packaging and labeling; requiring disclosure of origin; authorizing the construction of a greenhouse facility for the study of wild rice; providing technical assistance for marketing; appropriating money; amending Minnesota Statutes 1988, section 30.49.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [CITATION.]

This act may be cited as the "Minnesota wild rice preservation act of 1989" or "manomin act."

Sec. 2. Minnesota Statutes 1988, section 30.49, is amended to read:

30.49 [PADDY GROWN WILD RICE LABELING.]

Subdivision 1. [CULTIVATED WILD RICE.] All (a) Except as provided in paragraph (b), wild rice which containing a portion of wild rice that is planted or cultivated and which is offered for wholesale or retail sale in this state shall must be plainly and conspicuously labeled as either "paddy grown" or as "cultivated" in letters of a size and form prescribed by the commissioner.

(b) Cultivated wild rice sold for international commerce is exempt from this subdivision.

Subd. 2. [HAND-HARVESTED WILD RICE.] (a) A package containing only 100 percent hand-harvested wild rice from the public waters of the state that is offered for sale at wholesale or retail sale in this state may be plainly and conspicuously labeled as "100 percent naturally grown, lake and river harvested" in letters of a size and form prescribed by the commissioner. A package of wild rice labeled "100 percent naturally grown, lake and river harvested" must also contain the license number issued under section 84.152 of the last licensed dealer to handle the wild rice.

(b) A package that does not contain 100 percent hand-harvested wild rice from the public waters of the state may not contain a label authorized under paragraph (a).

Subd. 3. [RECORDS.] (a) A person who buys, sells, processes, or markets wild rice must maintain the following records and shall submit annual reports on or before December 31 of each year to the commissioners of agriculture and natural resources. A person who buys, sells, processes, or markets wild rice shall provide the department, on demand, relevant information from the records required under this section.

(b) The report must contain:

(1) the date of each transaction;

(2) the quantity of wild rice bought or sold;

(3) an identification of whether the wild rice is cultivated or paddy grown, or whether it is naturally grown lake and river harvested wild rice;

(4) the names and addresses of the parties of the transaction and the department of natural resources license or permit numbers;

(5) the lot numbers of all the wild rice bought or sold in each transaction; and

(6) documents that track the rice, by lot number, through processing and the assignment of a final lot number on the finished product offered for distribution or sale in Minnesota.

Subd. 4. [FAIR PACKAGING AND LABELING.] Hand-harvested wild rice from public waters and cultivated or paddy grown wild rice are separate and distinct ingredients under the fair packaging and labeling provisions of section 31.103.

Subd. 5. [MISBRANDING RELATING TO INDIAN GROWN, HARVESTED, OR PROCESSED.] A wild rice label that implies the wild rice is grown, harvested, or processed by Native American Indians is misbranded unless the wild rice is grown, harvested, and processed by an entity that is owned by 51 percent or more persons who are members of federally enrolled tribes.

Subd. 6. [PACKAGED BLENDED RICE AND READY-TO-EAT RICE.] A package containing a blend of wild rice and at least 40 percent other grains or food products, and puffed or ready-to-eat wild rice are exempt from this section, except subdivisions 3, 5, and 7.

Subd. 7. [PENALTY.] Any person who sells wild rice at wholesale or retail which is not labeled as required by violates this section is guilty of a misdemeanor.

Sec. 3. [30.495] [MINNESOTA INDIAN WILD RICE PROMOTION COUNCIL.]

The Minnesota Indian wild rice promotion council is established for the promotion and marketing of hand-harvested wild rice. The membership and organization of the council is subject to sections 17.54, subdivisions 2, 3, 4, 5, 6, and 7; 17.56 to 17.63; 17.67; and 17.69.

Sec. 4. [REPEALER.]

Minnesota Statutes 1988, section 84.152, subdivision 5, is repealed.

Sec. 5. [APPROPRIATION.]

\$ is appropriated to the department of agriculture for the purpose of managing the tracking system established in section 2, subdivision 3. The appropriation is for the biennium ending June 30, 1991.

Sec. 6. [APPROPRIATION.]

\$ is appropriated from the general fund to the commissioner of agriculture to establish a year-round greenhouse in the Grand Rapids area for the purpose of experimentation on the culture of wild rice. The purpose of this greenhouse is to allow Minnesota to keep a competitive position in the industry. This appropriation is available for the biennium ending June 30, 1991.

Sec. 7. [APPROPRIATION.]

\$ is appropriated from the general fund to the Minnesota Chippewa Tribe for payment to the Minnesota Indian natural wild rice promotion council to promote and market wild rice as provided in the council's promotional order. The appropriation is available until expended."

Amend the title as follows:

Page 1, line 7, before the period insert "proposing coding for new law in Minnesota Statutes, chapter 30; repealing Minnesota Statutes 1988, section 84.152, subdivision 5"

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1522, A bill for an act relating to agriculture; providing for arbitration of seed claims; proposing coding for new law in Minnesota Statutes, chapter 21.

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1539, A bill for an act relating to agriculture; providing assistance for establishing a barley research and promotion council; appropriating money.

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1587, A bill for an act relating to education; providing aid to repair damage due to vandalism at Sibley High School; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [WEST ST. PAUL ASSISTANCE.]

Independent school district No. 197, West St. Paul, may, without an election, issue general obligation bonds to provide immediate funds to carry out its adopted health and safety program. If bonds are issued under this section, the district must pledge an attributable share of its health and safety revenue for each year to the repayment of the principal and interest on the bonds and the pledged revenue shall be transferred to the debt redemption fund of the district upon receipt. The district must also deposit in the debt redemption fund all proceeds received as a recovery for specific costs for which the bonds were issued including, but not limited to: (1) insurance proceeds; (2) restitution proceeds; and (3) lawsuit proceeds. The district shall provide to the state department the debt repayment schedule for any bonds issued under this section.

To issue bonds under this section, independent school district No. 197 must submit a combined proposal requesting a review and comment and applying for health and safety revenue to the commissioner of education. The commissioner must give that combined request an expedited review, which shall be completed within 20 days after receipt. The publication provisions of Minnesota Statutes, section 121.15, subdivision 9, do not apply to bonds issued under this section.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.”

Amend the title as follows:

Page 1, line 3, delete “appropriating”

Page 1, line 4, delete “money” and insert “authorizing bonds”

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

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1608, A bill for an act relating to local government; planning and zoning; permitting limited duration for conditional use permits; making explicit the scope of certain statutes; amending Minnesota Statutes 1988, sections 462.358, subdivision 2a; and 462.3595, subdivision 3.

Reported the same back with the following amendments:

Page 2, delete section 2, and insert:

“Sec. 2. [462.3597] [INTERIM USES.]

Subdivision 1. [DEFINITION.] An “interim use” is a temporary use of property until a particular date, until the occurrence of a particular event, or until zoning regulations no longer permit it.

Subd. 2. [AUTHORITY.] Zoning regulations may permit the governing body to allow interim uses. The regulations may set conditions on interim uses. The governing body may grant permission for an interim use of property if:

(1) the use conforms to the zoning regulations;

(2) the date or event that will terminate the use can be identified with certainty;

(3) permission of the use will not impose additional costs on the public if it is necessary for the public to take the property in the future; and

(4) the user agrees to any conditions that the governing body deems appropriate for permission of the use.

Any interim use may be terminated by a change in zoning regulations.

Subd. 3. [PUBLIC HEARINGS.] Public hearings on the granting of interim use permits shall be held in the manner provided in section 462.357, subdivision 3.”

Delete the title and insert:

“A bill for an act relating to local government; planning and zoning; permitting interim use permits; making explicit the scope of certain statutes; amending Minnesota Statutes 1988, section 462.358, subdivision 2a; proposing coding for new law in Minnesota Statutes, chapter 462.”

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1636, A bill for an act relating to education; simplifying the high school league's audit requirements; amending Minnesota Statutes 1988, section 129.121, subdivision 2.

Reported the same back with the following amendments:

Page 1, line 12, before the period insert "or a certified public accountant, at the option of the league and approved by the legislative auditor"

Page 1, line 13, reinstate the stricken language and after "auditor" insert "or certified public accountant selected by the league and approved by the legislative auditor"

Page 1, lines 14 to 25, reinstate the stricken language

Page 2, lines 1 to 5, reinstate the stricken language

Page 2, delete lines 6 and 7

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

S. F. No. 69, A bill for an act relating to education; requiring a school district to make reasonable efforts to accommodate a pupil who wishes to be absent from school for religious observances; proposing coding for new law in Minnesota Statutes, chapter 120.

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

The report was adopted.

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

S. F. No. 123, A bill for an act relating to state government; providing for the establishment of an audit guide task force by the state auditor; amending Minnesota Statutes 1988, section 6.65.

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

The report was adopted.

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

S. F. No. 435, A bill for an act relating to veterans; changing admissions, discharge, and utilization review procedures for veterans homes; granting rulemaking authority to the veterans homes board; changing certain rights and presumptions; amending Minnesota Statutes 1988, sections 198.003; 198.007; 198.022; 198.03; and 198.32; proposing coding for new law in Minnesota Statutes, chapter 198.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 493, A bill for an act relating to juvenile court; expanding the definition of child in need of protection or services; expanding the child hearsay exception to include statements regarding the abuse or neglect of another child witnessed by the child making the statement; clarifying the authority of the court to order the temporary removal of a child due to immediate endangerment; amending Minnesota Statutes 1988, sections 260.015, subdivision 2a; 260.156; and 260.172, subdivision 1.

Reported the same back with the following amendments:

Page 1, line 20, delete "would reside" and insert "has resided"

Page 1, line 22, delete "; and"

Page 1, line 23, delete the new language

With the recommendation that when so amended the bill pass.

The report was adopted.

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

S. F. No. 671, A bill for an act relating to the commission on uniform state laws; providing for its composition; amending Minnesota Statutes 1988, section 3.251.

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

The report was adopted.

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

S. F. No. 936, A bill for an act relating to state lands; authorizing exchange of state property with city of St. Cloud.

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. 173, 647, 670, 729, 833, 984, 1023, 1037, 1168, 1175, 1234, 1282, 1292, 1388, 1445, 1522, 1608 and 1636 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 361, 1051, 69, 123, 435, 493, 671 and 936 were read for the second time.

**INTRODUCTION AND FIRST READING
OF HOUSE BILLS**

The following House Files were introduced:

Sviggum introduced:

H. F. No. 1710, A bill for an act relating to taxation; property; permitting hospital districts to levy for operating deficit outside of per capita levy limits; amending Minnesota Statutes 1988, section 447.34, subdivision 1.

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

McDonald, Kelso, Jacobs and Vanasek introduced:

H. F. No. 1711, A bill for an act relating to utilities; providing that the seven-county metropolitan area comprise one local telephone service area for the purpose of determining local telephone service rates; proposing coding for new law in Minnesota Statutes, chapter 237.

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

Olson, K.; Winter; Hugoson; Lieder and Kalis introduced:

H. F. No. 1712, A bill for an act relating to traffic regulations; authorizing recreational vehicle combinations and restricting their use; amending Minnesota Statutes 1988, sections 169.01, by adding a subdivision; and 169.81, subdivision 3, and by adding a subdivision.

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

Cooper; Murphy; Olson, K.; Girard and Dille introduced:

H. F. No. 1713, A bill for an act relating to rural development; providing for research and development; providing mechanisms for agriculture diversification; appropriating money; amending Laws 1985, chapter 19, section 2, subdivision 2, as amended, and section 6, subdivision 6, as amended; proposing coding for new law in Minnesota Statutes, chapter 17.

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

Jefferson, Clark and Trimble introduced:

H. F. No. 1714, A bill for an act relating to human rights; requiring bias crime investigations; proposing coding for new law in Minnesota Statutes, chapter 363.

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

Jefferson and Trimble introduced:

H. F. No. 1715, A bill for an act relating to education; requiring teachers to report unfair discriminatory practices by other teachers; providing that commission of an unfair discriminatory practice or failure to report may be grounds for discharge or demotion; amending Minnesota Statutes 1988, sections 125.12, subdivision 8; and 125.17, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 125.

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

Tjornhom, Wenzel, Limmer, Pellow and Henry introduced:

H. F. No. 1716, A resolution memorializing the heads of the federal departments and agencies holding records concerning reported live sightings of American military personnel classified as prisoners of war or missing in action in Southeast Asia to make the records available to the public.

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

Dorn; Williams; Olson, K.; Anderson, R., and Steensma introduced:

H. F. No. 1717, A bill for an act relating to education; requiring the state university board to study the feasibility of acquiring a site to broaden services within the metropolitan area and additional, related issues; requiring a joint study with the state board for community colleges; appropriating money.

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

Begich and Long introduced:

H. F. No. 1718, A bill for an act relating to taxation; property; providing for payment of deferred taxes on sale of railroad operating property; amending Minnesota Statutes 1988, section 270.80, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 270.

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

Simoneau introduced:

H. F. No. 1719, A bill for an act relating to cities; limiting the service of charter commission members; amending Minnesota Statutes 1988, section 410.05, subdivision 2.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Ogren introduced:

H. F. No. 1720, A bill for an act relating to health; requiring outpatient endoscopic clinics to be licensed under rules governing outpatient surgical centers; providing exemptions to the rules; proposing coding for new law in Minnesota Statutes, chapter 144.

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

HOUSE ADVISORIES

The following House Advisory was introduced:

Cooper, Brown, Ogren, Gruenes and Nelson, C., introduced:

H. A. No. 8, A proposal to study options for assisting rural hospitals and improving access to health services.

The advisory was 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. 702, A bill for an act relating to crime; expanding the crime of failure to appear for a criminal court appearance; specifying the attorney with jurisdiction to prosecute the crime; prescribing penalties; amending Minnesota Statutes 1988, section 609.49.

The Senate has appointed as such committee:

Messrs. Pogemiller, Luther and McGowan.

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. 664, A bill for an act relating to local government; providing for the appointment of certain employees of the city of Minneapolis and special school district No. 1; amending Laws 1969, chapter 937, section 1, subdivision 9, as amended.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

McLaughlin moved that the House concur in the Senate amendments to H. F. No. 664 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 664, A bill for an act relating to local government; providing for the appointment of certain employees of the city of Minneapolis and special school district No. 1; permitting the city of Minneapolis to enter certain agreements relating to construction projects; amending Laws 1969, chapter 937, section 1, subdivision 9, as amended; and Laws 1986, chapter 396, section 2, subdivision 1, as amended.

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

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kostohryz	Olson, K.	Schafer
Anderson, G.	Girard	Krueger	Omann	Scheid
Anderson, R.	Greenfield	Lasley	Onnen	Seaberg
Battaglia	Gruenes	Lieder	Orenstein	Segal
Bauerly	Gutknecht	Limmer	Osthoff	Simoneau
Beard	Hartle	Long	Ostrom	Skoglund
Begich	Hasskamp	Lynch	Otis	Solberg
Bennett	Haukoos	Macklin	Ozment	Sparby
Bertram	Heap	Marsh	Pappas	Stanius
Bishop	Henry	McDonald	Pauly	Steensma
Blatz	Himle	McEachern	Pellow	Sviggum
Boo	Hugoson	McGuire	Pelowski	Swenson
Brown	Jacobs	McLaughlin	Peterson	Tompkins
Burger	Janezich	McPherson	Poppenhagen	Trimble
Carlson, D.	Jaros	Milbert	Price	Tunheim
Carlson, L.	Jefferson	Miller	Pugh	Uphus
Carruthers	Jennings	Morrison	Quinn	Valento
Clark	Johnson, A.	Munger	Redalen	Vellenga
Conway	Johnson, R.	Murphy	Reding	Wagenius
Cooper	Johnson, V.	Nelson, C.	Rest	Waltman
Dauner	Kahn	Nelson, K.	Rice	Weaver
Dempsey	Kalis	Neuenschwander	Richter	Welle
Dille	Kelly	O'Connor	Rodovich	Wenzel
Dorn	Kelso	Ogren	Rukavina	Williams
Forsythe	Kinkel	Olsen, S.	Rumbeck	Winter
Frederick	Knickerbocker	Olson, E.	Sarna	Wynia
				Spk. Vanasek

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

Mr. Speaker:

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

Senate Concurrent Resolution No. 7, A senate concurrent resolution commending retiring University of Minnesota Regents: the Honorable Wally Hilke, the Honorable David M. Lebedoff, the Honorable Charles F. McGuiggan, and the Honorable Wenda W. Moore.

PATRICK E. FLAHAVEN, Secretary of the Senate

The concurrent resolution was referred to the Committee on Rules and Legislative Administration.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1241.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1241, A bill for an act relating to education; changing a requirement for teaching in barber school; amending Minnesota Statutes 1988, section 154.065, subdivision 2.

The bill was read for the first time.

Price moved that S. F. No. 1241 and H. F. No. 1378, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 29

A bill for an act relating to examiners of title; increasing number of deputy examiners of title in second and fourth judicial districts; amending Minnesota Statutes 1988, section 508.12, subdivision 3.

April 13, 1989

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 29, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment.

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

House Conferees: ANN H. REST, RANDY C. KELLY AND ART SEABERG.

Senate Conferees: EMBER D. REICHGOTT, RANDOLPH W. PETERSON AND GARY W. LAIDIG.

Rest moved that the report of the Conference Committee on H. F. No. 29 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 29, A bill for an act relating to examiners of title; increasing number of deputy examiners of title in second and fourth judicial districts; amending Minnesota Statutes 1988, section 508.12, subdivision 3.

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

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

Those who voted in the affirmative were:

Abrams	Girard	Krueger	Omam	Scheid
Anderson, G.	Greenfield	Lasley	Onnen	Seaberg
Anderson, R.	Gruenes	Lieder	Orenstein	Skoglund
Battaglia	Gutknecht	Limmer	Osthoff	Solberg
Bauerly	Hartle	Long	Ostrom	Sparby
Beard	Hasskamp	Lynch	Otis	Stanius
Begich	Haukoos	Macklin	Ozment	Steensma
Bennett	Heap	Marsh	Pappas	Sviggum
Bishop	Henry	McDonald	Pauly	Swenson
Blatz	Himle	McEachern	Fellow	Tompkins
Boo	Hugoson	McGuire	Pelowski	Trimble
Brown	Jacobs	McLaughlin	Peterson	Tunheim
Burger	Janezich	McPherson	Poppenhagen	Uphus
Carlson, D.	Jaros	Milbert	Price	Valento
Carlson, L.	Jefferson	Miller	Pugh	Vellenga
Carruthers	Jennings	Morrison	Quinn	Wagenius
Clark	Johnson, A.	Munger	Redalen	Waltman
Conway	Johnson, R.	Murphy	Reding	Weaver
Cooper	Johnson, V.	Nelson, C.	Rest	Welle
Dauner	Kahn	Nelson, K.	Rice	Wenzel
Dempsey	Kalis	Neuenschwander	Richter	Williams
Dille	Kelly	O'Connor	Rodosovich	Winter
Dorn	Kelso	Ogren	Rukavina	Wynia
Forsythe	Kinkel	Olsen, S.	Runbeck	Spk. Vanasek
Frederick	Knickerbocker	Olson, E.	Sarna	
Frerichs	Kostohryz	Olson, K.	Schafer	

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

CONSENT CALENDAR

S. F. No. 115, A bill for an act relating to the military; requiring the adjutant general to furnish flags for certain deceased members of the national guard regardless of their number of years of service; amending Minnesota Statutes 1988, section 192.381.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kostohryz	Olson, K.	Schafer
Anderson, G.	Girard	Krueger	Omann	Scheid
Anderson, R.	Greenfield	Lasley	Onnen	Seaberg
Battaglia	Gruenes	Lieder	Orenstein	Segal
Bauerly	Gutknecht	Limmer	Osthoff	Simoneau
Beard	Hartle	Long	Ostrom	Skoglund
Begich	Hasskamp	Lynch	Otis	Solberg
Bennett	Haukoos	Macklin	Ozment	Sparby
Bertram	Heap	Marsh	Pappas	Stanius
Bishop	Henry	McDonald	Pauly	Steenasma
Blatz	Himle	McEachern	Pellow	Sviggum
Boo	Hugoson	McGuire	Pelowski	Swenson
Brown	Jacobs	McLaughlin	Peterson	Tompkins
Burger	Janezich	McPherson	Poppenhagen	Trimble
Carlson, D.	Jaros	Milbert	Price	Tunheim
Carlson, L.	Jefferson	Miller	Pugh	Uphus
Carruthers	Jennings	Morrison	Quinn	Valento
Clark	Johnson, A.	Munger	Redalen	Vellenga
Conway	Johnson, R.	Murphy	Reding	Wagenius
Cooper	Johnson, V.	Nelson, C.	Rest	Waltman
Dauner	Kahn	Nelson, K.	Rice	Weaver
Dempsey	Kalis	Neuenschwander	Richter	Welle
Dille	Kelly	O'Connor	Rodosovich	Wenzel
Dorn	Kelso	Ogren	Rukavina	Williams
Forsythe	Kinkel	Olsen, S.	Runbeck	Winter
Frederick	Knickerbocker	Olson, E.	Sarna	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 33, A bill for an act relating to town roads; permitting town ordinances to regulate the burning of vegetation; amending Minnesota Statutes 1988, section 164.02, 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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bertram	Carruthers	Forsythe	Hasskamp
Anderson, G.	Bishop	Clark	Frederick	Haukoos
Anderson, R.	Blatz	Conway	Frerichs	Heap
Battaglia	Boo	Cooper	Girard	Henry
Bauerly	Brown	Dauner	Greenfield	Himle
Beard	Burger	Dempsey	Gruenes	Hugoson
Begich	Carlson, D.	Dille	Gutknecht	Jacobs
Bennett	Carlson, L.	Dorn	Hartle	Janezich

Jaros	Lynch	Olsen, S.	Quinn	Stanius
Jefferson	Macklin	Olson, E.	Redalen	Steensma
Jennings	Marsh	Olson, K.	Reding	Sviggum
Johnson, A.	McDonald	Omann	Rest	Swenson
Johnson, R.	McEachern	Onnen	Rice	Tompkins
Johnson, V.	McGuire	Orenstein	Richter	Trimble
Kahn	McLaughlin	Osthoff	Rodosovich	Tunheim
Kalis	McPherson	Ostrom	Rukavina	Uphus
Kelly	Milbert	Otis	Runbeck	Valento
Kelso	Miller	Ozment	Sarna	Vellenga
Kinkel	Morrison	Pappas	Schafer	Wagenius
Knickerbocker	Munger	Pauly	Scheid	Waltman
Kostohryz	Murphy	Pellow	Seaberg	Weaver
Krueger	Nelson, C.	Pelowski	Segal	Welle
Lasley	Nelson, K.	Peterson	Simoneau	Wenzel
Lieder	Neuenschwander	Poppenhagen	Skoglund	Williams
Limmer	O'Connor	Price	Solberg	Winter
Long	Ogren	Pugh	Sparby	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 701, A bill for an act relating to environment; eliminating the PCB exemption program; repealing Minnesota Statutes 1988, sections 116.36; and 116.37.

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

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

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Orenstein	Segal
Anderson, G.	Girard	Lasley	Osthoff	Simoneau
Anderson, R.	Greenfield	Lieder	Ostrom	Skoglund
Battaglia	Gruenes	Limmer	Otis	Solberg
Bauerly	Gutknecht	Lynch	Ozment	Sparby
Beard	Hartle	Macklin	Pappas	Stanius
Begich	Hasskamp	Marsh	Pauly	Steensma
Bennett	Haukoos	McDonald	Pellow	Sviggum
Bertram	Heap	McEachern	Pelowski	Swenson
Bishop	Henry	McGuire	Peterson	Tompkins
Blatz	Himle	McLaughlin	Poppenhagen	Trimble
Boo	Hugoson	McPherson	Price	Tunheim
Brown	Jacobs	Milbert	Pugh	Uphus
Burger	Janezich	Miller	Quinn	Valento
Carlson, D.	Jaros	Morrison	Redalen	Vellenga
Carlson, L.	Jefferson	Munger	Reding	Wagenius
Carruthers	Jennings	Murphy	Rest	Waltman
Clark	Johnson, A.	Nelson, C.	Rice	Weaver
Conway	Johnson, R.	Neuenschwander	Richter	Welle
Cooper	Johnson, V.	O'Connor	Rodosovich	Wenzel
Cooper	Kalis	Ogren	Rukavina	Williams
Dauner	Kelly	Olsen, S.	Runbeck	Winter
Dempsey	Kelso	Olson, E.	Sarna	Wynia
Dille	Kinkel	Olson, K.	Schafer	Spk. Vanasek
Dorn	Knickerbocker	Omman	Scheid	
Forsythe	Kostohryz	Onnen	Seaberg	
Frederick				

The bill was passed and its title agreed to.

H. F. No. 826, A bill for an act relating to the collection and dissemination of data; providing access to private and confidential data related to delinquent acts for law enforcement purposes; amending Minnesota Statutes 1988, sections 13.84, subdivision 5a; and 260.161, subdivision 2.

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

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Onnen	Seaberg
Anderson, G.	Greenfield	Lieder	Orenstein	Segal
Anderson, R.	Gruenes	Limmer	Osthoff	Simoneau
Battaglia	Gutknecht	Long	Ostrom	Skoglund
Beard	Hartle	Lynch	Otis	Solberg
Begich	Hasskamp	Macklin	Ozment	Sparby
Bennett	Haukoos	Marsh	Pappas	Stanius
Bertram	Heap	McDonald	Pauly	Steensma
Bishop	Henry	McEachern	Pellow	Sviggum
Blatz	Himle	McGuire	Pelowski	Swenson
Boo	Hugoson	McLaughlin	Peterson	Tompkins
Brown	Jacobs	McPherson	Poppenhagen	Trimble
Burger	Janezich	Milbert	Price	Tunheim
Carlson, D.	Jaros	Miller	Pugh	Uphus
Carlson, L.	Jefferson	Morrison	Quinn	Valento
Carruthers	Jennings	Munger	Redalen	Vellenga
Clark	Johnson, A.	Murphy	Reding	Wagenius
Conway	Johnson, R.	Nelson, C.	Rest	Waltman
Cooper	Johnson, V.	Nelson, K.	Rice	Weaver
Dauner	Kalis	Neuenschwander	Richter	Welle
Dempsey	Kelly	O'Connor	Rodosovich	Wenzel
Dille	Kelso	Ogren	Rukavina	Williams
Dorn	Kinkel	Olsen, S.	Runbeck	Winter
Forsythe	Knickerbocker	Olson, E.	Sarna	Wynia
Frederick	Kostohryz	Olson, K.	Schafer	Spk. Vanasek
Frerichs	Krueger	Omam	Scheid	

Those who voted in the negative were:

Bauerly

The bill was passed and its title agreed to.

H. F. No. 1492, A bill for an act relating to state parks; special permits for handicapped users; amending Minnesota Statutes 1988, section 85.053, 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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Omann	Scheid
Anderson, G.	Girard	Lasley	Onnen	Seaberg
Anderson, R.	Greenfield	Lieder	Orenstein	Segal
Battaglia	Gruenes	Limmer	Osthoff	Simoneau
Bauerly	Gutknecht	Long	Ostrom	Skoglund
Beard	Hartle	Lynch	Otis	Solberg
Begich	Hasskamp	Macklin	Ozment	Sparby
Bennett	Haukoos	Marsh	Pappas	Stanius
Bertram	Heap	McDonald	Pauly	Steensma
Bishop	Henry	McEachern	Pellow	Sviggum
Blatz	Himle	McGuire	Pelowski	Swenson
Boo	Hugoson	McLaughlin	Peterson	Tompkins
Brown	Jacobs	McPherson	Poppenhagen	Trimble
Burger	Janezich	Milbert	Price	Tunheim
Carlson, D.	Jaros	Miller	Pugh	Uphus
Carlson, L.	Jefferson	Morrison	Quinn	Valento
Carruthers	Jennings	Munger	Redalen	Vellenga
Clark	Johnson, A.	Murphy	Reding	Wagenius
Conway	Johnson, R.	Nelson, C.	Rest	Waltman
Cooper	Johnson, V.	Nelson, K.	Rice	Weaver
Dauner	Kalis	Neuenschwander	Richter	Welle
Dempsey	Kelly	O'Connor	Rodosovich	Wenzel
Dille	Kelso	Ogren	Rukavina	Williams
Dorn	Kinkel	Olsen, S.	Runbeck	Winter
Forsythe	Knickerbocker	Olson, E.	Sarna	Wynia
Frederick	Kostohryz	Olson, K.	Schafer	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1498, A bill for an act relating to telecommunications devices for communication-impaired people; requiring the metropolitan airports commission and certain bus stations to provide telecommunications devices for communication-impaired people; amending Minnesota Statutes 1988, section 473.608, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 256C.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bertram	Carruthers	Forsythe	Hasskamp
Anderson, G.	Bishop	Clark	Frederick	Haukoos
Anderson, R.	Blatz	Conway	Frerichs	Heap
Battaglia	Boo	Cooper	Girard	Henry
Bauerly	Brown	Dauner	Greenfield	Himle
Beard	Burger	Dempsey	Gruenes	Hugoson
Begich	Carlson, D.	Dille	Gutknecht	Jacobs
Bennett	Carlson, L.	Dorn	Hartle	Janezich

Jaros	Lynch	Olsen, S.	Redalen	Sviggum
Jefferson	Macklin	Olson, E.	Reding	Swenson
Jennings	Marsh	Olson, K.	Rest	Tompkins
Johnson, A.	McDonald	Omann	Richter	Trimble
Johnson, R.	McEachern	Onnen	Rodosovich	Tunheim
Johnson, V.	McGuire	Orenstein	Rukavina	Uphus
Kahn	McLaughlin	Osthoff	Runbeck	Valento
Kalis	McPherson	Ostrom	Sarna	Vellenga
Kelly	Milbert	Otis	Schafer	Wagenius
Kelso	Miller	Ozment	Scheid	Waltman
Kinkel	Morrison	Pauly	Seaberg	Weaver
Knickerbocker	Munger	Pellow	Segal	Welle
Kostohryz	Murphy	Pelowski	Simoneau	Wenzel
Krueger	Nelson, C.	Peterson	Skoglund	Williams
Lasley	Nelson, K.	Poppenhagen	Solberg	Winter
Lieder	Neuenschwander	Price	Sparby	Wynia
Limmer	O'Connor	Pugh	Stanius	Spk. Vanasek
Long	Ogren	Quinn	Steensma	

The bill was passed and its title agreed to.

H. F. No. 1502, A bill for an act relating to education; extending the authority of Pine Point experimental school; amending Minnesota Statutes 1988, sections 128B.09 and 128B.10.

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

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

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Omann	Scheid
Anderson, G.	Girard	Lasley	Onnen	Seaberg
Anderson, R.	Greenfield	Lieder	Orenstein	Segal
Battaglia	Gruenes	Limmer	Osthoff	Simoneau
Bauerly	Gutknecht	Long	Ostrom	Skoglund
Beard	Hartle	Lynch	Otis	Solberg
Begich	Hasskamp	Macklin	Ozment	Sparby
Bennett	Haukoos	Marsh	Pappas	Stanius
Bertram	Heap	McDonald	Pauly	Steensma
Bishop	Henry	McEachern	Pellow	Sviggum
Blatz	Himle	McGuire	Pelowski	Swenson
Boo	Hugoson	McLaughlin	Peterson	Tompkins
Brown	Jacobs	McPherson	Poppenhagen	Trimble
Burger	Janezich	Milbert	Price	Tunheim
Carlson, D.	Jaros	Miller	Pugh	Uphus
Carlson, L.	Jefferson	Morrison	Quinn	Valento
Carruthers	Jennings	Munger	Redalen	Vellenga
Clark	Johnson, A.	Murphy	Reding	Wagenius
Conway	Johnson, R.	Nelson, C.	Rest	Waltman
Cooper	Johnson, V.	Nelson, K.	Rice	Weaver
Dauner	Kalis	Neuenschwander	Richter	Welle
Dempsey	Kelly	O'Connor	Rodosovich	Wenzel
Dille	Kelso	Ogren	Rukavina	Williams
Dorn	Kinkel	Olsen, S.	Runbeck	Winter
Forsythe	Knickerbocker	Olson, E.	Sarna	Wynia
Frederick	Kostohryz	Olson, K.	Schafer	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1626, A bill for an act relating to state lands; conveying easement for sanitary sewer to city of Cambridge.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Ferichs	Krueger	Omann	Scheid
Anderson, G.	Girard	Lasley	Onnen	Seaberg
Anderson, R.	Greenfield	Lieder	Orenstein	Segal
Battaglia	Gruenes	Limmer	Osthoff	Simoneau
Bauerly	Gutknecht	Long	Ostrom	Skoglund
Beard	Hartle	Lynch	Otis	Solberg
Begich	Hasskamp	Macklin	Ozment	Stanius
Bennett	Haukoos	Marsh	Pappas	Steenasma
Bertram	Heap	McDonald	Pauly	Sviggum
Bishop	Henry	McEachern	Pellow	Swenson
Blatz	Himle	McGuire	Pelowski	Tompkins
Boo	Hugoson	McLaughlin	Peterson	Trimble
Brown	Jacobs	McPherson	Poppenhagen	Tunheim
Burger	Jaros	Milbert	Price	Uphus
Carlson, D.	Jefferson	Miller	Pugh	Valento
Carlson, L.	Jennings	Morrison	Quinn	Vellenga
Carruthers	Johnson, A.	Munger	Redalen	Wagenius
Clark	Johnson, R.	Murphy	Reding	Waltman
Conway	Johnson, V.	Nelson, C.	Rest	Weaver
Cooper	Kahn	Nelson, K.	Rice	Welle
Dauner	Kalis	Neuenschwander	Richter	Wenzel
Dempsey	Kelly	O'Connor	Rodosovich	Williams
Dille	Kelso	Ogren	Rukavina	Winter
Dorn	Kinkel	Olsen, S.	Runbeck	Wynia
Forsythe	Knickerbocker	Olson, E.	Sarna	Spk. Vanasek
Frederick	Kostohryz	Olson, K.	Schafer	

The bill was passed and its title agreed to.

H. F. No. 1630, A bill for an act relating to the city of Austin; providing for the service of the police and fire chiefs.

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	Begich	Brown	Conway	Forsythe
Anderson, G.	Bennett	Burger	Cooper	Frederick
Anderson, R.	Bertram	Carlson, D.	Dauner	Frerichs
Battaglia	Bishop	Carlson, L.	Dempsey	Girard
Bauerly	Blatz	Carruthers	Dille	Greenfield
Beard	Boo	Clark	Dorn	Gruenes

Gutknecht	Kinkel	Murphy	Peterson	Solberg
Hartle	Knickerbocker	Nelson, C.	Poppenhagen	Sparby
Hasskamp	Kostohryz	Nelson, K.	Price	Stanius
Haukoos	Krueger	Neuenschwander	Pugh	Steensma
Heap	Lasley	O'Connor	Quinn	Sviggum
Henry	Lieder	Ogren	Redalen	Swenson
Himle	Limmer	Olsen, S.	Reding	Tompkins
Hugoson	Long	Olson, E.	Rest	Trimble
Jacobs	Lynch	Olson, K.	Rice	Tunheim
Janezich	Macklin	Omann	Richter	Uphus
Jaros	Marsh	Onnen	Rodosovich	Valento
Jefferson	McDonald	Orenstein	Rukavina	Vellenga
Jennings	McEachern	Osthoff	Runbeck	Wagemius
Johnson, A.	McGuire	Ostrom	Sarna	Waltman
Johnson, R.	McLaughlin	Otis	Schafer	Weaver
Johnson, V.	McPherson	Ozment	Scheid	Welle
Kahn	Milbert	Pappas	Seaberg	Wenzel
Kalis	Miller	Pauly	Segal	Williams
Kelly	Morrison	Pellow	Simoneau	Winter
Kelso	Munger	Pelowski	Skoglund	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1665 was reported to the House.

Bishop moved that H. F. No. 1665 be re-referred to the Committee on Judiciary.

A roll call was requested and properly seconded.

CALL OF THE HOUSE

On the motion of Carlson, D., and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Forsythe	Kelso	Nelson, K.	Redalen
Anderson, R.	Frederick	Kinkel	Neuenschwander	Reding
Battaglia	Frerichs	Knickerbocker	O'Connor	Rest
Bauerly	Girard	Kostohryz	Ogren	Rice
Beard	Gruenes	Krueger	Olsen, S.	Richter
Begich	Gutknecht	Lasley	Olson, E.	Rodosovich
Bennett	Hartle	Lieder	Olson, K.	Rukavina
Bertram	Hasskamp	Limmer	Omann	Runbeck
Bishop	Haukoos	Long	Onnen	Schafer
Blatz	Heap	Lynch	Orenstein	Scheid
Boo	Henry	Macklin	Osthoff	Seaberg
Brown	Himle	Marsh	Ostrom	Segal
Burger	Hugoson	McDonald	Otis	Simoneau
Carlson, D.	Jacobs	McEachern	Ozment	Skoglund
Carlson, L.	Janezich	McGuire	Pappas	Solberg
Carruthers	Jefferson	McLaughlin	Pauly	Sparby
Clark	Jennings	McPherson	Pellow	Stanius
Conway	Johnson, A.	Milbert	Pelowski	Steensma
Cooper	Johnson, R.	Miller	Peterson	Sviggum
Dawkins	Johnson, V.	Morrison	Poppenhagen	Swenson
Dempsey	Kahn	Munger	Price	Tompkins
Dille	Kalis	Murphy	Pugh	Trimble
Dorn	Kelly	Nelson, C.	Quinn	Tunheim

Uphus	Wagenius	Welle	Winter
Valento	Waltman	Wenzel	Wynia
Vellenga	Weaver	Williams	Spk. Vanasek

Wynia moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

The question recurred on the Bishop motion, and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 19 yeas and 107 nays as follows:

Those who voted in the affirmative were:

Bishop	Dille	Johnson, V.	Seaberg	Wagenius
Boo	Frerichs	Miller	Skoglund	Waltman
Burger	Gutknecht	Nelson, K.	Swiggum	Weaver
Carlson, D.	Himle	Redalen	Swenson	

Those who voted in the negative were:

Abrams	Girard	Lasley	Omann	Schafer
Anderson, G.	Greenfield	Lieder	Onnen	Scheid
Anderson, R.	Gruenes	Limmer	Orenstein	Simoneau
Battaglia	Hartle	Long	Osthoff	Solberg
Bauerly	Hasskamp	Lynch	Ostrom	Sparby
Beard	Haukoos	Macklin	Otis	Stanius
Begich	Heap	Marsh	Pauly	Steensma
Bennett	Henry	McDonald	Pellow	Tompkins
Bertram	Hugoson	McEachern	Pelowski	Trimble
Blatz	Jacobs	McGuire	Peterson	Tunheim
Brown	Janezich	McLaughlin	Poppenhagen	Uphus
Carlson, L.	Jefferson	McPherson	Price	Valento
Carruthers	Jennings	Milbert	Pugh	Vellenga
Clark	Johnson, A.	Munger	Quinn	Welle
Conway	Johnson, R.	Murphy	Reding	Wenzel
Cooper	Kahn	Nelson, C.	Rest	Williams
Dauner	Kalis	Neuenschwander	Rice	Winter
Dawkins	Kelso	O'Connor	Richter	Wynia
Dempsey	Kinkel	Ogren	Rodosovich	Spk. Vanasek
Dorn	Knickerbocker	Olsen, S.	Rukavina	
Forsythe	Kostohryz	Olsen, E.	Runbeck	
Frederick	Krueger	Olsen, K.	Sarna	

The motion did not prevail.

Upon objection of ten members, H. F. No. 1665 was stricken from the Consent Calendar and placed on General Orders.

SPECIAL ORDERS

S. F. No. 294 was reported to the House.

Bertram moved to amend S. F. No. 294, as follows:

Page 1, line 15, after "and to" delete "good health" and insert "its health condition prior to release"

The motion prevailed and the amendment was adopted.

S. F. No. 294, A bill for an act relating to animals; providing civil and criminal penalties for the unauthorized release of research animals; amending Minnesota Statutes 1988, section 346.56, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1988, section 346.56, 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.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Omann	Seaberg
Anderson, G.	Girard	Lasley	Onnen	Simoneau
Battaglia	Greenfield	Lieder	Orenstein	Skoglund
Bauerly	Gruenes	Limmer	Ostrom	Solberg
Beard	Gutknecht	Long	Otis	Sparby
Begich	Hartle	Lynch	Ozment	Stanius
Bennett	Hasskamp	Macklin	Pappas	Steenma
Bertram	Haukoos	Marsh	Pauly	Sviggum
Bishop	Heap	McDonald	Pellow	Swenson
Blatz	Henry	McEachern	Pelowski	Tompkins
Boo	Himle	McGuire	Peterson	Trimble
Brown	Hugoson	McLaughlin	Poppenhagen	Tunheim
Burger	Jacobs	McPherson	Price	Uphus
Carlson, D.	Janezich	Milbert	Pugh	Valento
Carlson, L.	Jefferson	Miller	Quinn	Vellenga
Carruthers	Jennings	Morrison	Redalen	Wagenius
Clark	Johnson, A.	Munger	Reding	Waltman
Conway	Johnson, R.	Murphy	Rest	Weaver
Cooper	Johnson, V.	Nelson, C.	Rice	Welle
Dauner	Kahn	Nelson, K.	Richter	Wenzel
Dawkins	Kalis	Neuenschwander	Rodosovich	Williams
Dempsey	Kelly	O'Connor	Rukavina	Winter
Dille	Kelso	Ogren	Runbeck	Wynia
Dorn	Kinkel	Olsen, S.	Sarna	Spk. Vanasek
Forsythe	Knickerbocker	Olson, E.	Schafer	
Frederick	Kostohryz	Olson, K.	Scheid	

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

CALL OF THE HOUSE LIFTED.

Wynia moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

H. F. No. 693 was reported to the House.

Carlson, D., moved that H. F. No. 693 be continued on Special Orders until Monday, April 24, 1989. The motion prevailed.

S. F. No. 560, A bill for an act relating to criminal procedure; providing for the Ramsey county attorney to prosecute certain gross misdemeanors; amending Minnesota Statutes 1988, section 388.051, subdivision 2.

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

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

Those who voted in the affirmative were:

Abrams	Frerichs	Kostohryz	Olson, K.	Schafer
Anderson, G.	Girard	Krueger	Omann	Seaberg
Anderson, R.	Greenfield	Lasley	Onnen	Segal
Battaglia	Gruenes	Lieder	Orenstein	Simoneau
Bauerly	Gutknecht	Limmer	Osthoff	Skoglund
Beard	Hartle	Long	Ostrom	Solberg
Begich	Hasskamp	Lynch	Otis	Sparby
Bennett	Haukoos	Macklin	Ozment	Stanius
Bertram	Heap	Marsh	Pappas	Steensma
Bishop	Henry	McDonald	Pauly	Swiggum
Blatz	Himle	McEachern	Pellow	Swenson
Boo	Hugoson	McGuire	Pelowski	Tompkins
Brown	Jacobs	McLaughlin	Peterson	Trimble
Burger	Janezich	McPherson	Poppenhagen	Tunheim
Carlson, L.	Jaros	Milbert	Price	Upphus
Carruthers	Jefferson	Miller	Pugh	Valento
Clark	Jennings	Morrison	Quinn	Vellenga
Conway	Johnson, A.	Munger	Redalen	Wagenius
Cooper	Johnson, R.	Murphy	Reding	Waltman
Dauner	Johnson, V.	Nelson, C.	Rest	Weaver
Dawkins	Kahn	Nelson, K.	Rice	Welle
Dempsey	Kalis	Neuenschwander	Richter	Wenzel
Dille	Kelly	O'Connor	Rodosovich	Williams
Dorn	Kelso	Ogren	Rukavina	Winter
Forsythe	Kinkel	Olsen, S.	Runbeck	Wynia
Frederick	Knickerbocker	Olson, E.	Sarna	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 355, A bill for an act relating to veterans; authorizing officers and employees of the Military Order of the Purple Heart to

purchase certain insurance benefits; amending Minnesota Statutes 1988, section 43A.27, subdivision 2.

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

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

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Onnen	Segal
Anderson, G.	Girard	Lasley	Orenstein	Simoneau
Anderson, R.	Greenfield	Lieder	Osthoff	Skoglund
Battaglia	Gruenes	Limmer	Ostrom	Solberg
Bauerly	Gutknecht	Long	Otis	Sparby
Beard	Hartle	Lynch	Ozment	Stanius
Begich	Hasskamp	Macklin	Pappas	Steensma
Bennett	Haukoos	Marsh	Pauly	Sviggum
Bertram	Heap	McDonald	Pellow	Swenson
Bishop	Henry	McEachern	Pelowski	Tompkins
Blatz	Himle	McGuire	Peterson	Trimble
Boo	Hugoson	McLaughlin	Poppenhagen	Tunheim
Brown	Jacobs	McPherson	Price	Uphus
Burger	Janezich	Milbert	Pugh	Valento
Carlson, D.	Jaros	Miller	Quinn	Vellenga
Carlson, L.	Jefferson	Morrison	Redalen	Wagenius
Carruthers	Jennings	Munger	Reding	Waltman
Clark	Johnson, A.	Murphy	Rest	Weaver
Conway	Johnson, R.	Nelson, C.	Rice	Welle
Cooper	Johnson, V.	Nelson, K.	Richter	Wenzel
Dauner	Kahn	Neuenschwander	Rodosovich	Williams
Dawkins	Kalis	O'Connor	Rukavina	Winter
Dempsey	Kelly	Ogren	Runbeck	Wynia
Dille	Kelso	Olsen, S.	Sarna	Spk. Vanasek
Dorn	Kinkel	Olson, E.	Schafer	
Forsythe	Knickerbocker	Olson, K.	Scheid	
Frederick	Kostohryz	Omann	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 762, A resolution memorializing Congress of ratification of a proposed amendment to the Constitution of the United States to provide for a delay in an increase in compensation to members of Congress until an intervening election of representatives has occurred.

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 116 yeas and 8 nays as follows:

Those who voted in the affirmative were:

Abrams	Anderson, G.	Anderson, R.	Battaglia	Bauerly
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Beard	Greenfield	Knickerbocker	Olson, K.	Schafer
Begich	Gruenes	Krueger	Omann	Seaberg
Bennett	Gutknecht	Lasley	Onnen	Segal
Bertram	Hartle	Limmer	Orenstein	Simoneau
Blatz	Hasskamp	Long	Ostrom	Skoglund
Boo	Haukoos	Lynch	Ozment	Sparby
Brown	Heap	Macklin	Pappas	Stanius
Burger	Henry	Marsh	Pauly	Steensma
Carlson, D.	Himle	McDonald	Pellow	Sviggum
Carlson, L.	Hugoson	McEachern	Pelowski	Swenson
Carruthers	Jacobs	McGuire	Peterson	Tompkins
Clark	Janezich	McLaughlin	Poppenhagen	Trimble
Conway	Jaros	McPherson	Price	Tunheim
Cooper	Jefferson	Miller	Quinn	Uphus
Dawkins	Jennings	Morrison	Redalen	Valento
Dempsey	Johnson, A.	Munger	Reding	Vellenga
Dille	Johnson, R.	Nelson, C.	Rest	Waltman
Dorn	Johnson, V.	Nelson, K.	Richter	Weaver
Forsythe	Kalis	Neuenschwander	Rodosovich	Welle
Frederick	Kelly	O'Connor	Rukavina	Wenzel
Frerichs	Kelso	Olsen, S.	Runbeck	Williams
Girard	Kinkel	Olson, E.	Sarna	Winter
				Wynia

Those who voted in the negative were:

Kahn	Murphy	Osthoff	Scheid
Kostohryz	Ogren	Rice	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1108, A bill for an act relating to agriculture; changing a provision that allows averaging of certain multiple loads of grain; amending Minnesota Statutes 1988, section 17B.048.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Conway	Heap	Knickerbocker	Morrison
Anderson, R.	Cooper	Henry	Kostohryz	Munger
Battaglia	Dauner	Himle	Krueger	Murphy
Bauerly	Dawkins	Hugoson	Lasley	Nelson, C.
Beard	Dempsey	Jacobs	Lieder	Nelson, K.
Begich	Dille	Janezich	Limmer	Neuenschwander
Bennett	Dorn	Jaros	Long	O'Connor
Bertram	Forsythe	Jefferson	Lynch	Ogren
Bishop	Frederick	Jennings	Macklin	Olsen, S.
Blatz	Frerichs	Johnson, A.	Marsh	Olson, E.
Boo	Girard	Johnson, R.	McDonald	Olson, K.
Brown	Greenfield	Johnson, V.	McEachern	Omann
Burger	Gruenes	Kahn	McGuire	Onnen
Carlson, D.	Gutknecht	Kalis	McLaughlin	Orenstein
Carlson, L.	Hartle	Kelly	McPherson	Osthoff
Carruthers	Hasskamp	Kelso	Milbert	Ostrom
Clark	Haukoos	Kinkel	Miller	Otis

Ozment	Redalen	Scheid	Swenson	Welle
Pappas	Reding	Seaberg	Tompkins	Wenzel
Pauly	Rest	Segal	Trimble	Williams
Pellow	Rice	Simoneau	Tunheim	Winter
Pelowski	Richter	Skoglund	Uphus	Wynia
Peterson	Rodosovich	Solberg	Valento	Spk. Vanasek
Poppenhagen	Rukavina	Sparby	Vellenga	
Price	Runbeck	Stanius	Wagenius	
Pugh	Sarna	Steensma	Waltman	
Quinn	Schafer	Sviggum	Weaver	

Those who voted in the negative were:

Anderson, G.

The bill was passed and its title agreed to.

H. F. No. 1113 was reported to the House.

Girard moved that H. F. No. 1113 be continued on Special Orders. The motion prevailed.

Simoneau was excused for the remainder of today's session.

The Speaker called Quinn to the Chair.

H. F. No. 1285 was reported to the House.

Skoglund moved to amend H. F. No. 1285, the first engrossment, as follows:

Page 3, line 22, after "carrier" insert "or an enrollee"

The motion prevailed and the amendment was adopted.

H. F. No. 1285, A bill for an act relating to health insurance; changing coverage and administrative procedures relating to the comprehensive health insurance plan; requiring a report; amending Minnesota Statutes 1988, sections 62E.10, subdivisions 2a, 7, and 9; and 62E.12.

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 129 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Ferichs	Krueger	Omann	Scheid
Anderson, G.	Girard	Lasley	Onnen	Seaberg
Anderson, R.	Greenfield	Lieder	Orenstein	Segal
Battaglia	Gruenes	Limmer	Osthoff	Skoglund
Bauerly	Gutknecht	Long	Ostrom	Solberg
Beard	Hartle	Lynch	Otis	Sparby
Begich	Hasskamp	Macklin	Ozment	Stanius
Bennett	Haukoos	Marsh	Pappas	Steensma
Bertram	Heap	McDonald	Pauly	Sviggun
Blatz	Henry	McEachern	Pellow	Swenson
Boo	Himle	McGuire	Pelowski	Tompkins
Brown	Hugoson	McLaughlin	Peterson	Trimble
Burger	Jacobs	McPherson	Poppenhagen	Tunheim
Carlson, D.	Janezich	Milbert	Price	Uphus
Carlson, L.	Jaros	Miller	Pugh	Valento
Carruthers	Jefferson	Morrison	Quinn	Vellenga
Clark	Jennings	Munger	Redalen	Wagenus
Conway	Johnson, A.	Murphy	Reding	Waltman
Cooper	Johnson, R.	Nelson, C.	Rest	Weaver
Dauner	Johnson, V.	Nelson, K.	Rice	Welle
Dawkins	Kahn	Neuenschwander	Richter	Wenzel
Dempsey	Kelly	O'Connor	Rodosovich	Williams
Dille	Kelso	Ogren	Rukavina	Winter
Dorn	Kinkel	Olsen, S.	Rumbeck	Wynia
Forsythe	Knickerbocker	Olson, E.	Sarna	Spk. Vanasek
Frederick	Kostohryz	Olson, K.	Schafer	

Those who voted in the negative were:

Kalis

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

H. F. No. 1339 was reported to the House.

Conway moved that H. F. No. 1339 be continued on Special Orders until Monday, April 24, 1989. The motion prevailed.

H. F. No. 1353, A bill for an act relating to insurance; requiring insurers to pay the insured's deductible first when recovering from an uninsured motorist under a subrogation claim; amending Minnesota Statutes 1988, section 72A.201, 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	Anderson, R.	Bauerly	Begich	Bertram
Anderson, G.	Battaglia	Beard	Bennett	Bishop

Blatz	Haukoos	Lynch	Osthoff	Seaberg
Boo	Heap	Macklin	Ostrom	Segal
Brown	Henry	Marsh	Otis	Skoglund
Burger	Hugoson	McDonald	Ozment	Solberg
Carlson, D.	Jacobs	McEachern	Pappas	Sparby
Carlson, L.	Janezich	McGuire	Pauly	Stanius
Carruthers	Jaros	McLaughlin	Pellow	Steenasma
Clark	Jefferson	McPherson	Pelowski	Svigum
Conway	Jennings	Milbert	Peterson	Swenson
Cooper	Johnson, A.	Miller	Poppenhagen	Tompkins
Dauner	Johnson, R.	Morrison	Price	Trimble
Dawkins	Johnson, V.	Munger	Pugh	Tunheim
Dempsey	Kahn	Murphy	Quinn	Uphus
Dille	Kalis	Nelson, C.	Redalen	Valento
Dorn	Kelly	Nelson, K.	Reding	Vellenga
Forsythe	Kelso	Neuenschwander	Rest	Wagenius
Frederick	Kinkel	O'Connor	Rice	Waltman
Frerichs	Knickerbocker	Ogren	Richter	Weaver
Girard	Kostohryz	Olson, S.	Rodosovich	Welle
Greenfield	Krueger	Olson, E.	Rukavina	Wenzel
Gruenes	Lasley	Olson, K.	Runbeck	Williams
Gutknecht	Lieder	Omann	Sarna	Winter
Hartle	Limmer	Onnen	Schafer	Wynia
Hasskamp	Long	Orenstein	Scheid	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1491, A bill for an act relating to state government; authorizing the use of certain mechanical lifting devices in public buildings; amending Minnesota Statutes 1988, section 16B.61, subdivision 5.

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

The question was taken on the passage of the bill and the roll was called. There were 119 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Johnson, V.	Morrison	Price
Anderson, G.	Frederick	Kahn	Murphy	Pugh
Anderson, R.	Frerichs	Kalis	Nelson, C.	Quinn
Battaglia	Girard	Kelly	Nelson, K.	Redalen
Bauerly	Greenfield	Kelso	O'Connor	Reding
Beard	Gruenes	Kinkel	Ogren	Rest
Begich	Gutknecht	Kostohryz	Olson, E.	Rice
Bennett	Hartle	Krueger	Olson, K.	Richter
Bertram	Hasskamp	Lasley	Omann	Rodosovich
Bishop	Haukoos	Lieder	Onnen	Rukavina
Blatz	Heap	Limmer	Orenstein	Runbeck
Boo	Henry	Long	Osthoff	Sarna
Brown	Himle	Macklin	Ostrom	Schafer
Burger	Hugoson	Marsh	Otis	Scheid
Carlson, D.	Jacobs	McDonald	Ozment	Seaberg
Carlson, L.	Janezich	McEachern	Pappas	Segal
Conway	Jaros	McGuire	Pauly	Skoglund
Cooper	Jefferson	McLaughlin	Pellow	Solberg
Dauner	Jennings	McPherson	Pelowski	Sparby
Dille	Johnson, A.	Milbert	Peterson	Stanius
Dorn	Johnson, R.	Miller	Poppenhagen	Steenasma

Sviggum
Swenson
Tompkins

Tunheim
Uphus
Valento

Vellenga
Waltman
Weaver

Welle
Wenzel
Winter

Wynia
Spk. Vanasek

Those who voted in the negative were:

Carruthers
Dawkins

Dempsey
Knickerbocker

Olsen, S.
Wagenius

Williams

The bill was passed and its title agreed to.

H. F. No. 1604 was reported to the House.

Otis moved to amend H. F. No. 1604, the first engrossment, as follows:

Pages 4 and 5, delete section 9

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Dempsey moved to amend H. F. No. 1604, the first engrossment, as amended, as follows:

Page 2, after line 4, insert:

"Sec. 4. Minnesota Statutes 1988, section 1160.03, is amended by adding a subdivision to read:

Subd. 12. [RECALL, RECONFIRMATION, AND REPLACEMENT OF DIRECTORS.] The legislature may recall a member of the board of directors at any time by resolution. The resolution must give a reason for the recall. The resolution may originate in the house of representatives or the senate, but must pass both. Any director so recalled may be reappointed to serve on the board by the governor, subject to the advice and consent of the senate. Any vacancy on the board created by the recall of a member shall be filled by appointment of the governor, subject to the advice and consent of the senate."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Dempsey amendment and the roll was called. There were 53 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Hugoson	Olsen, S.	Schafer
Anderson, R.	Frederick	Johnson, V.	Omann	Seaberg
Battaglia	Frerichs	Knickerbocker	Onnen	Stanius
Begich	Girard	Limmer	Ostrom	Sviggum
Bennett	Gutknecht	Lynch	Ozment	Swenson
Bishop	Hartle	Macklin	Pauly	Tompkins
Blatz	Haskamp	Marsh	Pellow	Uphus
Boo	Haukoos	McDonald	Poppenhagen	Valento
Burger	Heap	McPherson	Redalen	Waltman
Carlson, D.	Henry	Miller	Richter	
Dempsey	Himle	Morrison	Runbeck	

Those who voted in the negative were:

Anderson, G.	Janezich	Long	Otis	Skoglund
Bauerly	Jaros	McEachern	Pappas	Solberg
Beard	Jefferson	McGuire	Pelowski	Sparby
Bertram	Jennings	McLaughlin	Peterson	Steensma
Carlson, L.	Johnson, A.	Milbert	Price	Trimble
Carruthers	Johnson, R.	Munger	Pugh	Tunheim
Clark	Kahn	Murphy	Quinn	Vellenga
Conway	Kalis	Nelson, C.	Reding	Wagenius
Cooper	Kelly	Nelson, K.	Rest	Weaver
Dauner	Kelso	Neuenschwander	Rice	Welle
Dawkins	Kinkel	O'Connor	Rodosovich	Wenzel
Dorn	Kostohryz	Ogren	Rukavina	Williams
Greenfield	Krueger	Olson, E.	Sarna	Winter
Gruenes	Lasley	Olson, K.	Scheid	Wynia
Jacobs	Lieder	Orenstein	Segal	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

The Speaker resumed the Chair.

Hugoson moved to amend H. F. No. 1604, the first engrossment, as amended, as follows:

Page 4, after line 29, insert:

"Sec. 9. Minnesota Statutes 1988, section 1160.12, is amended to read:

1160.12 [GREATER MINNESOTA FUND.]

(a) The Greater Minnesota fund is created in the state treasury. The board may require the commissioner of finance to create separate accounts within the fund for use in accordance with the

fund's purposes. Money in the fund not needed for the immediate purposes of the corporation may be invested by the corporation in any way authorized by section 11A.24. Money in the fund is appropriated to the corporation to be used as provided in this chapter. Of the amount in the fund that is appropriated or transferred to the fund from the state, at least 25 percent must be credited to a separate account to be spent for research and product utilization related to agriculture as determined by the agricultural utilization research institute advisory board established under section 1160.09, subdivision 5.

(b) The fund consists of:

(1) money appropriated and transferred from other state funds;

(2) fees and charges collected by the corporation;

(3) income from investments and purchases;

(4) revenue from loans, rentals, royalties, dividends, and other proceeds collected in connection with lawful corporate purposes;

(5) gifts, donations, and bequests made to the corporation; and

(6) through the first five full fiscal years, during which proceeds from the lottery are received, one-half of the net proceeds of the state-operated lottery must be credited to the greater Minnesota corporation fund. Thereafter, up to one-half, as determined by law each biennium, of the net proceeds from the state-operated lottery must be credited to the greater Minnesota corporation fund."

A roll call was requested and properly seconded.

The question was taken on the Hugoson amendment and the roll was called. There were 58 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	Lieder	Omann	Stanius
Bennett	Frerichs	Limmer	Onnen	Steensma
Bertram	Girard	Lynch	Osthoff	Sviggum
Bishop	Gutknecht	Macklin	Ostrom	Swenson
Blatz	Hartle	Marsh	Ozment	Tompkins
Boo	Haukoos	McDonald	Pauly	Uphus
Carlson, D.	Heap	McPherson	Pellow	Valento
Dauner	Henry	Miller	Poppenhagen	Waltman
Dempsey	Himle	Morrison	Redalen	Wenzel
Dille	Hugoson	Olsen, S.	Richter	Winter
Dorn	Johnson, V.	Olson, E.	Schafer	
Forsythe	Knickerbocker	Olson, K.	Seaberg	

Those who voted in the negative were:

Abrams	Hasskamp	Krueger	Orenstein	Sarna
Battaglia	Jacobs	Lasley	Otis	Scheid
Bauerly	Janezich	Long	Pappas	Skoglund
Beard	Jaros	McEachern	Pelowski	Solberg
Begich	Jefferson	McGuire	Peterson	Sparby
Brown	Jennings	McLaughlin	Price	Trimble
Burger	Johnson, A.	Milbert	Pugh	Tunheim
Carlson, L.	Johnson, R.	Munger	Quinn	Vellenga
Carruthers	Kahn	Murphy	Reding	Wagenius
Conway	Kalis	Nelson, C.	Rest	Weaver
Cooper	Kelly	Nelson, K.	Rice	Welle
Dawkins	Kelso	Neuenschwander	Rodosovich	Wynia
Greenfield	Kinkel	O'Connor	Rukavina	Spk. Vanasek
Gruenes	Kostohryz	Ogren	Runbeck	

The motion did not prevail and the amendment was not adopted.

H. F. No. 1604, A bill for an act relating to economic development; clarifying the powers and duties of the Greater Minnesota Corporation; expanding auditing and reporting requirements; amending Minnesota Statutes 1988, sections 1160.02, by adding a subdivision; 1160.03, subdivision 1, and by adding a subdivision; 1160.04, by adding a subdivision; 1160.05; 1160.06, subdivisions 1 and 5; 1160.08, subdivision 2; 1160.14; and 1160.15.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Knickerbocker	Olson, K.	Schafer
Anderson, G.	Frerichs	Kostohryz	Omman	Scheid
Anderson, R.	Girard	Krueger	Onnen	Seaberg
Battaglia	Greenfield	Lasley	Orenstein	Skoglund
Bauerly	Gruenes	Lieder	Osthoff	Solberg
Beard	Gutknecht	Limmer	Ostrom	Sparby
Begich	Hartle	Long	Otis	Stanius
Bennett	Hasskamp	Lynch	Ozment	Steensma
Bertram	Haukoos	Macklin	Pappas	Sviggum
Bishop	Heap	Marsh	Pauly	Swenson
Blatz	Henry	McDonald	Pellow	Tompkins
Boo	Himle	McEachern	Pelowski	Trimble
Brown	Hugoson	McGuire	Peterson	Tunheim
Burger	Jacobs	McLaughlin	Popenhagen	Upphus
Carlson, D.	Janezich	McPherson	Price	Valento
Carlson, L.	Jaros	Milbert	Pugh	Wagenius
Carruthers	Jefferson	Miller	Quinn	Waltman
Clark	Jennings	Morrison	Redalen	Weaver
Conway	Johnson, A.	Munger	Reding	Welle
Cooper	Johnson, R.	Murphy	Rest	Wenzel
Dauner	Johnson, V.	Nelson, C.	Rice	Williams
Dawkins	Kahn	Nelson, K.	Richter	Winter
Dempsey	Kalis	Neuenschwander	Rodosovich	Wynia
Dille	Kelly	O'Connor	Rukavina	Spk. Vanasek
Dorn	Kelso	Ogren	Runbeck	
Forsythe	Kinkel	Olson, E.	Sarna	

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

Wynia moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Pappas moved that her name be stricken as an author on H. F. No. 193. The motion prevailed.

Carlson, D., moved that the names of Clark, Osthoff and Jefferson be added as authors on H. F. No. 693. The motion prevailed.

Conway moved that H. F. No. 1668 be recalled from the Committee on Governmental Operations and be re-referred to the Committee on Environment and Natural Resources. The motion prevailed.

Trimble moved that H. F. No. 260 be recalled from the Committee on Labor-Management Relations and be re-referred to the Committee on Judiciary. The motion prevailed.

Carruthers moved that H. F. No. 670, now on Technical General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Winter moved that H. F. No. 1023, now on Technical General Orders, be re-referred to the Committee on Taxes. The motion prevailed.

McPherson moved that H. F. No. 814 be returned to its author. The motion prevailed.

McPherson moved that H. F. No. 1412 be returned to its author. The motion prevailed.

ADJOURNMENT

Wynia moved that the House adjourn. The motion prevailed, and

the Speaker declared the House stands adjourned until 2:30 p.m.,
Thursday, April 20, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

THIRTY-FIFTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 20, 1989

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

Prayer was offered by the Reverend Dennis D. Evenson of St. Timothy's Catholic Church, Blaine, Minnesota.

The roll was called and the following members were present:

Abrams	Frederick	Kostohryz	Olson, K.	Schafer
Anderson, G.	Frerichs	Krueger	Omann	Scheid
Anderson, R.	Girard	Lasley	Onnen	Seaberg
Battaglia	Greenfield	Lieder	Orenstein	Segal
Bauerly	Gruenes	Limmer	Osthoff	Simoneau
Beard	Gutknecht	Long	Ostrom	Skoglund
Begich	Hartle	Lynch	Otis	Solberg
Bennett	Hasskamp	Macklin	Ozment	Sparby
Bertram	Haukoos	Marsh	Pappas	Stanius
Bishop	Heap	McDonald	Pauly	Steensma
Blatz	Henry	McEachern	Pellow	Sviggum
Boo	Hugoson	McGuire	Pelowski	Swenson
Brown	Jacobs	McLaughlin	Peterson	Tompkins
Burger	Janezich	McPherson	Poppenhagen	Trimble
Carlson, D.	Jaros	Milbert	Price	Tunheim
Carlson, L.	Jefferson	Miller	Pugh	Uphus
Carruthers	Jennings	Morrison	Quinn	Valento
Clark	Johnson, A.	Munger	Redalen	Vellenga
Conway	Johnson, R.	Murphy	Reding	Wagenius
Cooper	Johnson, V.	Nelson, C.	Rest	Waltman
Dauner	Kahn	Nelson, K.	Rice	Weaver
Dawkins	Kalis	Neuenschwander	Richter	Welle
Dempsey	Kelly	O'Connor	Rodosovich	Wenzel
Dille	Kelso	Ogren	Rukavina	Williams
Dorn	Kinkel	Olsen, S.	Runbeck	Winter
Forsythe	Knickerbocker	Olson, E.	Sarna	Wynia
				Spk. Vanasek

A quorum was present.

Himle, Schreiber and Tjornhom were excused.

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 833, 1175, 1522, 173, 647, 1285, 729, 984, 1604, 1037, 1168, 1234, 1282, 1292, 1388, 1445, 1608 and 1636 and S. F. No. 493 have been placed in the members' files.

S. F. No. 1241 and H. F. No. 1378, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Price moved that the rules be so far suspended that S. F. No. 1241 be substituted for H. F. No. 1378 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

April 17, 1989

The Honorable Robert E. Vanasek
Speaker of the House of Representatives
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 322, relating to consumer protection; regulating the sale of used motor vehicles; modifying certain definitions.

Sincerely,

RUDY PERPICH
Governor

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

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jérôme M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1989 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F.</i> <i>No.</i>	<i>H.F.</i> <i>No.</i>	<i>Session Laws</i> <i>Chapter No.</i>	<i>Time and</i> <i>Date Approved</i> <i>1989</i>	<i>Date Filed</i> <i>1989</i>
	322	34	14:58 - April 17	April 17
112		35	17:00 - April 17	April 17
699		36	17:01 - April 17	April 17
382		37	17:01 - April 17	April 17
390		38	17:07 - April 17	April 17
831		39	17:10 - April 17	April 17
203		40	17:04 - April 17	April 17

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 66, A bill for an act relating to gambling; creating a department of gaming; authorizing a state lottery to be conducted by a division of state lottery within the department of gaming; creating a division of charitable gambling control and transferring certain powers of the charitable gambling control board to that division and to the department of revenue; creating a division of pari-mutuel racing; creating a division of inspection and enforcement and providing for its duties; prescribing penalties; appropriating money; amending Minnesota Statutes 1988, sections 10A.01, subdivision 18; 10A.09, subdivision 1; 15.06, subdivision 1; 15A.081, subdivision 1; 43A.08, subdivision 1a; 240.01; by adding subdivisions; 240.02,

subdivisions 1 and 2; 240.04, subdivisions 1, 3, and 7; 240.06, subdivisions 3 and 8; 240.07, subdivision 2; 240.08, subdivision 3; 240.21; 240.28; 290.01, subdivision 19b; 297A.25, by adding a subdivision; 340A.410, subdivision 5; 349.12, subdivisions 11, 17, and 20, and by adding subdivisions; 349.151, subdivisions 1, 2, 4, and 5; 349.16, subdivision 4; 349.161, subdivision 4; 349.162, subdivisions 1, 2, 4, and 5; 349.163; 349.18, subdivision 1; 349.19, subdivisions 5 and 6; 349.212; 349.2121, subdivisions 2, 3, 4, 4a, 6, 7, 8, and 10; 349.2122; 349.2125, subdivisions 1, 2, and 3; 349.2127, subdivision 2; 349.214, subdivision 2; 349.22, subdivisions 1 and 3; 541.20; 541.21; 609.75; 609.761; and 626.85, subdivision 1; proposing coding for new law as Minnesota Statutes, chapters 349A; 349B; and 349C; proposing coding for new law in Minnesota Statutes, chapters 240 and 349; repealing Minnesota Statutes 1988, sections 240.02, subdivision 7; 349.151, subdivisions 3 and 5; 349.161, subdivision 7; 349.164, subdivision 5; 349.171; and 349.22, subdivision 4.

Reported the same back with the following amendments:

Page 3, line 25, after "family" insert "residing in the same household"

Page 11, line 12, reinstate "(2)"

Page 11, line 14, reinstate "~~to receive reports required by this chapter~~"

Page 11, line 17, reinstate the semicolon

Page 11, line 18, delete "(2)" and insert "(3)"

Page 11, lines 20 and 21, after "(5)" insert "(4)" and reinstate the stricken language

Re-number the remaining clauses in order

Page 48, line 3, delete "or"

Page 48, line 6, delete the period and insert "; or"

(8) has violated section 340A.503, subdivision 2, clause (1), two or more times within a two-year period."

Page 49, line 25, after "applicant" insert "that does not meet the requirements of this subdivision"

Page 53, after line 4, insert:

“(c) No prize may be paid to any person under the age of 18 years except in the case of a ticket inherited by a person under the age of 18 years. The director may require evidence of inheritance of the ticket before paying the prize.”

Page 53, after line 34, insert:

“Each publication and notice required under this subdivision must contain a prominent statement substantially setting out the restrictions in section 349A.09, subdivision 7, on payment of prizes to persons under the age of 18 years.”

Page 54, line 16, delete “or”

Page 54, line 18, delete the period and insert “; or

(3) presents the purchase of a lottery ticket as a financial investment.”

Page 57, line 1, after the period insert “A violation of clause (1) is a misdemeanor. A violation of clause (2) or (3) is a gross misdemeanor.”

Page 57, line 8, after the period insert “A violation of this paragraph is a misdemeanor.”

Page 58, line 27, delete everything after “gift”

Page 58, line 28, delete everything before the period

Page 59, after line 6, insert:

“Sec. 15. [349A.15] [CONTRIBUTIONS TO POLITICAL CANDIDATES.]

On and after July 1, 1992, no person or organization may be selected to provide auditing services or a major procurement item to the lottery division if the person, organization, an officer of the organization, or a political action committee of or supported by the organization contributed to any candidate for political office in Minnesota state government within the three years preceding the contract award. On and after the effective date of this section, no person or organization selected to provide these services or items to the lottery division, or its officers or political action committee, may make the political contributions described in this section during the period of the contract or for three years after the contract has been performed.”

Page 59, line 7, delete “[349A.15]” and insert “[349A.16]”

Page 59, delete section 16

Page 60, line 17, after the second comma insert "and"

Page 60, line 18, delete "and inspection and enforcement,"

Page 60, delete lines 22 and 23

Page 60, line 24, delete "(2)" and insert "(1)"

Page 60, line 27, delete "(3)" and insert "(2)"

Page 60, line 30, delete "(4)" and insert "(3)"

Page 60, line 33, delete "(5)" and insert "(4)"

Page 60, line 35, delete "(3)" and insert "(2)"

Page 61, line 26, delete "[349C.01]" and insert "[299K.01]"

Page 61, lines 30, 32, and 36, delete "gaming" and insert "public safety"

Pages 62 to 65, delete sections 2 to 8, and insert:

"Sec. 2. [299K.02] [DIVISION OF INSPECTION AND ENFORCEMENT.]

Subdivision 1. [DIVISION.] A division of inspection and enforcement is created in the department of public safety under the control and supervision of the director of inspection and enforcement who shall be appointed by the commissioner of public safety. The director must be qualified by experience in law enforcement to act as the director.

Subd. 2. [REMOVAL.] The director serves at the pleasure of the commissioner in the unclassified service.

Subd. 3. [EMPLOYEES.] The director may employ other persons as necessary to carry out the director's powers and duties under this chapter. All professional employees, as defined under section 179A.03, subdivision 13, of the division of inspection and enforcement are in the unclassified service. The director shall request that the bureau of criminal apprehension perform background checks on all persons seeking employment with the division.

Sec. 3. [299K.03] [DUTIES OF DIRECTOR.]

Subdivision 1. [LOTTERY.] (a) The director shall conduct background checks on employees of the state lottery, lottery retailers, and successful bidders of major procurement contracts with the lottery.

(b) Whenever the director believes it to be necessary or when so requested by the director of the state lottery, the director shall conduct investigations of lottery retailers, applicants for lottery retailer contracts, suppliers of goods or services to the state lottery, and persons bidding on contracts for goods or services with the state lottery.

(c) The director shall conduct an annual security audit of the state lottery, or arrange for such an audit by an outside agency or person, firm, or corporation. The director shall report to the state lottery board and the director of the lottery on the results of the audit.

(d) Whenever the director believes it to be necessary or when so requested by the director of the state lottery, the director shall conduct inspections of the premises of any lottery retailer or the activities of any lottery retailer to determine the retailer's compliance with applicable laws and rules and orders of the division of the state lottery.

(e) Whenever the director believes it to be necessary or when so requested by the director of the state lottery, the director shall conduct an audit of any lottery retailer's accounts, books, records, or other documents the agent is required to keep.

Subd. 2. [CHARITABLE GAMBLING.] The director shall:

(1) conduct background investigations of applicants for licensing as a manufacturer or distributor of gambling equipment or as a bingo hall under chapter 349; and

(2) when the director believes it to be necessary or when so requested by the charitable gambling control board or the director of the board, the director shall inspect the premises of a licensee under chapter 349 to determine compliance with law and with the rules of the board, or to conduct an audit of the accounts, books, records, or other documents required to be kept by the licensee.

Subd. 3. [HORSE RACING INVESTIGATIONS.] (a) The director shall conduct background investigations as provided by law on all applicants for licenses issued by the Minnesota racing commission.

(b) Whenever the director believes it to be necessary or when so requested by the Minnesota racing commission or the executive director of the racing commission, the director shall investigate the

activities of a licensee of the commission to determine the licensee's compliance with law and with rules of the commission.

Subd. 4. [OTHER GAMBLING.] The director shall cooperate with all state and local agencies in the detection and apprehension of unlawful gambling.

Subd. 5. [BACKGROUND CHECKS.] In any background check required to be conducted by the director under chapter 240, 349, or 349A, the director may require that fingerprints be taken and the director may forward the fingerprints to the Federal Bureau of Investigation for the conducting of a national criminal history check.

Sec. 4. [299K.04] [POWERS OF DIRECTOR.]

Subdivision 1. [INSPECTIONS; ACCESS.] In conducting any inspection authorized under chapter 240, 349, or 349A, the director has free and open access to all parts of the regulated business premises, and may conduct the inspection at any reasonable time without notice and without a search warrant. For purposes of this subdivision, "regulated business premises" means premises where:

(1) lawful gambling is conducted by an organization licensed under chapter 349 or by an organization exempt from licensing under section 349.214;

(2) gambling equipment is manufactured, sold, distributed, or serviced by a manufacturer or distributor licensed under chapter 349;

(3) records required to be maintained under chapter 240, 349, or 349A are prepared or retained;

(4) lottery tickets are sold by a lottery retailer under chapter 340A; or

(5) races are conducted by a person licensed under chapter 240.

Subd. 2. [ITEMS REQUIRED TO BE PRODUCED.] In conducting an audit or inspection authorized under chapter 240, 349, or 349A, the director may inspect any book, record, or other document the licensee, retailer, or vendor is required to keep.

Subd. 3. [SUBPOENA POWER.] The director may issue subpoenas to compel the attendance of witnesses and the production of documents, books, records, and other evidence relating to any investigation or audit the director is authorized to conduct.

Subd. 4. [ACCESS TO CRIMINAL HISTORY.] The director has access to all criminal history data compiled by the bureau of criminal apprehension on any person licensed under contract with the state lottery, racing commission, or the charitable gambling control board, or any applicant for licensing or a person who has submitted a bid on a gambling contract.

Subd. 5. [ARREST POWERS.] The director may designate certain employees who are authorized to arrest or investigate any person who is suspected of violating any provision of chapter 240, 349, or 349A, or is suspected of committing any crime involving gambling, and to conduct searches and seizures to enforce any of those laws. Any employee authorized by this subdivision to make an arrest must be licensed under sections 626.84 to 626.863.

Subd. 6. [UNLICENSED SELLERS.] (a) If anyone not licensed under chapter 349 sells gambling equipment at a business establishment, the director may, in addition to any other provisions of chapter 349:

(1) assess a civil penalty of not more than \$300 against each person participating in the sales and assess a civil penalty of not more than \$1,000 against the owner or owners of the business establishment; or

(2) if the subject violation is the second or subsequent violation of this subdivision at the same business establishment within any 24-month period, assess a civil penalty of not more than \$300 against each person participating in such sales, and assess a civil penalty of not more than \$5,000 against the owner or owners of the business establishment.

(b) The assessment of a civil penalty under this section does not preclude a recommendation by the director at any time deemed appropriate to a licensing authority for revocation, suspension, or denial of a license controlled by the licensing authority.

(c) Within ten days of an assessment under this subdivision, the person assessed the penalty must pay the assessment or request that a hearing be held under chapter 14. If a hearing is requested, the hearing must be scheduled within 20 days of the request, and the recommendations of the administrative law judge must be issued within five working days of the close of the hearing. The commissioner of public safety must issue a final order within five working days of the issuance of the recommendations of the administrative law judge.

Subd. 7. [OTHER POWERS.] Nothing in this chapter limits the authority of the director to exercise any other power specified under chapter 240, 349, or 349A.

Subd. 8. [RULEMAKING.] The commissioner of public safety may adopt rules under chapter 14 to carry out the director's duties under this chapter.

Sec. 5. [299K.05] [CONFLICT OF INTEREST.]

Subdivision 1. [INTEREST.] The commissioner of public safety, the director, and any person employed by the division of inspection and enforcement may not hold a Class C license issued by the racing commission or have a direct or indirect financial interest in:

- (1) a class A or B licensee of the racing commission;
- (2) a lottery retailer under contract with the state lottery;
- (3) a person who is under a major procurement contract with the state lottery; or
- (4) a bingo hall, manufacturer, or distributor licensed under chapter 349.

Subd. 2. [CHARITABLE GAMBLING.] The director or an employee of the division may not participate in the conducting of lawful gambling under chapter 349.

Sec. 6. [299K.06] [GAMBLING VIOLATIONS; RESTRICTIONS ON FURTHER ACTIVITY.]

An owner of an establishment is prohibited from having lawful gambling under chapter 349 conducted on the premises, selling any lottery tickets under chapter 349A, or having a video game of chance as defined under section 349.50 located on the premises, if a person was convicted of violating section 609.76, subdivision 1, clause (7); 609.76, subdivision 2; or any provision of chapter 349, for an activity occurring on the owner's premises.

Sec. 7. Minnesota Statutes 1988, section 609.76, subdivision 1, is amended to read:

Subdivision 1. [GROSS MISDEMEANORS.] Whoever does any of the following may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both:

- (1) maintains or operates a gambling place or operates a bucket shop;
- (2) intentionally participates in the income of a gambling place or bucket shop;

(3) conducts a lottery, or, with intent to conduct a lottery, possesses facilities for doing so;

(4) sets up for use for the purpose of gambling, or collects the proceeds of, any gambling device or bucket shop;

(5) with intent that it shall be so used, manufactures, sells or offers for sale, in whole or any part thereof, any gambling device including those defined in section 349.30, subdivision 2, and any facility for conducting a lottery, except as provided by section 349.40; or

(6) receives, records, or forwards bets or offers to bet or, with intent to receive, record, or forward bets or offers to bet, possesses facilities to do so; or

(7) pays any compensation for game credits earned on or otherwise rewards players of video games of chance as defined under section 349.50, subdivision 8.

Sec. 8. Minnesota Statutes 1988, section 626.05, subdivision 2, is amended to read:

Subd. 2. The term "peace officer" as used in sections 626.04 to 626.17 means a sheriff, deputy sheriff, police officer, constable, agent of the bureau of criminal apprehension, agent of the division of inspection and enforcement, or University of Minnesota peace officer.

Sec. 9. Minnesota Statutes 1988, section 626.13, is amended to read:

626.13 [SERVICE, PERSONS MAKING.]

A search warrant may in all cases be served by any of the officers mentioned in its directions, but by no other person, except in aid of the officer on the officer's requiring it, the officer being present and acting in its execution. If the warrant is to be served by an agent of the bureau of criminal apprehension or an agent of the division of inspection and enforcement, the agent shall notify the chief of police of an organized full-time police department of the municipality or, if there is no such local chief of police, the sheriff or a deputy sheriff of the county in which service is to be made prior to execution.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 6, 8, and 9 are effective July 1, 1989. Section 7 is effective July 1, 1989, and applies to crimes committed on or after that date.

Page 66, line 26, delete "or"

Page 66, line 28, before the period insert "; or

(g) director of the division of inspection and enforcement in the department of public safety"

Page 67, delete lines 32 and 33

Page 74, lines 15 to 16, reinstate the stricken language and delete the new language and after "patrol" insert "; agents of the division of inspection and enforcement,"

Page 76, line 18, delete "gaming" and insert "public safety"

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 10, after "enforcement" insert "in the department of public safety"

Page 1, line 29, after the first semicolon insert "609.76, subdivision 1;" and after "609.761," insert "626.05, subdivision 2; 626.13;"

Page 1, line 30, after "chapters" insert "299K,"

Page 1, line 31, before "349B" insert "and" and delete "; and 340C"

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 146, A bill for an act relating to the education code; revising the text of certain chapters of the code without changing their meaning; amending Minnesota Statutes 1988, chapters 128; 128A; 128B; and 129; repealing Minnesota Statutes 1988, sections 128.04; 128.06; 128.069; 128A.04; 129.02; and 129.05 to 129.10.

Reported the same back with the following amendments:

Page 6, line 33, after "money" insert a comma

Page 6, line 34, after "property" insert a comma

Page 10, line 24, delete "parents" and insert "parent or guardian"

Page 19, line 14, strike "committee" and after the stricken "shall" insert "council"

Page 20, line 29, reinstate the stricken "to"

Page 20, line 30, delete ". The agreement must be to"

Page 25, line 36, delete "get into" and insert "join"

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

The report was adopted.

Skoglund from the Committee on Insurance to which was referred:

H. F. No. 162; A bill for an act relating to insurance; regulating insurance information collection, use, disclosure, access, and correction practices; requiring reasons for adverse underwriting decisions; amending Minnesota Statutes 1988, section 72A.20, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 72A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 72A.20, subdivision 11, is amended to read:

Subd. 11. [APPLICATION TO CERTAIN SECTIONS.] Violating any provision of the following sections of this chapter not set forth in this section shall constitute an unfair method of competition and an unfair and deceptive act or practice: sections 72A.12, subdivisions 2, 3, and 4, 72A.16, subdivision 2, 72A.03 and 72A.04, 72A.08, subdivision 1, as modified by ~~section~~ sections 72A.08, subdivision 4, 72A.201, sections 2 to 17, and 65B.13.

Sec. 2. [72A.49] [SHORT TITLE.]

Sections 2 to 17 may be cited as the "Minnesota fair information reporting act."

Sec. 3. [72A.491] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] For the purposes of sections 2 to 17, the following terms have the meanings given them.

Subd. 2. [ADVERSE UNDERWRITING DECISION.] "Adverse underwriting decision" means any of the following actions with respect to insurance transactions involving insurance coverage that is individually underwritten:

(1) denial, in whole or in part, of coverage that was requested in writing to the insurer;

(2) termination or reduction of insurance coverage or policy;

(3) failure of an insurance agent to apply for coverage with a specific insurer that the agent represents and that is specifically requested by an applicant;

(4) placement by an insurer or insurance agent of a risk with a residual market mechanism, an unauthorized insurer, or an insurer that specializes in substandard risks;

(5) charging a higher rate on the basis of information that differs from that which the applicant or policyholder furnished for property or casualty coverage;

(6) an offer to insure at higher than standard rates for life, health, or disability coverage; or

(7) the rescission of a policy.

Subd. 3. [AFFILIATE OR AFFILIATED.] "Affiliate" or "affiliated" means a person who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with another person.

Subd. 4. [APPLICANT.] "Applicant" means any person who seeks to contract for insurance coverage from an insurer.

Subd. 5. [CONSUMER REPORT.] "Consumer report" means any written, oral, or other communication of information bearing on a person's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living that is used or expected to be used in connection with an insurance transaction.

Subd. 6. [CONSUMER REPORTING AGENCY.] "Consumer reporting agency" means any person who:

(1) regularly engages, in whole or in part, in the practice of assembling or preparing consumer reports for a monetary fee;

(2) obtains information primarily from sources other than insurers; and

(3) furnishes consumer reports to other persons.

Subd. 7. [CONTROL.] “Control,” “controlled by,” or “under common control with” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with or corporate office held by the person.

Subd. 8. [HEALTH CARE INSTITUTION.] “Health care institution” means any facility or institution that is licensed to provide health care services to natural persons.

Subd. 9. [HEALTH PROFESSIONAL.] “Health professional” means any person licensed or certified to provide health care services to natural persons.

Subd. 10. [HEALTH RECORD INFORMATION.] “Health record information” means personal information that:

(1) relates to an individual’s physical or mental condition, health history, or health treatment; and

(2) is obtained from a health professional or health care institution, from the individual, or from the individual’s spouse, parent, legal guardian, or other person.

Subd. 11. [INDIVIDUAL.] “Individual” means any natural person who:

(1) in the case of property or casualty insurance is a past, present, or proposed named insured or certificate holder;

(2) in the case of life, health, or disability insurance is a past, present, or proposed principal insured or certificate holder;

(3) is a past, present, or proposed policy owner;

(4) is a past or present applicant;

(5) is a past or present claimant; or

(6) derived, derives, or is proposed to derive insurance coverage under an insurance policy or certificate subject to this act.

Subd. 12. [INSURANCE-SUPPORT ORGANIZATION.] (a) "Insurance-support organization" means any person who regularly engages, in whole or in part, in the practice of assembling or collecting information about persons for the primary purpose of providing the information to an insurer or insurance agent for insurance transactions, including:

(1) the furnishing of consumer reports or investigative consumer reports to an insurer or insurance agent for use in connection with an insurance transaction; and

(2) the collection of personal information from insurers, insurance agents, or other insurance-support organizations to detect or prevent fraud, material misrepresentation, or material nondisclosure in connection with insurance underwriting or insurance claim activity.

(b) Insurance-support organizations do not include insurance agents, government institutions, insurers, health care institutions, or health professionals.

Subd. 13. [INSURANCE TRANSACTION.] "Insurance transaction" means any transaction that involves:

(1) the determination of an individual's eligibility for an insurance coverage, benefit, or payment; or

(2) the servicing of an insurance application, policy, contract, or certificate.

Subd. 14. [INSURER.] "Insurer" means any insurance company, risk retention group as defined under section 60E.02, service plan corporation as defined under section 62C.02, health maintenance organization as defined under section 62D.02, fraternal benefit society regulated under chapter 64B, township mutual company regulated under chapter 67A, joint self-insurance plan or multiple employer trust regulated under chapter 60F, 62H, or section 471.617, subdivision 2, and persons administering a self-insurance plan as defined under section 60A.23, subdivision 8, paragraph (2), clauses (a) and (d).

Subd. 15. [INSURER THAT SPECIALIZES IN SUBSTANDARD RISKS.] "Insurer that specializes in substandard risks" means an insurer whose rates and market orientation are directed at risks other than preferred or standard risks.

Subd. 16. [INVESTIGATIVE CONSUMER REPORT.] "Investigative consumer report" means all or part of a consumer report in which information about a person's character, general reputation, personal characteristics, or mode of living is obtained through

personal interviews with the person's neighbors, friends, associates, acquaintances, or others who may have knowledge concerning these items of information.

Subd. 17. [PERSONAL INFORMATION.] "Personal information" means any individually identifiable information gathered in connection with an insurance transaction from which judgments can be made about an individual's character, habits, avocations, finances, occupation, general reputation, credit, health, or any other personal characteristics. The term includes the individual's name and address and health record information, but does not include privileged information. Personal information does not include health information maintained by a health maintenance organization as defined under section 62D.02, subdivision 4, in its capacity as a health provider.

Subd. 18. [POLICYHOLDER.] "Policyholder" means any individual who is a present named insured, a present policyowner, or a present group certificate holder.

Subd. 19. [PRIVILEGED INFORMATION.] (a) "Privileged information" means any individually identifiable information that:

(1) relates to a claim for insurance benefits or a civil or criminal proceeding; or

(2) is collected in connection with or in reasonable anticipation of a claim for insurance benefits or civil or criminal proceeding.

(b) Information otherwise meeting the definition of privileged information under paragraph (a) must be considered personal information if it is disclosed in violation of section 14.

Subd. 20. [RESIDUAL MARKET MECHANISM.] "Residual market mechanism" means an association, organization, or other entity created under the laws of this state to provide insurance coverage to any person who is unable to obtain coverage through ordinary methods in the normal insurance markets.

Subd. 21. [TERMINATION OF INSURANCE COVERAGE OR POLICY.] "Termination of insurance coverage" or "termination of an insurance policy" means either a cancellation or nonrenewal of an insurance policy, in whole or in part, for any reason other than the failure to pay a premium as required by the policy.

Subd. 22. [UNAUTHORIZED INSURER.] "Unauthorized insurer" means an insurance company that has not been granted a certificate of authority by the commissioner to transact the business of insurance in this state.

Sec. 4. [72A.492] [SCOPE.]

Subdivision 1. [COVERED POLICIES.] The obligations imposed by sections 2 to 17 apply to insurers, insurance agents, and insurance-support organizations that:

(1) collect, receive, or maintain information in connection with insurance transactions that pertains to persons who are residents of this state; or

(2) engage in insurance transactions with applicants, individuals, or policyholders who are residents of this state.

Subd. 2. [COVERED PERSONS.] The rights granted by sections 2 to 17 extend to:

(1) a person who is a resident of this state and is the subject of information collected, received, or maintained in connection with an insurance transaction; and

(2) a person who is a resident of this state and engages in or seeks to engage in an insurance transaction.

Subd. 3. [EXCEPTIONS.] (a) Sections 2 to 17 do not apply to information collected from the public records of a governmental authority and maintained by an insurance company or its representatives to insure the title to real property located in this state.

(b) Nothing in sections 2 to 17 gives a patient access to the health records pertaining to the patient maintained by the patient's health provider, or gives the patient the right to alter or amend those health records, unless otherwise provided by law.

(c) Sections 2 to 17 do not apply to any insurance transactions involving property and casualty insurance primarily for business or professional needs.

Sec. 5. [72A.493] [OBTAINING INFORMATION BY IMPROPER MEANS.]

An insurer, insurance agent, or insurance-support organization must not obtain information or authorize another person to obtain information in connection with an insurance transaction by:

(1) pretending to be someone he or she is not;

(2) pretending to represent a person he or she is not in fact representing;

(3) misrepresenting the true purpose of the interview; or

(4) refusing to identify himself or herself upon request.

Sec. 6. [72A.494] [NOTICE.]

Subdivision 1. [REQUIRED.] Each insurer or insurance agent shall provide a notice relating to information practices to each applicant or policyholder in the manner and at the time required by this section.

Subd. 2. [EXEMPTION.] A notice is not required to be provided under this section for:

(1) a group policy or contract that is not individually underwritten; or

(2) a renewal, reinstatement, or a change in benefits for a policy or contract if no personal information is to be collected other than from the applicant or policyholder, or from public records.

Subd. 3. [TIMING.] (a) In the case of an application for insurance coverage, the notice must be provided to the applicant or policyholder no later than the time application is made for the coverage, renewal, reinstatement, or change in benefits.

(b) If personal information is to be collected only from the applicant or from public records, the notice may be provided at the time of delivery of the policy or the certificate.

Subd. 4. [CONTENT OF NOTICE.] The notice required by this section must be in writing and state:

(1) whether personal information may be collected from persons other than the individual or individuals proposed for coverage;

(2) the types of personal information that may be collected and the types of sources and investigative techniques that may be used to collect the information;

(3) the types of disclosures of personal information that may be made under section 13 and the circumstances under which the disclosures may be made without prior authorization; except that only those circumstances which occur with such frequency as to indicate a general business practice must be described;

(4) a description of the rights established under sections 9 and 10 and the manner in which those rights may be exercised; and

(5) that information obtained from a report prepared by an insurance-support organization may be retained by the insurance-support organization and disclosed to other persons.

Subd. 5. [ABBREVIATED NOTICE.] In lieu of the notice required under subdivision 3, the insurer or insurance agent may provide an abbreviated notice informing the applicant or policyholder that:

(1) personal information may be collected from persons other than the person or persons proposed for coverage;

(2) the information collected by the insurer or insurance agent may in certain circumstances be disclosed to third parties without authorization;

(3) the person has a right to see their personal records and correct personal information collected; and

(4) the person will be furnished the detailed notice required under subdivision 3 upon request.

Subd. 6. [OTHER COMPANIES OR AGENCIES ACTING ON ITS BEHALF.] The obligations imposed by this section upon an insurer or insurance agent may be satisfied by another insurer or insurance agent authorized to act on its behalf.

Sec. 7. [72A.495] [MARKETING AND RESEARCH SURVEYS.]

An insurer or insurance agent shall clearly specify any questions designed to obtain information solely for marketing or research purposes from an individual in connection with an insurance transaction, and state that responses to the questions are not required to obtain coverage.

Sec. 8. [72A.496] [INVESTIGATIVE CONSUMER REPORTS.]

Subdivision 1. [NOTICE.] An insurer, insurance agent, or insurance-support organization must not prepare or request an investigative consumer report about an individual in connection with an insurance transaction involving an application for insurance, a policy renewal, a policy reinstatement, or a change in insurance benefits, unless the insurer or insurance agent informs the person:

(1) that the individual may request to be interviewed in connection with the preparation of the investigative consumer report; and

(2) that, upon a request pursuant to section 9, the individual is entitled to receive a copy of the investigative consumer report.

Subd. 2. [REPORTS PREPARED BY INSURERS.] If an investigative consumer report is to be prepared by an insurer or insurance agent, the insurer or insurance agent shall institute reasonable procedures to conduct a personal interview requested by an individual.

Subd. 3. [REPORTS PREPARED BY INSURANCE-SUPPORT ORGANIZATIONS.] If an investigative consumer report is to be prepared by an insurance-support organization, the insurer or insurance agent desiring the report shall inform the insurance-support organization whether a personal interview has been requested by the individual. The insurance-support organization shall institute reasonable procedures for conducting an interview, if requested.

Sec. 9. [72A.497] [ACCESS TO PERSONAL INFORMATION.]

Subdivision 1. [REQUEST.] (a) If an individual, after proper identification, submits a written request to an insurer, insurance agent, or insurance-support organization for access to personal information about the individual, the insurer, insurance agent, or insurance-support organization shall within 30 business days from the date the request is received:

(1) inform the individual of the nature and substance of the personal information that they possess in writing, by telephone, or by other oral communication, whichever the insurer, insurance agent, or insurance-support organization elects;

(2) permit the individual to see and copy, in person, the personal information pertaining to that person;

(3) permit the individual to obtain by mail a copy of all of the personal information or a reasonably described portion thereof, whichever the individual requests;

(4) disclose to the individual the identity of those persons to whom the insurer, insurance agent, or insurance-support organization has disclosed the personal information within two years before the request; and

(5) provide the individual with a summary of the procedures by which the person may request correction, amendment, or deletion of personal information, as provided under section 10.

(b) If the personal information is in coded form, an accurate translation in plain language must be provided in writing.

(c) If credit information is requested that federal law prohibits an insurer to disclose, the insurer must disclose that the individual has the right to receive the credit information from the credit reporting agency. The insurer must disclose the name, address, and telephone number of the credit reporting agency that supplied the insurer with the credit information.

Subd. 2. [SOURCE.] Any personal information collected must specifically identify the source of the information.

Subd. 3. [HEALTH RECORDS.] (a) Health record information requested under subdivision 1 that has been supplied by a health care institution or a health professional must provide the identity of the health professional or health care institution that supplied the information. The health record information must be provided either directly to the individual or to a health professional designated by the person who is licensed to provide health care with respect to the condition to which the information relates, whichever the individual elects. If the information is provided to a designated health professional, the insurer, insurance agent, or insurance-support organization shall notify the person, at the time of the disclosure, that the information has been provided to the health professional.

(b) If a health professional or a health care institution has provided health information to an insurer, insurance-support organization, or insurance agent that the health professional or health care institution has determined and indicates in writing that the release of the health record information is detrimental to the physical or mental health of the person, or is likely to cause the individual to inflict self-harm or to harm another, the insurer, insurance agent, or insurance-support organization may provide that information directly to the individual only with the approval of the health professional with treatment responsibility for the condition to which the information relates. If approval is not obtained, the information must be provided to the health professional designated by the individual.

(c) Nothing in this section may reduce or affect a patient's rights under section 144.335.

Subd. 4. [FEE.] An insurer, insurance agent, or insurance-support organization may charge a reasonable fee, not to exceed the actual costs, to copy information provided under this section. If an individual is requesting information as a result of an adverse underwriting decision, the insurer, insurance agent, or insurance-support organization must provide the information free of any charge.

Subd. 5. [OTHER COMPANIES OR AGENTS ACTING ON ITS BEHALF.] The obligations imposed by this section upon an insurer or insurance agent may be satisfied by another insurer or insurance agent authorized to act on its behalf. With respect to the copying and disclosure of personal information under a request under subdivision 1, an insurer, insurance agent, or insurance-support organization may make arrangements with an insurance-support organization or a consumer reporting agency to copy and disclose personal information on its behalf.

Subd. 6. [PRIVILEGED INFORMATION.] The rights granted

under this section and section 10 do not extend to privileged information.

Sec. 10. [72A.498] [CORRECTION, AMENDMENT, OR DELETION OF PERSONAL INFORMATION.]

Subdivision 1. [PROCEDURE.] Within 30 business days from the date of receipt of a written request from an individual to correct, amend, or delete any personal information about the person within its possession, an insurer, insurance agent, or insurance-support organization shall either:

(1) correct, amend, or delete the portion of the personal information in dispute; or

(2) notify the individual of its refusal to make the correction, amendment, or deletion, the reasons for the refusal, and the person's right to file a statement as provided in subdivision 3, and the individual's right to appeal to the commissioner under subdivision 5.

Subd. 2. [NOTICE.] If the insurer, insurance agent, or insurance-support organization corrects, amends, or deletes disputed personal information upon request of an individual or as ordered by the commissioner, the insurer, insurance agent, or insurance-support organization shall notify the person in writing and provide the correction, amendment, or fact of deletion to:

(1) any person specifically designated by the individual who may have within the preceding two years received the personal information;

(2) any insurance-support organization whose primary source of personal information is insurers, if the insurance-support organization has systematically received the personal information from the insurer within the preceding seven years, provided that the correction, amendment, or fact of deletion need not be provided to an insurance-support organization if the insurance-support organization no longer maintains personal information about the individual; and

(3) any insurance-support organization that provided the personal information that has been corrected, amended, or deleted.

Subd. 3. [STATEMENT.] If the insurer, insurance agent, or insurance-support organization refuses to correct, amend, or delete disputed personal information, the individual must be permitted to file with the insurer, insurance agent, or insurance-support organization a concise statement setting forth what the person thinks is the correct, relevant, or fair information and stating the reasons

why the individual disagrees with the insurer's, insurance agent's, or insurance-support organization's refusal to correct, amend, or delete disputed personal information.

Subd. 4. [DISPUTED INFORMATION.] In the event an individual files a statement described in subdivision 3, the insurer, insurance agent, or insurance-support organization shall:

(1) file the statement with the disputed personal information and provide a means by which anyone reviewing the disputed personal information will be made aware of the individual's statement and have access to it;

(2) in any subsequent disclosure by the insurer, insurance agent, or insurance-support organization of the disputed personal information, clearly identify the matter or matters in dispute and provide the individual's statement along with the personal information being disclosed; and

(3) furnish the statement to the persons and in the manner specified in subdivision 2.

Subd. 5. [APPEAL.] (a) If an insurer, insurance-support organization, or insurance agent refuses to correct, amend, or delete disputed personal information, the individual may file an appeal with the commissioner.

(b) The commissioner may, after providing the insurer, insurance-support organization, or insurance agent an opportunity for a hearing, order the insurer, insurance-support organization, or insurance agent to amend, correct, or delete disputed personal information if the commissioner finds that the personal information kept by the insurer, insurance-support organization, or insurance agent is in error. If the commissioner finds that the disputed personal information maintained by the insurer, insurance agent, or insurance-support organization is correct, the insurer, insurance agent, or insurance-support organization may delete from the individual's records any statement filed with them by that individual relating to the disputed information under subdivision 3.

Sec. 11. [72A.499] [REASONS FOR ADVERSE UNDERWRITING DECISIONS.]

Subdivision 1. [NOTICE AND INFORMATION.] In the event of an adverse underwriting decision, the insurer or insurance agent responsible for the decision shall provide in writing to the applicant, policyholder, or individual proposed for coverage:

(1) the specific reason or reasons for the adverse underwriting decision, a summary of the person's rights under sections 9 and 10,

and that upon request the person may receive the specific items of personal information that support those reasons and the specific sources of the information; or

(2) the specific reason or reasons for the adverse underwriting decision, the specific items of personal and privileged information that support those reasons, the names and addresses of the sources that supplied the specific items of information specified, and a summary of the rights established under sections 9 and 10.

Subd. 2. [HEALTH REASONS.] If the specific reason for an adverse underwriting decision is based on health record information, the insurer may, in lieu of providing the specific reason to the individual under subdivision 1, provide the individual with the specific source of the adverse underwriting decision referring to the specific date, page, and line of the information received from a health professional or health care institution. If the insured has been informed of the condition indicated by their health provider and is unable to determine the reason for the adverse underwriting decision, then the insurer must provide the specific reason to the individual. The insurer must provide the specific reason for the adverse underwriting decision to a health professional designated by the individual, if requested either orally or in writing by the individual.

Subd. 3. [EXEMPTION.] (a) This section is not applicable to group policies or contracts, except for group policies that are individually underwritten. For group policies or contracts that are individually underwritten, the notice required under this section must be given to the individual or individuals in the group whose personal information resulted in the adverse underwriting decision.

(b) If a policy or contract is terminated on a class or statewide basis, or an insurance coverage is declined solely because the coverage is unavailable on a class or statewide basis, the insurer or agent is not required to provide the notice required under this section provided that the applicant or policyholder is provided with the specific reason for the termination or declination of coverage.

Subd. 4. [PRIVILEGED INFORMATION.] (a) An insurer or insurance agent is not required to provide particular, specific items of privileged information under subdivision 1 if it has a reasonable suspicion, based upon that specific information, that the applicant, policyholder, or person proposed for coverage has engaged in criminal activity, fraud, material misrepresentation, or material nondisclosure. If an insurer or insurance agent does not provide the specific items of information because the information is privileged under this subdivision, the insurer or insurance agent must notify the applicant, policyholder, or individual proposed for coverage that the specific items of information are privileged and of the person's right to appeal to the commissioner under this subdivision.

(b) If a person is not provided with the specific items of information relating to an adverse underwriting decision because the information is privileged under this subdivision, the person may request that the commissioner review the information. The commissioner may then order the insurer or insurance agent to supply the privileged information to the commissioner. If the commissioner determines that the information is not privileged under this subdivision, the commissioner shall order the insurer or insurance agent to provide the information to the applicant, policyholder, or person proposed for coverage.

Subd. 5. [HEALTH RECORDS INFORMATION.] Specific items of health record information supplied by a health care institution or health professional, and the identity of the health professional or health care institution that supplied the information, must be disclosed in the manner required under section 9, subdivision 3.

Subd. 6. [OTHER COMPANIES OR AGENTS ACTING ON THEIR BEHALF.] The obligations imposed by this section upon an insurer or insurance agent may be satisfied by another insurer or insurance agent authorized to act on its behalf.

Sec. 12. [72A.50] [PREVIOUS ADVERSE UNDERWRITING DECISIONS.]

Subdivision 1. [ADDITIONAL INFORMATION REQUIRED.] An insurer, insurance agent, or insurance-support organization must not seek information in connection with an insurance transaction concerning any previous adverse underwriting decision experienced by a person, or any previous insurance coverage obtained by a person through a residual market mechanism, unless the inquiry also requests the reasons for the previous adverse underwriting decision or the reasons why insurance coverage was previously obtained through a residual market mechanism.

Subd. 2. [PROHIBITIONS.] An insurer or insurance agent may not base an adverse underwriting decision, in whole or in part, on:

(1) the fact of a previous adverse underwriting decision or the fact that a person previously obtained insurance coverage through a residual market mechanism, provided that an insurer or insurance agent may base an adverse underwriting decision on further information obtained from an insurer or insurance agent responsible for a previous adverse underwriting decision; or

(2) personal information received from an insurance-support organization whose primary source of information is insurers, provided that an insurer or insurance agent may base an adverse underwriting decision on further personal information obtained as the result of information received from the insurance-support organization.

Sec. 13: [72A.501] [DISCLOSURE AUTHORIZATION.]

Subdivision 1. [REQUIREMENT; CONTENT.] An authorization used by an insurer, insurance-support organization, or insurance agent to disclose or collect personal information must be in writing and must meet the following requirements:

- (1) is written in plain language;
- (2) is dated;
- (3) specifies the types of persons authorized to disclose information about the person;
- (4) specifies the nature of the information authorized to be disclosed;
- (5) names the insurer or insurance agent and identifies by generic reference representatives of the insurer to whom the person is authorizing information to be disclosed;
- (6) specifies the purposes for which the information is collected; and
- (7) specifies the length of time the authorization remains valid.

Subd. 2. [APPLICATION.] (a) If the authorization is signed to collect information in connection with an application for a property and casualty insurance policy, a policy reinstatement, or a request for a change in benefits, the authorization must not remain valid for longer than one year from the date the authorization is signed or the date the insurer grants or denies coverage, reinstatement, or change in benefits, whichever is sooner.

(b) If the authorization is signed to collect information in connection with an application for a life, disability, and health insurance policy or contract, reinstatement, or request for change in benefits, the authorization may not remain valid for longer than 26 months from the date the authorization is signed.

Subd. 3. [CLAIMS.] If the authorization is signed to collect information in connection with a claim for benefits under an insurance policy, the authorization must not remain valid for longer than:

- (1) the term of coverage of the policy, if the claim is for a health insurance benefit; or
- (2) the duration of the claim, if the claim is for a claim other than for a health insurance benefit.

Subd. 4. [AUTHORIZATION; NONINSURERS.] If an authorization is submitted to an insurer, insurance-support organization, or insurance agent by a person other than an insurer, insurance-support organization, or insurance agent, the authorization must be dated, signed by the person, and obtained one year or less before the date a disclosure is sought.

Sec. 14. [72A.502] [DISCLOSURE OF INFORMATION; LIMITATIONS AND CONDITIONS.]

Subdivision 1. [REQUIREMENT.] An insurer, insurance agent, or insurance-support organization must not disclose any personal or privileged information about a person collected or received in connection with an insurance transaction without the written authorization of that person except as authorized by this section. An insurer, insurance agent, or insurance-support organization must not collect personal information about a policyholder or an applicant not relating to a claim from sources other than public records without a written authorization from the person.

Subd. 2. [PREVENTION OF FRAUD.] Personal or privileged information may be disclosed without a written authorization to another person if the information is limited to that which is reasonably necessary to detect or prevent criminal activity, fraud, material misrepresentation, or material nondisclosure in connection with an insurance transaction, and that person agrees not to disclose the information further without the individual written authorization unless the further disclosure is otherwise permitted by this section if made by an insurer, insurance agent, or insurance-support organization.

Subd. 3. [HEALTH CARE INSTITUTIONS AND PROFESSIONALS.] Personal or privileged information may be disclosed without a written authorization to a health care institution or health professional for the purpose of verifying insurance coverage benefits, informing a person of a health problem of which the person must not be aware, or conducting an operations or services audit, if the information is only disclosed that is reasonably necessary to accomplish the purposes under this subdivision.

Subd. 4. [REGULATORY AUTHORITY.] Personal or privileged information may be disclosed without a written authorization to an insurance regulatory authority.

Subd. 5. [OTHER GOVERNMENTAL AUTHORITIES.] Personal or privileged information may be disclosed without a written authorization to a law enforcement or other governmental authority if:

- (1) the disclosure is to protect the interests of the insurer, agent,

or insurance-support organization in preventing or prosecuting the perpetration of fraud upon it; or

(2) the insurer, agent, or insurance-support organization reasonably believes that illegal activities have been conducted by the individual.

Subd. 6. [OTHER LAWS OR ORDER.] Personal or privileged information may be disclosed without a written authorization if permitted or required by another law or in response to a facially valid administrative or judicial order, including a search warrant or subpoena.

Subd. 7. [ACTUARIAL AND RESEARCH STUDIES.] Personal or privileged information may be disclosed without a written authorization to conduct actuarial or research studies if:

(1) no individual may be identified in the actuarial or research report;

(2) materials allowing an individual to be identified are returned or destroyed as soon as they are no longer needed; and

(3) the actuarial or research organization agrees not to disclose the information unless the disclosure would otherwise be permitted by this section if made by an insurance company, agent, or insurance-support organization.

Subd. 8. [AFFILIATE COMPANIES.] Personal or privileged information may be disclosed without a written authorization to an affiliate whose only use of the information will be in connection with an audit of the insurer or agent or the marketing of an insurance product or service, provided the affiliate agrees to not disclose the information for any other purpose or to unaffiliated persons.

Subd. 9. [GROUP POLICYHOLDER.] Personal or privileged information may be disclosed with written authorization to a group policyholder only to report claims experience or conduct an audit of the insurer's or agent's operations or services, if the information disclosed is reasonably necessary for the group policyholder to conduct the review or audit.

Subd. 10. [GOVERNMENTAL LICENSING BOARD.] Personal or privileged information may be disclosed without a written authorization to a governmental professional licensing or regulatory board to review the service or conduct of a health care institution or health professional that the insurer has reason to believe has violated its licensing act or engaged in the unlawful practice of a licensed professional.

Subd. 11. [PROFESSIONAL PEER REVIEW.] Subject to the terms of a contract between an insurer and a health professional or health care institution, personal or privileged information may be disclosed without a written authorization to a professional peer review organization to review the service or conduct of a health care institution or health professional.

Subd. 12. [NOTICE.] Whenever an insurer, insurance agent, or insurance-support organization discloses personal or privileged information about a person that requires the written authorization of that person under this section, the insurer, insurance agent, or insurance-support organization shall notify that person in writing within ten days of the date the information was disclosed. The notification must specify the identity of the person to whom information was disclosed and the nature and substance of the information that was disclosed. A notice is not required to be given under this subdivision if an insurer is disclosing personal information for underwriting purposes to another insurer, or to an insurance-support organization if the person had signed an authorization authorizing the disclosure.

Sec. 15. [72A.503] [PRIVATE REMEDIES.]

Subdivision 1. [LIABILITY.] Any insurer, insurance agent, or insurance-support organization that violates sections 2 to 17 is liable to the aggrieved person for all actual damages sustained by the person as a result of the violation. In determining the amount of general damages the court must consider the nature and seriousness of any intangible harm suffered by the person, the frequency and persistence of violations by the defendant, and the extent to which the violation was intentional.

Subd. 2. [EQUITABLE RELIEF.] Upon application by an aggrieved person, a court of competent jurisdiction may grant equitable and declaratory relief as necessary to enforce the requirements of sections 2 to 17.

Subd. 3. [COSTS.] In any successful action brought under this section, the costs of the action, including reasonable attorney fees as determined by the court, may be awarded in addition to any damages.

Sec. 16. [72A.504] [OBTAINING INFORMATION UNDER IMPROPER MEANS.]

Any person who knowingly and willfully obtains information about a person in violation of section 5 is subject to a fine not to exceed \$3,000 or imprisonment not to exceed one year, or both.

Sec. 17. [72A.505] [IMMUNITY.]

No cause of action in the nature of defamation, invasion of privacy, or negligence may arise against an insurer, insurance agent, or insurance-support organization for disclosing personal or privileged information required to be disclosed under sections 1 to 16, provided no immunity exists for disclosing false information with malice or willful intent to injure any person.

Sec. 18. [EFFECTIVE DATE.]

Sections 1 to 5 and 7 to 17 are effective August 1, 1989, and the rights granted under those sections are effective on that date, regardless of the date of the collection or receipt of the information which is subject to those sections. Section 6 is effective January 1, 1990. Insurers may use, until July 1, 1990, notices that are in substantial compliance with this section that have not been approved by the commissioner of commerce.

Delete the title and insert:

"A bill for an act relating to insurance; regulating insurance information collection, use, disclosure, access, and correction practices; requiring reasons for adverse underwriting decisions; amending Minnesota Statutes 1988, section 72A.20, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 72A."

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

The report was adopted.

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

H. F. No. 390, A bill for an act relating to appropriations; requiring recommendations of the legislative advisory commission to be made at a meeting of the commission except in certain circumstances; amending Minnesota Statutes 1988, section 3.30, subdivisions 1 and 2.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 515, A bill for an act relating to judicial procedure; clarifying and recodifying tax court powers and procedures; making

technical corrections and eliminating redundant and unnecessary language and obsolete references; amending Minnesota Statutes 1988, sections 270.07, subdivision 1; 270.10, by adding a subdivision; 271.01, subdivisions 1 and 5; 271.02; 271.04; 271.06, subdivisions 1, 2, 3, and 7; 271.061; 271.07; 271.13; 271.15; 271.17; 271.18; 271.21, subdivisions 2 and 10; 277.011, subdivision 7; 278.01, subdivision 1; 278.02; 278.05, subdivision 4; and 278.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 270; repealing Minnesota Statutes 1988, sections 271.01, subdivision 6; 271.21, subdivision 4; and 271.22.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [270.021] [EX-OFFICERS AND EX-EMPLOYEES NOT TO REPRESENT CLIENTS; PENALTY.]

An officer or employee of the department of revenue may not, for a period of one year after the term of office has ended or employment has terminated, act as counsel, attorney, or agent for a taxpayer in connection with a claim or proceeding pending in the department. An officer or employee of the department of revenue may not act as counsel, attorney, or agent for a taxpayer at any time after termination of the office or employment in connection with a claim or proceeding of which the person has knowledge that was acquired during the term of office or employment. A violation of this section is a gross misdemeanor.

Sec. 2. [270.022] [FILING OFFICERS.]

The commissioner of revenue is the filing officer and custodian of the books, files, and records of the department of revenue. The commissioner may certify copies of the books, files, and records in the custody of the commissioner for all purposes in the same manner as other custodians of public records. The commissioner may authorize other officers or employees of the department of revenue to certify books, files, and records in the custody of the commissioner. The authorization must be made by a written order stating the documents that may be certified and must be filed with the secretary of state.

Sec. 3. [270.0601] [TAX COURT APPEALS.]

The powers of examination, investigation, and subpoena, and the power to administer oaths and take testimony granted to the commissioner of revenue and officers and employees of the department of revenue in section 270.06 do not apply to a matter that has been appealed to the tax court.

Sec. 4. Minnesota Statutes 1988, section 270.07, subdivision 1, is amended to read:

Subdivision 1. (a) The commissioner of revenue shall prescribe the form of all blanks and books required under this chapter and shall hear and determine all matters of grievance relating to taxation. Except as otherwise provided by law, the commissioner shall have power to grant such reduction or abatement of gross tax capacities or taxes and of any costs, penalties or interest thereon as the commissioner may deem just and equitable, and to order the refundment, in whole or in part, of any taxes, costs, penalties or interest thereon which have been erroneously or unjustly paid. Application therefor shall be submitted with a statement of facts in the case and the favorable recommendation of the county board or of the board of abatement of any city where any such board exists, and the county auditor of the county wherein such tax was levied or paid. ~~In the case of gross earnings taxes the application may be made directly to the commissioner without the favorable action of the county board and county auditor, and the commissioner shall direct that any gross earnings taxes which may have been erroneously or unjustly paid shall be applied against unpaid taxes due from the applicant for such refundment. In the case of taxes other than gross earnings taxes, the order may be made only on application and approval as provided in this paragraph.~~ No reduction, abatement, or refundment of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of such municipality.

(b) The commissioner has the power to grant reductions or abatements of gross earnings tax. An application for reduction of gross earnings taxes may be made directly to the commissioner without the favorable action of the county board and county auditor. The commissioner shall direct that any gross earnings taxes that may have been erroneously or unjustly paid be applied against unpaid taxes due from the applicant.

(c) The commissioner shall forward to the county auditor a copy of the order made by the commissioner in all cases in which the approval of the county board is required.

(d) The commissioner may refer any question that may arise in reference to the true construction of this chapter to the attorney general, and the decision thereon shall be in force and effect until annulled by the judgment of a court of competent jurisdiction. ~~The commissioner shall forward to the county auditor a copy of the order by the commissioner made in all cases in which the approval of the county board is required.~~

(e) The commissioner may by written order abate, reduce, or refund any penalty or interest imposed by any law relating to taxation, if in the commissioner's opinion the failure to timely pay

the tax or failure to timely file the return is due to reasonable cause. Such order shall, in the case of real and personal property taxes, be made only on application and approval as provided in this section; in the case of all other taxes, such The order shall be made on application of the taxpayer to the commissioner and.

(f) If the an order issued under this subdivision is for an abatement, reduction or refund of over \$5,000, it shall be valid only if approved in writing by the attorney general.

(g) An appeal may not be taken to the tax court from any order of the commissioner of revenue made in the exercise of the discretionary authority granted in this subdivision paragraph (a) with respect to the reduction or abatement of real or personal property taxes in response to a taxpayer's application for an abatement, reduction or refund of taxes, gross tax capacities, costs, penalties or interest.

Sec. 5. Minnesota Statutes 1988, section 270.10, is amended by adding a subdivision to read:

Subd. 1a. [NOTIFICATION TO TAXPAYER.] At the same time that notice of the assessment, determination, or order of the commissioner is given to a taxpayer, the taxpayer must be notified in writing of the right to appeal to the tax court, and if applicable, to the small claims division. In any notice of assessment, determination, or order dealing with property valuation or assessment for property tax purposes by the commissioner of revenue or a local unit of government, the taxpayer must be notified in writing that a taxpayer must appeal to the town or city board of equalization and to the county board of equalization before appealing to the small claims division of the tax court, except for those taxpayers whose original assessments are determined by the commissioner of revenue.

Sec. 6. Minnesota Statutes 1988, section 271.01, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP, APPOINTMENT, QUALIFICATIONS.] There is hereby created a tax court as an independent agency of the executive branch of the government. The tax court is a court of record. The tax court shall consist of three judges, each of whom shall be a citizen of the state, appointed by the governor, by and with the advice and consent of the senate, for a term of six years commencing at the expiration of the preceding term. Any vacancy shall be filled by the governor for the unexpired term, subject to confirmation by the senate. The terms of the judges shall end on the first Monday in January. The terms of the judges shall be staggered. The initial three terms to be filled pursuant to Laws 1977, chapter 307 will expire on the first Monday in January in the following years: 1979, 1981, and 1983, the term of one judge expiring on the first Monday of each odd-numbered year. Judges may serve until

their successors are appointed and qualify. They shall be selected on the basis of their experience with and knowledge of taxation and tax laws. The judges of the tax court must be learned in the law and shall be subject to the provisions of the Minnesota Constitution, article VI, section 6, the jurisdiction of the commission on judicial standards, as provided in sections 490.15 and 490.16, and the provisions of the code of judicial conduct.

Sec. 7. Minnesota Statutes 1988, section 271.01, subdivision 5, is amended to read:

Subd. 5. [JURISDICTION.] The tax court shall have statewide jurisdiction. Except for an appeal to the supreme court or any other appeal allowed under this subdivision, the tax court shall be the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the tax laws of the state, as defined in this subdivision, in those cases that have been appealed to the tax court and in any case that has been transferred by the district court to the tax court. The tax court shall have no jurisdiction in any case that does not arise under the tax laws of the state or in any criminal case or in any case determining or granting title to real property or in any case that is under the jurisdiction of the probate court. The small claims division of the tax court shall have no jurisdiction in any case dealing with property valuation or assessment for property tax purposes until the taxpayer has appealed the valuation or assessment to the town or city board of equalization and to the county board of equalization, except for those taxpayers whose original assessments are determined by the commissioner of revenue. The tax court shall have no jurisdiction in any case involving an order of the state board of equalization unless a taxpayer contests the valuation of property. Only the taxes, aids and related matters contained in chapters 60A, 69, 124, 270, 272, 273, 274, 275, 276, 277, 278, 279, 285, 287, 288, 290, 290A, 291, 292, 293, 294, 295, 296, 297, 297A, 297B, 297C, 297D, 298, 299, 299F, 473, 473F, and 477A shall be considered tax laws of this state subject to the jurisdiction of the tax court. This subdivision shall not be construed to prevent an appeal, as provided by law, to an administrative agency, board of equalization, or to the commissioner of revenue. Wherever used in this chapter, the term commissioner shall mean the commissioner of revenue, unless otherwise specified.

Sec. 8. Minnesota Statutes 1988, section 271.02, is amended to read:

271.02 [OFFICERS.]

The judges of the tax court shall choose a chief judge of the tax court. The chief judge of the tax court shall appoint one of the judges to serve as the administrator, who shall be custodian of the court's files and records and shall coordinate and make hearing assignments. The administrator may, and appoint employees who shall be

in the unclassified service. The chief judge who is appointed the administrator may delegate administrative duties to the employees appointed and may select one employee to act in the administrator's place as the assistant administrator. The court administrator of district court in each county shall be the court administrator of the tax court in that county. Filing fees and library fees deposited with the court administrator of district court in the capacity of court administrator of the tax court and in cases originally commenced in district court and transferred to the tax court shall be retained by the court administrator of district court. The court administrator of the tax court in each county shall be subject to the supervision of the administrator in tax court matters.

Sec. 9. Minnesota Statutes 1988, section 271.04, is amended to read:

271.04 [HEARINGS.]

The tax court shall hold hearings and meetings as may be prescribed by the rules of the tax court. The principal office of the tax court shall be at the capitol in Saint Paul, but it shall hold hearings at any other place within the state, so that taxpayers may appear before the court with as little inconvenience and expense to the taxpayer as is practicable. The tax court shall be allowed to use the district court and county court court room in all of the counties. The administrator of the tax court shall consult with the court administrator of the district and county court judges involved before a schedule of court room to be used by the tax court is established. Each tax court judge may hear and decide cases. Upon petition by a party to a case, or upon a motion by a tax court judge, and approval by a majority of the tax court, a case may be tried before the entire tax court. When an appeal is taken by a resident taxpayer from an order of the commissioner, not involving property taxes, venue for the case shall be, at the election of the taxpayer, in Ramsey county or in the district court judicial district in which the taxpayer resides. Venue shall be in Ramsey county for an appeal taken by a nonresident taxpayer from an order of the commissioner. Venue for all other cases arising under the tax laws of the state shall be in the same judicial district as if the case was being tried in district court.

Sec. 10. Minnesota Statutes 1988, section 271.06, subdivision 1, is amended to read:

Subdivision 1. [MANNER.] Except as otherwise provided by in section 270.07, subdivision 1, paragraph (a), or any other law, an appeal to the tax court may be taken, in the manner herein provided, from any official order of the commissioner of revenue respecting any tax, fee, or assessment, or any matter pertaining thereto, including the imposition of interest and penalty, or any matter concerning the tax laws listed in section 271.01, subdivision 5, by any person directly interested therein or affected thereby, or by any political

subdivision of the state, directly or indirectly, interested therein or affected thereby, or by the attorney general in behalf of the state, or by any resident taxpayer of the state in behalf of the state in case the attorney general, upon request, shall refuse to appeal. Notwithstanding subdivision 2, when an appeal is taken to the tax court in any case dealing with property valuation, assessment, or taxation for property tax purposes, the provisions of section 274.19, subdivisions 4 and 5, section 277.011, and chapter 278 shall apply as if the appeal had been taken to the district court.

Sec. 11. Minnesota Statutes 1988, section 271.06, subdivision 2, is amended to read:

Subd. 2. [TIME; NOTICE; INTERVENTION.] Except as otherwise provided by law, within 60 days after notice of the making and filing of an order of the commissioner of revenue, the appellant, or the appellant's attorney, shall serve a notice of appeal upon the commissioner and file the original, with proof of such service, with the tax court administrator or with the court administrator of district court acting as court administrator of the tax court; provided, that a the tax court judge, for cause shown, may by written order extend the time for appealing for an additional period not exceeding 30 days. The notice of appeal shall be in the form prescribed by the tax court. Within five days after receipt, the commissioner shall transmit a copy of the notice of appeal to the attorney general in all cases where the amount at issue exceeds \$100. The attorney general shall represent the commissioner, if requested, upon all such appeals except in cases where the attorney general has appealed in behalf of the state, or in other cases where the attorney general deems it against the interests of the state to represent the commissioner, in which event the attorney general may intervene or be substituted as an appellant in behalf of the state at any stage of the proceedings.

Upon a final determination of any other matter concerning the tax laws listed in section 271.01, subdivision 5, the taxpayer or the taxpayer's attorney shall file a petition or notice of appeal as provided by law with the court administrator of district court, acting in the capacity of court administrator of the tax court, with proof of service of the petition or notice of appeal as required by law and within the time required by law. As used in this subdivision, "final determination" includes a notice of assessment and equalization for the year in question received from the local assessor, an order of the local board of equalization, or an order of a county board of equalization.

The tax court shall prescribe a filing system so that the notice of appeal or petition filed with the district court administrator acting as court administrator of the tax court is forwarded to the tax court administrator. In the case of an appeal or a petition concerning property valuation for which the assessor, a local board of equalization, a county board of equalization or the commissioner of revenue

has issued an order, the officer issuing the order shall be notified of the filing of the appeal. The notice of appeal or petition shall be in the form prescribed by the tax court.

Sec. 12. Minnesota Statutes 1988, section 271.06, subdivision 3, is amended to read:

Subd. 3. [PLEADINGS.] Within 20 30 days after the service and filing of the notice of appeal, unless the appeal be theretofore dismissed, the commissioner or the appropriate unit of government shall make, certify, and file with the tax court a return comprising composed of a copy of any application or petition by which the proceeding was instituted and of any other material paper preceding the order of the commissioner or the appropriate unit of government, a copy of the order appealed from, a statement of each finding of fact and ruling of law made by the commissioner or the appropriate unit of government in the matter, all relevant correspondence or other communication, and a denial, admission, or explanation with respect to each allegation of fact in the notice so far as not covered by the order or findings; provided, that any judge of the tax court, for cause shown, may extend the time for filing such return for an additional period not exceeding 30 days. Where the commissioner is required to transmit a copy of the notice of appeal to the attorney general, the commissioner shall, within ten days after service of the notice of appeal upon the commissioner, transmit to the attorney general a complete copy of all papers required for the return. Allegations of new matter in the return shall be deemed to be denied by the appellant.

Sec. 13. Minnesota Statutes 1988, section 271.06, subdivision 7, is amended to read:

Subd. 7. [RULES.] The rules of evidence and civil procedure for the district court of Minnesota shall govern the procedures in the tax court, where practicable. The rules of the tax court in effect on July 1, 1977 shall govern until superseded. The tax court may make additional rules when the law or special circumstances so require, provided that before any additional rule is adopted, the tax court first holds a public hearing thereon, affording all affected interests an opportunity to participate, and gives notice of its intention to hold a hearing at least 30 days prior to the date set for the hearing by United States mail, to representatives of associations or other interested groups or persons who have registered their names with the court for that purpose and in the state register. The notice in the state register shall include the full text of the rule proposed for adoption. The tax court shall make available at least one free copy of the proposed rule to any person requesting it. At the public hearing the tax court shall make an affirmative presentation of facts establishing the need for and reasonableness of the rule proposed for adoption and fulfilling any relevant substantive or procedural requirements imposed on the tax court by law. After the

hearing ends, 20 days shall be allowed for written material to be submitted and recorded in the hearing record. If the tax court approves the rule, the tax court shall promptly publish a notice of adoption in the state register. A rule is effective five working days after the notice of adoption is published in the state register unless a later date is specified in the rule. Any rule adopted after July 1, 1977, which is not published in the state register, shall be of no effect. The tax court is exempt from the administrative procedure act but, to the extent authorized by law to adopt rules, may use the provisions of section 14.38, subdivisions 5 to 9 The tax court may adopt rules under chapter 14. The rules in effect on January 1, 1989, apply until superseded.

Sec. 14. Minnesota Statutes 1988, section 271.07, is amended to read:

271.07 [STENOGRAPHIC REPORT; TRANSCRIPT.]

Except in the small claims division, the tax court shall provide for a verbatim stenographic report of all proceedings had before it upon appeals, as required by the laws relating to proceedings in district court. In case of a review by the supreme court of an order of the tax court, transcripts of the proceedings before the tax court shall be furnished to the tax court, the commissioner, and the attorney general upon request, and the cost thereof shall be paid out of funds appropriated therefor upon such terms as the tax court may prescribe. Transcripts shall be furnished to other parties by the reporter at the same legal rates applicable at the time to the district court reporters of the county in which the case was tried, but no transcript shall be made for or delivered to such other party unless the party shall deposit the estimated cost thereof, in advance, with the court administrator, subject to payment of the actual cost therefrom as soon as determined.

Sec. 15. Minnesota Statutes 1988, section 271.13, is amended to read:

271.13 [MAY COMPEL ATTENDANCE OF WITNESSES.]

The commissioner of revenue, The tax court, and each judge of the tax court shall, respectively, have power to subpoena and compel the attendance of witnesses and the production of books, records, papers, and documents at any hearing or investigation at any place within the state in any matter within the scope of their authority, and shall also have power to administer oaths to witnesses and to take testimony under oath. Disobedience of an order of the tax court or any subpoena or refusal by any witness to be sworn or to testify upon any material matter at any such hearing or investigation shall be punishable in like manner as a contempt of the district court, in proceedings instituted upon complaint of the authority issuing the order or subpoena in the district court of the county where the order

was made or the subpoena was made returnable. Subpoenas for witnesses or the production of documentary evidence shall be issued at the request of any party to the proceeding. Subpoenas may be signed by the commissioner or by a judge of the tax court or by the administrator or the court administrator of the tax court in on behalf of the tax court, as the case may be. The commissioner of revenue shall no longer exercise this power in any matter that has been appealed to the tax court.

Sec. 16. Minnesota Statutes 1988, section 271.15, is amended to read:

271.15 [WHO MAY ADMINISTER OATHS.]

The commissioner of revenue, Each judge of the tax court, the administrator and court administrators of the tax court, and all other officers and employees of the department and of the tax court shall, respectively, have power to administer oaths and to take and certify acknowledgments so far as they may deem necessary to the proper discharge of their respective duties, and may authenticate the same with the seal of the department or the tax court, as the case may be. The commissioner of revenue and any officer and employee of the department shall no longer exercise this power in any matter that has been appealed to the tax court.

Sec. 17. Minnesota Statutes 1988, section 271.17, is amended to read:

271.17 [FILING OFFICERS.]

The commissioner of the department of revenue and The tax court administrator and the district court administrators of the tax court shall be the filing officers and custodians of the books, files, and records of their respective agencies the tax court. The commissioner, administrator, and clerks, and their deputies shall, respectively, have power to certify and authenticate copies of the books, files, and records in their custody for all purposes in like manner and with like effect as other custodians of public records. Any other officer or employee of the department thereto authorized by the commissioner by written order filed with the secretary of state shall have like power to certify and authenticate copies of any books, files, and records of the department specified in the order, other than those of the tax court. A judge of the tax court and any other officer or employee of the tax court thereto authorized by the tax court by written order filed with the administrator of the tax court shall also have like power to certify and authenticate copies of any books, files, and records of the tax court specified in the order.

Sec. 18. Minnesota Statutes 1988, section 271.18, is amended to read:

271.18 [EX OFFICERS AND EX EMPLOYEES EX JUDGES NOT TO REPRESENT CLIENTS; EXCEPTION; VIOLATION.]

No officer, judge, or employee of the department of revenue, or the tax court, except referees appointed for the small claims division, shall, within one year after the office or employment has terminated, act as counsel, attorney, or agent for a taxpayer in connection with any claim or proceeding pending in the department of revenue or in the tax court at the time of termination. No officer, judge, referee, or employee shall, at any time after the termination of the office or employment, act as counsel, attorney, or agent in connection with any claim or proceeding of which the person terminated has knowledge which was acquired in the course of a term of office or employment in the department or in the tax court. Any violation of the provisions of this section shall be a gross misdemeanor.

Sec. 19. Minnesota Statutes 1988, section 271.21, subdivision 2, is amended to read:

Subd. 2. At the election of the taxpayer, the small claims division shall have jurisdiction only in the following matters:

(a) any case concerning the in cases involving valuation, assessment, or taxation of residential property homesteaded by the taxpayer real or personal property, if the taxpayer has satisfied the requirements of section 271.01, subdivision 5, and in the case of nonhomestead property, the assessor's estimated market value is less than \$100,000; or

(b) any other case concerning the tax laws as defined in section 271.01, subdivision 5, in which the amount in controversy does not exceed \$5,000, including penalty and interest.

Sec. 20. Minnesota Statutes 1988, section 271.21, subdivision 10, is amended to read:

Subd. 10. Whenever the small claims division trial docket becomes congested with appeals involving valuation, classification, and assessment of property for tax purposes, the judges of the tax court may appoint referees to hear the property tax cases appealed to the small claims division. Each referee shall have authority to hear and decide the cases heard as small claims referee. Each referee shall be a citizen of Minnesota and shall have experience with and knowledge of tax law or property taxation and property values, depending on the case at issue. A referee shall be paid at a rate of 80 percent of the salary of the judges of the county district court in that county, prorated by the length of time served as a referee. Each referee shall receive actual and necessary expenses paid or incurred in the performance of duties.

Sec. 21. Minnesota Statutes 1988, section 277.011, subdivision 7, is amended to read:

Subd. 7. [PENALTIES AND INTEREST.] If the tax be sustained in full as levied, the judgment shall include any penalties or interest which have then accrued thereon for failure to pay the same, or any part thereof, at the time required by law. If the tax is increased, the judgment must include penalty and interest on the unpaid part of the original tax assessment, but not on the amount of the increase in tax. If the tax be reduced, no penalties and interest shall be included in the judgment because of the failure to pay such reduced tax prior to the entry thereof. The judgment shall be subject to such interest or penalties as would under the law attach to the tax embraced therein after the entry thereof.

Sec. 22. Minnesota Statutes 1988, section 278.01, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the city or county, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor and, one copy each on the county treasurer and the county attorney and filing the same, and one copy on the county treasurer. In counties where the office of county treasurer has been combined with the office of county auditor, the petitioner must serve the number of copies required by the county. The petitioner must file the copies with proof of service, in the office of the court administrator of the district court before the 16th day of May of the year in which the tax becomes payable. The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to May 16 of the year in which the taxes are payable.

Sec. 23. Minnesota Statutes 1988, section 278.02, is amended to read:

278.02 [PETITION MAY INCLUDE SEVERAL PARCELS.]

Such petition need not be in any particular form, but shall clearly identify the land involved and shall set forth in concise language the claim, defense, or objection asserted. Several parcels of land in or upon which the petitioner has an estate, right, title, interest, or lien may be included in the same petition, but only if they are in the same city or town, except that contiguous property overlapping city or town boundaries may be included in one petition.

Sec. 24. Minnesota Statutes 1988, section 278.05, subdivision 4, is amended to read:

Subd. 4. [SALES RATIO STUDIES AS EVIDENCE.] The sales ratio studies published by the department of revenue, or any part of the studies, or any copy of the studies or records accumulated to prepare the studies which is prepared by the commissioner of revenue for use in determining school aids shall be admissible in evidence as a public record without the laying of a foundation if the sales prices used in the study are adjusted for the terms of the sale to reflect market value and are adjusted to reflect the difference in the date of sale compared to the assessment date. In addition to the study published by the department of revenue, the tax court may use a study developed for a particular region of a county or counties. Additional evidence relevant to the sales ratio study is also admissible. No sales ratio study received into evidence shall be conclusive or binding on the court and evidence of its reliability or unreliability may be introduced by any party including, but not limited to, evidence of inadequate adjustment of sale prices for terms of financing, inadequate adjustment of sales prices to reflect the difference in the date of sale compared to the assessment date, and inadequate sample size.

No reduction in value on the grounds of discrimination shall be granted on the basis of a sales ratio study published by the department of revenue or another study used by the tax court unless

(a) the sales prices are adjusted for the terms of the sale to reflect market value,

(b) the sales prices are adjusted to reflect the difference in the date of sale compared to the assessment date, and

(c) there is an adequate sample size.

Sec. 25. Minnesota Statutes 1988, section 278.08, subdivision 1, is amended to read:

Subdivision 1. [TAXES DUE INTEREST, PENALTY.] Whether or not the tax is sustained in full as levied or increased and section

278.03 notwithstanding, the judgment shall include any interest which has accrued on the taxes for failure to pay the taxes or any part of the taxes as provided in sections 279.01 and 279.03. If the tax is reduced, no penalty shall be included in the judgment because of the failure to pay the reduced tax prior to entry of judgment. After the judgment is entered, it shall be subject to interest and penalty at the rates provided in chapter 279 for delinquent payment of property taxes. The judgment must include the following interest:

(1) if the tax is sustained in full, interest on the unpaid part of the tax computed under section 279.03;

(2) if the tax is increased, interest on the unpaid part of the tax as originally assessed computed under section 279.03;

(3) if the tax is reduced, interest on the difference between the tax as recomputed and the amount previously paid computed under section 279.03.

If the tax is sustained or increased, penalty on the unpaid part of the tax as originally assessed computed under section 279.01 must be included in the judgment.

Sec. 26. Minnesota Statutes 1988, section 297.43, subdivision 1, is amended to read:

Subdivision 1. [PENALTY ON UNPAID TAX.] If a tax imposed by this chapter, or any part of it, is not paid within the time required for the payment, or an extension of time, or within 30 days after final determination of an appeal to the tax court relating to it if the taxpayer is not required to pay the amount in dispute pending appeal under section 271.061, there shall be added to the tax a penalty equal to three percent of the amount remaining unpaid if the failure is for not more than 30 days, with an additional penalty of three percent of the amount of tax remaining unpaid during each additional 30 days or fraction thereof, not exceeding 24 percent in the aggregate.

Sec. 27. Minnesota Statutes 1988, section 297C.14, subdivision 1, is amended to read:

Subdivision 1. [PENALTY ON UNPAID TAX.] If a tax imposed by this chapter, or any part of it, is not paid within the time required for the payment, or an extension of time, or within 30 days after final determination of an appeal to the tax court relating to it if the taxpayer is not required to pay the amount in dispute pending appeal under section 271.061, there shall be added to the tax a penalty equal to three percent of the amount remaining unpaid if the failure is for not more than 30 days, with an additional penalty of three percent of the amount of tax unpaid during each additional

30 days or fraction thereof, not exceeding 24 percent in the aggregate.

Sec. 28. [REPEALER.]

(a) Minnesota Statutes 1988, sections 271.01, subdivision 6; 271.21, subdivision 4; and 271.22, are repealed.

(b) Minnesota Statutes 1988, sections 60A.151 and 271.061, are repealed.

Sec. 29. [EFFECTIVE DATE.]

Sections 26, 27, 28, paragraph (b), are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to judicial procedure; clarifying, modifying, and recodifying tax court powers and procedures; making technical corrections and eliminating redundant and unnecessary language and obsolete references; amending Minnesota Statutes 1988, sections 270.07, subdivision 1; 270.10, by adding a subdivision; 271.01, subdivisions 1 and 5; 271.02; 271.04; 271.06, subdivisions 1, 2, 3, and 7; 271.07; 271.13; 271.15; 271.17; 271.18; 271.21, subdivisions 2 and 10; 277.011, subdivision 7; 278.01, subdivision 1; 278.02; 278.05, subdivision 4; 278.08, subdivision 1; 297.43, subdivision 1; and 297C.14, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 270; repealing Minnesota Statutes 1988, sections 60A.151; 271.01, subdivision 6; 271.061; 271.21, subdivision 4; and 271.22."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 534, A bill for an act relating to groundwater; establishing best management practices and water resources protection requirements; regulating pollution limits; changing various requirements and procedures concerning fertilizer, soil amendments, and plant amendments; requiring a study of sustainable agriculture; changing certain pesticide laws; requiring a pesticide management plan; providing for responses to pesticide and fertilizer incidents; establishing a safe drinking water account; imposing an annual fee; reorganizing and revising laws on water wells, exploratory boring, and elevator shafts; establishing a water information committee;

providing for local water resources protection and management; establishing water appropriation priorities; establishing a legislative commission on water; appropriating money; amending Minnesota Statutes 1988, sections 17.713; 17.714; subdivisions 1, 3, 6, and by adding a subdivision; 17.715, subdivisions 1, 2, 4, and by adding subdivisions; 17.7155; 17.716, subdivisions 1, 2, and 4; 17.717; 17.718; 17.719, subdivisions 1, 2, 3, 4, and by adding subdivisions; 17.72; 17.721, by adding a subdivision; 17.722; 17.723; 17.725, subdivision 2, and by adding subdivisions; 17.728, subdivision 1, and by adding subdivisions; 17.7285; 17.73, subdivisions 3 and 5; 18B.01, subdivisions 5, 12, 15, 19, 21, 23, 26, 30, and by adding subdivisions; 18B.03, by adding a subdivision; 18B.04; 18B.07, subdivisions 2, 3, 4, 5, 6, and 7; 18B.08, subdivisions 1, 3, and 4; 18B.15; 18B.17, subdivision 2; 18B.18; 18B.20, by adding a subdivision; 18B.21; 18B.26, subdivisions 1, 3, 5, and by adding a subdivision; 18B.31, subdivisions 3 and 5; 18B.32, subdivision 2; 18B.33, subdivisions 1, 3, and 7; 18B.34, subdivisions 1, 2, and 5; 18B.36; 18B.37, subdivisions 1, 2, 3, and 4; 105.41, subdivision 1a; 105.418; 110B.35, subdivision 3; 115.093, subdivision 5; 116C.40, by adding subdivisions; 116C.41, subdivision 1; 116E.02, subdivision 1; 116E.03, subdivision 9; 156A.01; 156A.02; 156A.03; 156A.05; 156A.06; 156A.071; 156A.075; 156A.08; and 326.37; proposing coding for new law as Minnesota Statutes, chapters 110C and 115D; proposing coding for new law in Minnesota Statutes, chapters 3; 17; 18B; 105; 115; 116C; 116E; 144; and 156A; repealing Minnesota Statutes 1988, sections 17.714, subdivisions 4, 4a, and 4b; 17.715, subdivision 3; 17.721; 17.726; 17.727; 17.728, subdivisions 4 and 5; 17.729; 17.73, subdivision 5, paragraph (d); 18B.16; 18B.19; 18B.20, subdivision 6; 156A.02, subdivision 3; 156A.031; 156A.04; 156A.07; 156A.10; and 156A.11.

Reported the same back with the following amendments:

Page 32, line 36, delete the new language and insert "OB-TAINING EVIDENCE"

Page 33, line 5, after "acts," insert "issue subpoenas to and"

Page 33, line 6, delete "issue subpoenas,"

Page 33, line 8, delete everything after the period

Page 33, line 9, delete "person" and insert "If a person fails" and delete "on the"

Page 33, line 10, delete everything before the first "to" and insert "a witness refuses" and delete the second "to"

Page 33, line 15, delete "therein" and insert "in the court"

Page 33, line 27, delete "Any" and insert "A"

Page 33, line 32, delete "such" and insert "the"

Page 33, line 33, delete "such" and insert "a"

Page 33, line 36, after "section" insert "as soon as practicable" and delete "such" and insert "a"

Page 34, line 1, delete "pursuant to" and insert "because of"

Page 34, line 4, delete "such"

Page 34, line 6, delete "such" and insert "that"

Page 34, line 9, delete "ORDER" and insert "REFUSAL TO PERMIT ENTRY"

Page 34, lines 13 and 14, delete "that permits" and insert "to compel a person with authority to permit"

Page 38, line 24, delete "Any" and insert "A"

Page 39, line 33, delete "DUTY TO RESPOND" and insert "CONTESTED ORDER" and before "service" insert "personal"

Page 44, line 4, delete "LIABILITY" and insert "RESPONSIBILITY FOR COSTS"

Page 44, line 5, delete "LIABILITY" and insert "RESPONSIBLE PARTY" and after "(a)" insert "Liability may be imposed on the manufacturer, formulator, packager, or repackager of the fertilizer, soil amendment, or plant amendment and, to the extent provided by law, on any other responsible party."

(b)"

Page 44, line 11, delete "(b)" and insert "(c)"

Page 46, delete lines 19 to 27, and insert:

"Sec. 53. Minnesota Statutes 1988, section 43A.08, subdivision 1, is amended to read:

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

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

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

(c) deputy and assistant agency heads and one confidential secretary in the agencies listed in subdivision 1a;

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

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

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

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

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

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

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

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

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

(m) members of the state patrol; provided that selection and

appointment of state patrol troopers shall be made in accordance with applicable laws governing the classified service;

(n) chaplains employed by the state;

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

(p) student workers; and

(q) employees unclassified pursuant to other statutory authority; and

(r) intermittent employees employed by the department of agriculture to perform duties related to pesticide, fertilizer, and seed regulation.

Sec. 54. Minnesota Statutes 1988, section 604.02, subdivision 1, is amended to read:

Subdivision 1. When two or more persons are jointly liable, contributions to awards shall be in proportion to the percentage of fault attributable to each, except that each is jointly and severally liable for the whole award. Except in cases where liability arises under chapters 17 - fertilizer regulations, 18B - pesticide control, 115 - water pollution control, 115A - waste management, 115B - environmental response and liability, 115C - leaking underground storage tanks, and 299E - pipeline safety, public nuisance law for damage to the environment or the public health, any other environmental or public health law, or any environmental or public health ordinance or program of a municipality as defined in section 466.01, a person whose fault is 15 percent or less is liable for a percentage of the whole award no greater than four times the percentage of fault, including any amount reallocated to that person under subdivision 2.

If the state or a municipality as defined in section 466.01 is jointly liable, and its fault is less than 35 percent, it is jointly and severally liable for a percentage of the whole award no greater than twice the amount of fault, including any amount reallocated to the state or municipality under subdivision 2."

Page 52, delete section 13

Page 59, line 28, after "acts," insert "issue subpoenas to and"

Page 59, line 29, delete "issue subpoenas,"

Page 60, line 27, delete "SUBPOENA OF DEPARTMENTAL EMPLOYEES" and insert "EXEMPTIONS FROM SUBPOENA AUTHORITY"

Page 60, line 30, delete "expert" and insert "inquiry into any inspection except in enforcement proceedings brought under this chapter"

Page 60, line 31, delete everything before the period

Page 61, line 8, delete "17" and insert "16"

Page 62, line 1, after "(a)" insert "Liability may be imposed on the person who registered the pesticide with the United States Environmental Protection Agency, the manufacturer, formulator, packager, or repackager and, to the extent provided by law, on any other responsible party."

(b)"

Page 62, line 8, delete "(b)" and insert "(c)"

Page 62, line 9, delete "(a)" and insert "(b)"

Page 74, line 8, delete "not to exceed five pages"

Page 74, line 9, delete the new language and after "application" insert "except a map may be attached to identify treated areas. For the rights-of-way and wood preservative categories, the required record may not exceed five pages"

Page 74; delete line 10

Page 74, line 11, delete everything before the period

Page 89, line 3, after "geologist" insert "or hydrogeologist"

Page 89, line 4, before the period insert "the American Institute of Hydrologists, the National Water Well Association, or other organizations approved by the commissioner"

Page 92, line 7, after "or" insert "other" and delete "geologist" and insert "professional"

Page 98, line 33, delete everything after "property"

Page 98, line 34, delete "and quartile"

Page 99, line 3, after "property" insert "or a person authorized to act on behalf of the seller. If a seller fails to provide a well certificate, a buyer or a person authorized to act on behalf of the seller, may sign a well certificate based on the information provided on the disclosure required by this section or based on other available information"

Page 99, line 12, delete everything after the comma and insert "and knew or had reason to know of the existence of a well, the seller or transferor is liable to the buyer for costs and damages related to the sealing of a well and reasonable attorney fees."

Page 99, delete lines 13 to 15

Page 106, delete lines 2 to 14

Page 106, line 15, delete "8" and insert "6"

Page 106, line 20, delete "9" and insert "7"

Page 128, delete section 1 and insert:

"Section 1. [105.406] [NEW ONCE-THROUGH PERMITS PROHIBITED.]

No new water use permits may be issued for once-through cooling systems constructed after the effective date of this act. The renewal or amendment of existing permits shall be allowed.

Sec. 2. [CONSUMPTIVE WATER USE STUDY.]

The commissioner of natural resources shall conduct a study of consumptive water use and its impact on existing aquifers. The commissioner shall review methods of reducing consumptive water use, including the conversion of once-through cooling systems to alternative systems. The commissioner shall report to the legislature by January 1, 1990, the commissioner's recommendations for alternatives to the once-through heating and cooling systems including potential uses for discharge water from the systems, the environmental and economic implications of the alternatives, and other uses for the discharge water. The report shall also describe the relative impact on affected aquifers, establish efficiency standards for once-through cooling systems, and make recommendations for corrective action on inefficient systems. The corrective action shall include either upgrading such systems or the conversion to an alternative system within a time schedule to be recommended by the commissioner of natural resources, but not later than January 2, 1994."

Page 133, line 10, delete "37" and insert "36"

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 28, delete everything after the semicolon

Page 1, line 29, delete "subdivision;"

Page 1, line 36, after the first semicolon insert "43A.08, subdivision 1;"

Page 1, line 41, delete "and" and after "326.37;" insert "and 604.02, subdivision 1;"

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 643, A bill for an act relating to education; requiring school boards to report certain teacher discharges and resignations to the board of teaching; providing for immunity from liability; amending Minnesota Statutes 1988, section 125.09, by adding subdivisions.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 125.09, is amended by adding a subdivision to read:

Subd. 1a. [MANDATORY REPORTING.] A school board shall report to the board of teaching, the state board of education, or the state board of vocational technical education, whichever has jurisdiction over the teacher's license, when its teacher is discharged or resigns from employment after a charge is filed with the school board under section 125.17, subdivisions 4, clauses (1), (2), and (3), and 5, or after charges are filed that are ground for discharge under section 125.12, subdivision 8, clauses (a), (b), (c), (d), and (e), or when a teacher is suspended or resigns while an investigation is pending under section 125.12, subdivision 8, clauses (a), (b), (c), (d), and (e); 125.17, subdivisions 4, clauses (1), (2), and (3), and 5; or 626.556. The report must be made to the board within ten days after the

discharge, suspension, or resignation has occurred. The board to which the report is made shall investigate the report for violation of subdivision 1 and the reporting school board shall cooperate in the investigation. Any data transmitted to any board under this section shall be private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

Sec. 2. Minnesota Statutes 1988, section 125.09, is amended by adding a subdivision to read:

Subd. 1b. [IMMUNITY FROM LIABILITY.] A school board, its members in their official capacity, and employees of the school district run by the board are immune from civil or criminal liability for reporting or cooperating as required under section 1, if their actions required under section 1 are done in good faith and with due care."

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 654, A bill for an act relating to education; proposing a formula allowance and general education tax capacity rate for fiscal year 1991; amending Minnesota Statutes 1988, sections 124A.22, subdivision 2; and 124A.23, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1 GENERAL EDUCATION AID

Section 1. Minnesota Statutes 1988, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus 27 27.8 percent of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) 27 27.8 percent of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to ~~section~~ sections 124.4945 and 275.125, subdivision 6a, and Laws 1975, chapter 261, section 4; and

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1988, section 124.17, subdivision 1b, is amended to read:

Subd. 1b. [AFDC PUPIL UNITS.] In a district in which the number of pupils from families receiving aid to families with

dependent children on October 1 of the previous school last even-numbered year in the last biennium equals six percent or more of the actual pupil units in the district for the same year to be funded, as computed in subdivision 1, each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent. In a district in which the percent of concentration is less than six, additional pupil units may not be counted for such pupils. A pupil may not be counted as more than .6 additional pupil unit under this subdivision. The weighting in this subdivision is in addition to the weighting provided in subdivision 1.

Information on a pupil, other than summary data, that identifies a pupil as a member of a family receiving aid to families with dependent children is private data under section 13.46, subdivision 2.

Sec. 3. Minnesota Statutes 1988, section 124.19, subdivision 5, is amended to read:

Subd. 5. [SCHEDULE ADJUSTMENTS.] (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by school districts. School districts are encouraged to consider both cost and energy saving measures.

(b) Notwithstanding the provisions of subdivision 1 or 4, any district, including a district operating a program pursuant to sections 120.59 to 120.67 or 129B.42 to 129B.47, or operating a commissioner-designated area learning center program under section 129B.56, may adjust the annual school schedule for that program throughout the calendar year so long as the number of instructional hours in the year is not less than the number of instructional hours per day specified in the rules of the state board multiplied by the minimum number of instructional days required by subdivision 1.

Sec. 4. Minnesota Statutes 1988, section 124A.02, is amended by adding a subdivision to read:

Subd. 25. [DEFINITION.] For the purposes of sections 124.17, 124A.03, 124A.034, 124A.035, 124A.036, 124A.04, 124A.22, 124A.23, 124A.26, 124A.27, 124A.28, 124A.29, and 124A.31, unless otherwise specified "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined in section 123.33 or "education district board" as defined in section 122.92.

Sec. 5. Minnesota Statutes 1988, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (1) The levy authorized by section 124A.23, subdivision 2, may be increased in any amount that is approved by the voters of the district at a referendum called for the purpose subject to the limit of section 6. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only two elections may be held to approve a levy increase that will commence in a specific school year. The ballot shall state the maximum amount of the increased levy in mills, the amount that will be raised by that tax capacity rate in the first year it is to be levied, and that the tax capacity rate shall be used to finance school operations. The ballot may designate a specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

(a) For a school district, "Shall the increase in the levy proposed by (petition to) the board of, School District No. . . , be approved?"

(b) For a qualifying education district, "Shall the increase in the levy by (petition to) the board of, Education District No. . . , be approved?"

If approved, the amount provided by the approved tax capacity rate applied to each year's gross tax capacity shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(2) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to clause (1) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to clause (1) must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one such revocation or reduction election may be held to revoke or reduce a levy for any specific year and for years thereafter.

(3) A petition authorized by clause (1) shall be effective if signed by a number of qualified voters in excess of 15 percent, or (a) for a school district, ten percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections; (b) for a qualifying education district, the average number of voters at the two most recent school districtwide school elections in all the member school districts. A referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(4) A petition authorized by clause (2) shall be effective if signed by a number of qualified voters in excess of five percent of the residents of the school district as determined by the most recent census. A revocation or reduction referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(5) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(6) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 6. [124A.0301] [REFERENDUM LEVY LIMITATIONS.]

Subdivision 1. [LIMITS.] Beginning with taxes payable in 1990, a district's referendum levy authority is subject to the limits in this section.

Subd. 2. [TOTAL AUTHORITY.] A district may not certify a referendum levy in excess of the greater of (a) \$250,000, (b) the product of the district's actual pupil units for the fiscal year to which the levy is attributable times 20 percent of the formula allowance for the fiscal year before the fiscal year to which the levy is attributable, or (c) the amount of the district's referendum authority on June 1, 1989, plus the growth factor. The growth factor is equal to three percent of the formula allowance times the district's actual pupil units for the fiscal year to which the levy is attributable.

In no case may a district certify a referendum levy in excess of its levy authority under section 124A.03.

Subd. 3. [REFERENDUM EQUALIZATION AID REDUCTION.] A district must reduce its referendum levy certification amount by the amount of referendum equalization aid it receives for that fiscal year.

Subd. 4. [REFERENDUM; FUND BALANCE REDUCTION.] A district's referendum levy authority must be reduced if the net unappropriated operating fund balance as of June 30 in the year before the last fiscal year is more than \$750 times the actual pupil units in the year before the last fiscal year. The amount of the reduction is equal to 0.5 times the amount of the excess.

Subd. 5. [ELECTIONS AMOUNTS.] Beginning July 1, 1989, no referendum election may be held for an amount to exceed \$200 times the district's actual pupil units for that year.

Sec. 7. [124A.0302] [REFERENDUM EQUALIZATION AID.]

Subdivision 1. [REFERENDUM EQUALIZATION REVENUE.] A district's referendum equalization revenue equals the lesser of (1) the district's certified referendum levy or (2) the product of the district's actual pupil units for that year times the equalizing factor for that year times 1.4 percent.

Subd. 2. [REFERENDUM EQUALIZATION LEVY.] A district's referendum equalization levy is equal to the product of the district's referendum equalization revenue times the lesser of one, or the ratio of the district's adjusted gross tax capacity per pupil unit to 60 percent of the equalizing factor.

Subd. 3. [REFERENDUM EQUALIZATION AID.] A district's referendum equalization aid is equal to its referendum equalization revenue minus its referendum equalization levy.

Referendum equalization aid must be reduced by the amount of other referendum equalization aid that is received by the district.

Sec. 8. Minnesota Statutes 1988, section 124A.035, subdivision 2, is amended to read:

Subd. 2. [PERMANENT SCHOOL FUND.] The amount of money received by a school district as income from the permanent school fund for any year, shall be deducted from the general education aid earned by the district for the same year or from aid earned from other state sources.

Sec. 9. Minnesota Statutes 1988, section 124A.035, subdivision 4, is amended to read:

Subd. 4. [COUNTY APPORTIONMENT DEDUCTION.] Each year the amount of money apportioned to a school district for that year pursuant to section 124.10, subdivision 2, shall be deducted from the general education aid earned by that district for the same year.

Sec. 10. [124A.215] [AID FOR REDUCED CLASS SIZE.]

Subdivision 1. [PURPOSE.] The purpose of sections 10 to 12 is to improve the education of public school pupils by (1) reducing class sizes in kindergarten through grade three to help each pupil develop socially and emotionally and in knowledge, skills, and attitudes related to school performance; and (2) improving program offerings throughout a local school district.

Subd. 2. [DEFINITION.] "Teacher" in this section means a public employee licensed by the board of teaching whose duties are

full-time classroom instructional or the equivalent, excluding a teacher for which categorical aids are received pursuant to sections 124.273 and 124.32. In this section, teacher does not include supervisory and support personnel, as defined in section 125.03, subdivision 4, librarians, school psychologists, school social workers, audio-visual directors and coordinators, recreation personnel, media generalists, media supervisors, or speech therapists. A teacher whose duties are less than full-time classroom instructional must be included as an equivalent only for the number of hours of classroom instruction.

Subd. 3. [STATE AID CRITERIA.] The state shall pay aid as provided in section 11 to districts that work to achieve or maintain a class size of no more than 15 elementary pupils per classroom session in kindergarten and grade one for each teacher in each school within the school district and no more than 17 elementary pupils in grades two and three for each teacher in each school within the school district. A district must reduce the class sizes in kindergarten and grade one before it reduces the class sizes in grades two and three unless the district has a compelling reason to reduce the class sizes in kindergarten through grade 3 concurrently. A district must not increase the class sizes in grades two and three in any school in the district as a result of reducing class sizes in kindergarten and grade one. A district must not increase the district wide class size per teacher in grades four through eight as a result of reducing class sizes in kindergarten through grade three.

A district must develop a districtwide plan to work to achieve or maintain the specified class sizes based upon the recommendations of the district's elementary school councils described in section 11. The plan must be approved by the commissioner of education. If a local district has achieved and is maintaining the specified class sizes, it must use the aid it receives under section 12 to work to improve program offerings throughout the district, or the education district of which the district is a member, based upon a plan developed by the local district's curriculum advisory committee. The amount of aid must be allocated to each school in proportion to the ratio of the school's kindergarten through grade 3 population to the district's kindergarten through grade 3 population.

Sec. 11. [124A.216] [AID AMOUNT.]

Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to 2.2 percent times the number of actual pupil units must be reserved and may be used only to achieve or maintain class sizes or improve program offerings according to section 10, subdivision 3.

Sec. 12. [124A.217] [SCHOOL DISTRICT PARTICIPATION.]

Subdivision 1. [ESTABLISHMENT OF COUNCIL; PURPOSE.]

An elementary school council in each elementary school is created with the following members: (a) the elementary school principal; (b) representatives of teachers of kindergarten through grade three selected by those teachers at the school; (c) other school personnel serving pupils in kindergarten through grade three selected by those personnel at the school; and (d) parents of pupils in kindergarten through grade three attending the school, selected by the parents. A majority of the members of the council must be parents.

The purpose of the council is to (1) develop a written plan enabling the school to work to achieve or maintain the class sizes specified in section 10, subdivision 3, and to make recommendations for implementing the plan to the school board; and (2) participate in implementing the plan, including overseeing school budget items relating to reductions in class size.

The council shall specify the terms and method of replacement of the council members and council chair. The council is not permitted to receive expenses or per diem payments.

If an existing committee or council meets the criteria of this subdivision, or if an existing committee or council may be modified to meet the criteria of this subdivision, then that committee or council may be used to accomplish the purpose of this section.

Subd. 2. [COUNCIL AND SCHOOL DISTRICT PLANS.] To be eligible to receive aid under section 11, districts must submit to the commissioner of education a districtwide plan to reduce class sizes based upon the recommendations of the district's elementary school councils. Plans must be submitted by a date specified by the commissioner, in the form and manner prescribed by the commissioner, and must include any other information requested by the commissioner. The commissioner must review and approve or disapprove each district's plan within 45 days of receiving the plan. Any action by the commissioner must conform with widely published criteria for evaluating districts' plans; the criteria must include a definition of "work to achieve or maintain." Only approved plans are eligible for aid under section 11. At the request of a school board and the district's elementary school councils, the commissioner shall provide technical assistance to a district implementing an approved plan.

If a local school district has already achieved and is maintaining the class sizes specified in section 10, subdivision 3, the district must develop a plan in cooperation with the local district's curriculum advisory committee to improve program offerings throughout the district, or throughout the education district of which the district is a member. The commissioner must use the same review procedure to approve or disapprove a district's plan to improve program offerings.

Sec. 13. [124A.218] [REPORT]

The commissioner of education shall monitor and evaluate the effectiveness of districts' reduced class sizes and efforts to improve program offerings and shall report to the education committees in the legislature before March 1 of each school year.

Sec. 14. Minnesota Statutes 1988, section 124A.22, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. The formula allowance is \$2,755 for the 1988-1989 school year. The formula allowance is ~~\$2,800~~ \$2,808 for fiscal year 1990. The formula allowance is \$2,945 for the 1990-1991 school year.

Sec. 15. Minnesota Statutes 1988, section 124A.22, subdivision 4, is amended to read:

Subd. 4. [TRAINING AND EXPERIENCE REVENUE.] The training and experience revenue for each district equals the greater of zero or the result of the following computation:

(a) Subtract 1.6 from the training and experience index.

(b) Multiply the result in clause (a) by the product of \$700 times the actual pupil units for the school year.

The training and experience index for each qualifying education district equals the weighted average of the ratios assigned to the full-time equivalent teachers in each qualifying education district.

Sec. 16. Minnesota Statutes 1988, section 124A.22, subdivision 9, is amended to read:

Subd. 9. [DEFINITIONS FOR SUPPLEMENTAL REVENUE.] (a) The definitions in this subdivision apply only to subdivision 8.

(b) "1987-1988 revenue" means the sum of the following categories of revenue for a school district for the 1987-1988 school year means the sum of the following categories of revenue, and for a qualifying education district means the sum of the following categories of revenue for each member district for the 1987-1988 school year:

(1) basic foundation revenue, tier revenue, and declining pupil unit revenue, according to Minnesota Statutes 1986, as supplemented by Minnesota Statutes 1987 Supplement, chapter 124A,

plus any reduction to second tier revenue, according to Minnesota Statutes 1986, section 124A.08, subdivision 5;

(2) teacher retirement and FICA aid, according to Minnesota Statutes 1986, sections 124.2162 and 124.2163;

(3) chemical dependency aid, according to Minnesota Statutes 1986, section 124.246;

(4) gifted and talented education aid, according to Minnesota Statutes 1986, section 124.247;

(5) arts education aid, according to Minnesota Statutes 1986, section 124.275;

(6) summer program aid and levy, according to Minnesota Statutes 1986, sections 124A.03 and 124A.033;

(7) programs of excellence grants, according to Minnesota Statutes 1986, section 126.60; and

(8) liability insurance levy, according to Minnesota Statutes 1986, section 466.06.

For the purpose of this subdivision, intermediate districts and other employing units, as defined in Minnesota Statutes 1986, section 124.2161, shall allocate the amount of their teacher retirement and FICA aid for fiscal year 1988 among their participating school districts.

(c) "Minimum allowance" for a district means:

(1) the school district's or qualifying education district's 1987-1988 revenue, according to subdivision 1; divided by

(2) the district's 1987-1988 actual pupil units, adjusted for the change in secondary pupil unit weighting from 1.4 to 1.35 made by Laws 1987, chapter 398; plus

(3) \$105 \$113 for the 1989-1990 school year and \$250 for the 1990-1991 school year.

Sec. 17. Minnesota Statutes 1988, section 124A.23, subdivision 1; is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX CAPACITY RATE.] The commissioner of revenue shall establish the general education tax capacity rate and certify it to the commissioner of education by September 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the

nearest tenth of a mill, that, when applied to the adjusted gross tax capacity for all districts, raises the amount specified in this subdivision. The general education tax capacity rate for the 1990 fiscal year shall be the rate that raises \$1,100,580,000. The general education tax capacity rate for the 1991 fiscal year is the rate that raises \$1,149,000,000. The general education tax capacity rate certified by the commissioner of revenue may not be changed due to changes or corrections made to a district's adjusted gross tax capacity after the tax capacity rate has been certified.

Sec. 18. Minnesota Statutes 1988, section 124A.28, subdivision 1, is amended to read:

Subdivision 1. [USE OF THE REVENUE.] The compensatory education revenue under section 124A.22, subdivision 3, may be used to meet the educational needs of pupils whose educational achievement is below the level that is appropriate for pupils of their age. These needs may be met by providing at least some of the following:

(1) remedial instruction in reading, language arts, and mathematics to improve the achievement level of these pupils;

(2) additional teachers and teacher aides to provide more individualized instruction to these pupils;

(3) summer programs that enable these pupils to improve their achievement or that reemphasize material taught during the regular school year;

(4) in-service education for teachers, teacher aides, principals, and other personnel to improve their ability to recognize these pupils and provide appropriate responses to the pupils' needs;

(5) for instructional material for these pupils including: textbooks, workbooks, periodicals, pamphlets, photographs, reproductions, filmstrips, prepared slides, prerecorded video programs, sound recordings, desk charts, games, study prints and pictures, desk maps, models, learning kits, blocks and cubes, flashcards, instructional computer software programs, pencils, pens, crayons, notebooks, duplicating fluids, and papers;

(6) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, increase individual parental involvement in the educational devel-

opment of their children, and provide counseling services, guidance services, and social work services; and

(7) bilingual programs, bicultural programs, and programs for pupils of limited English proficiency.

Sec. 19. Minnesota Statutes 1988, section 124A.31, is amended to read:

124A.31 [EQUITABLE COMPENSATION PENALTY.]

Subdivision 1. [IMPLEMENTATION.] A school district subject to sections 471.991 to 471.999 shall implement the plan to establish equitable compensation relationships set forth in its report to the commissioner of employee relations. The plan shall be implemented by December 31, 1991, unless a later date is approved by the commissioner. If a report was filed before October 1, 1987, and had an implementation date after December 31, 1991, the date in the report shall be approved by the commissioner.

Subd. 2. [AID REDUCTION FOR ADMINISTRATION COSTS.] By October 1, 1992, the commissioner of employee relations shall certify to the commissioner of education the school districts that have not complied with subdivision 1. For each of these school districts, the commissioner of education shall reduce general education aid for fiscal year 1993 by an amount equal to five percent of the district's administration costs for the 1990-1991 school year. If the reduction exceeds the district's general education aid, the reduction shall be made from other aids paid to the district.

Subd. 3. [ADJUSTMENT OF YEARS.] The commissioners of employee relations and education shall adjust the years designated in subdivision 2 for school districts with implementation dates after December 31, 1991.

Subd. 4. [EXTENSIONS.] The commissioner of employee relations must extend an implementation date upon a finding that failure to implement was attributable to severe hardship or to circumstances beyond the control of the district.

Sec. 20. [INSTRUCTIONS TO THE DEPARTMENT OF EDUCATION FOR 1989 LEVY LIMITS.]

Notwithstanding sections 14 and 16, or any other law to the contrary, the department shall determine for the 1989-1990 school year only, levies under Minnesota Statutes, chapter 124A as they were authorized before the enactment of this article.

Sec. 21. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:

\$1,176,210,000 1990

\$1,304,092,000 1991

The 1990 appropriation includes \$174,824,000 for 1989 and \$1,001,386,000 for 1990.

The 1991 appropriation includes \$174,032,000 for 1990 and \$1,130,060,000 for 1991.

Subd. 3. [REFERENDUM EQUALIZATION AID.] For referendum equalization aid:

\$17,681,000 1991

The 1991 appropriation includes \$0 for 1990 and \$17,681,000 for 1991.

The 1991 appropriation is based on a formula entitlement of \$20,801,000.

Sec. 22. [EFFECTIVE DATE.]

Sections 7, 10, 11, and 12 are effective for the 1990-1991 school year.

The addition of the cooperative secondary facilities severance levy is added to the list of nonshifted levies effective the day following final enactment.

Sec. 23. [REPEALER.]

Minnesota Statutes 1988 sections 124.217, and 275.125, subdivision 6f, are repealed July 1, 1989.

ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1988, section 123.39, is amended by adding a subdivision to read:

Subd. 14. The board may provide transportation within the district to pupils who are custodial parents and to their children between the pupils' home and the provider of child care services for the pupils' children.

Sec. 2. Minnesota Statutes 1988, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

School transportation and related services for which state transportation aid is authorized are:

(1) [TO AND FROM SCHOOL; BETWEEN SCHOOLS.] (a) Transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to and from schools the resident pupils attend according to a program approved by the commissioner of education, or between the schools the resident pupils attend for instructional classes; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79; transportation of pupils who are custodial parents to and from the provider of child care services for the pupil's child, within the attendance area of the school the pupil attends; transportation, within the attendance area of the school they attend, of pupils who are custodial parents, between the pupils' home and the provider of child care services for the pupils' children.

For the purposes of this clause, a district may designate a licensed day care facility, a location where ongoing day care is provided to children of a single family, or the residence of a relative as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian and if that facility or residence is within the attendance area of the school the pupil attends;

(b) Transportation to and from school of an elementary pupil who moves during the school year within an area designated by the district as a mobility zone, but only for the remainder of the school year.

The attendance areas of schools in a mobility zone must be contiguous. To be in a mobility zone, a school must meet both of the following requirements:

(1) more than 50 percent of the pupils enrolled in the school are eligible for free or reduced school lunch; and

(2) the pupil withdrawal rate for the last year is more than 12 percent.

A pupil withdrawal rate is determined by dividing (i) the sum of the number of pupils who withdraw from the school, during the school year, and the number of pupils enrolled in the school as a result of transportation provided under this paragraph, by (ii) the number of pupils enrolled in the school.

The district may establish eligibility requirements for individual pupils to receive transportation in the mobility zone.

(c) Notwithstanding clauses (a) and (b), beginning July 1, 1990, state transportation aid is not authorized for noon transportation to and from school for kindergarten pupils attending half-day sessions.

(2) [OUTSIDE DISTRICT.] Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) [SECONDARY VOCATIONAL CENTERS.] Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) [HANDICAPPED.] Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a. Transportation of handicapped pupils between home and school shall not be subject to any distance requirement for children not yet enrolled in kindergarten or to the requirement in clause (1) that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid;

(5) [BOARD AND LODGING; NONRESIDENT HANDI-

CAPPED.] When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) [SHARED TIME.] Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs, and necessary transportation required by section 120.17, subdivision 9, for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) [FARIBAULT STATE ACADEMIES.] Transportation for residents to and from the Minnesota state academy for the deaf or the Minnesota state academy for the blind;

(8) [SUMMER INSTRUCTIONAL PROGRAMS.] Services described in clauses (1) to (7), (9), and (10) when provided in conjunction with a summer program that meets the requirements of section 124A.27, subdivision 9;

(9) [COOPERATIVE ACADEMIC AND VOCATIONAL.] Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes or secondary vocational classes not provided at a secondary vocational center for resident pupils of any of these districts; and

(10) [NONPUBLIC SUPPORT SERVICES.] Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Sec. 3. Minnesota Statutes 1988, section 124.225, is amended to read:

124.225 [TRANSPORTATION AID ENTITLEMENT.]

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

(a) "FTE" means a transported full-time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in clause (e)(1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12½ percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of $33\frac{1}{3}$ percent per year of the cost to the district of the reconditioning, plus

(4) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.44, subdivision 15, which were purchased after July 1, 1982, for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Adjusted authorized predicted cost per FTE" means the authorized cost predicted by a multiple regression formula determined by the department of education, and adjusted pursuant to subdivision 7a.

(d) "Aid entitlement per FTE" means the adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.

(e) "Transportation category" means a category of transportation service provided to pupils.

(1) For the purposes of this section, transportation categories for the 1986-1987 and 1987-1988 school years are as follows:

(i) regular transportation is transportation services provided during the regular school year under section 124.223, clauses (1) and (2), excluding transportation between schools under section 124.223, clause (1); and

(ii) nonregular transportation is transportation services provided between schools under section 124.223, clause (1); and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10).

(2) For purposes of this section, for the 1988-1989 school year and after:

(i) (1) regular transportation is transportation services provided during the regular school year under section 124.223, clauses (1) and (2), excluding the following transportation services provided under section 124.223, clause (1): transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions in fiscal year 1990 only; late transportation home from school for pupils involved in after school activities; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and

(ii) (2) nonregular transportation is transportation services provided under section 124.223, clause (1), that are excluded from the regular category, and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10);

(3) excess transportation is transportation to and from school for secondary pupils residing at least one mile but less than two miles from the public school they could attend or from the nonpublic school actually attended, and transportation to and from school for pupils residing less than one mile from school who are transported because of extraordinary traffic hazards; and

(4) desegregation transportation is transportation of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the state board or under court order.

(f) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

(g) "Current year" means the school year for which aid will be paid.

(h) "Base year" means the second school year preceding the school year for which aid will be paid.

(i) "Base cost" for the 1984-1985 and 1985-1986 base years means the authorized regular transportation cost per FTE in the base year in the regular transportation category, excluding summer school transportation. Base cost for the 1986-1987 and 1987-1988 base year and after years means the ratio of:

(1) the sum of:

(i) the authorized cost in the base year for regular transportation as defined in clause (b), plus

(ii) the actual cost in the base year for transportation to and from school of secondary pupils who live more than one mile but less than two miles from the public school that they could attend or from the nonpublic school actually attended, plus

(iii) the actual cost in the base year for transportation costs which are necessary because of extraordinary traffic hazards,

(2) to the sum of:

(i) the number of FTE pupils transported in the regular category in the base year, plus

(ii) the number of secondary FTE pupils transported to and from school in the base year who live more than one mile but less than two miles from the public school that they could attend or from the nonpublic school actually attended, plus

(iii) the number of FTE pupils residing less than one mile from school who were transported to and from school in the base year because of extraordinary traffic hazards.

(j) Base cost for the 1988-1989 base year and later years means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in clause (b) plus the actual cost in the base year for excess transportation as defined in clause (e);

(2) to the sum of the number of weighted FTE pupils transported in the regular and excess categories in the base year.

(k) "Predicted base cost" for the 1986-1987 and 1987-1988 base years means the base cost as predicted by subdivision 3.

"Predicted base cost" for the 1988-1989 base year and later years means the predicted base cost as computed in subdivision 3b.

(l) "Pupil weighting factor" for the excess transportation category for a school district means the lesser of one or of the result of the following computation:

(i) divide the square mile area of the school district by the number of FTE pupils transported in the regular and excess categories in the base year;

(ii) raise the result in clause (i) to the one-fifth power;

(iii) divide four-tenths by the result in clause (ii).

The pupil weighting factor for the regular transportation category is one.

(m) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(n) "Sparsity index" for a school district means the greater of .005 or the ratio of the square mile area of the school district to the sum

of the number of weighted FTE's transported by the district in the regular and excess categories in the base year.

(o) "Density index" for a school district means the greater of one or the result obtained by subtracting the product of the district's sparsity index times 20 from two.

(p) "Contract transportation index" for a school district means the greater of one or the result of the following computation:

(i) multiply the district's sparsity index by 20;

(ii) select the greater of one or the result in clause (i);

(iii) multiply the district's percentage of regular FTE's transported using vehicles that are not owned by the school district by the result in clause (ii).

(q) "Adjusted predicted base cost" for the 1988-1989 base year and after means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

(r) "Regular transportation allowance" for 1990-1991 and after means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

(s) "Minimum regular transportation allowance" for 1990-1991 and after means the result of the following computation:

(i) compute the sum of the district's basic transportation aid for the 1989-1990 school year according to subdivision 8a and the district's excess transportation levy for the 1989-1990 school year according to section 275.125, subdivision 5e, clause (a);

(ii) divide the result in clause (i) by the sum of the number of weighted FTE's transported by the district in the regular and excess transportation categories in the 1989-1990 school year;

(iii) select the lesser of the result in clause (ii) or the district's base cost for the 1989-1990 base year according to subdivision 1, clause (b)(1).

(t) "School district" means either school district, as defined in section 120.02, subdivision 1, or qualifying education district as defined in section 122.91, subdivision 2a. Where base year data for formula computations are required that do not exist for education districts, the department of education shall compute the necessary figures using data from member districts.

Subd. 3. [FORMULA.] For each school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. The department of education shall conduct multiple regression analysis using the terms specified in subdivision 4b for each school year the 1986-1987 and 1987-1988 base years to predict the base cost for each district. Each year The department shall use a formula shall be derived based upon the regression analysis, and shall be used to determine a predicted base cost for each district. The amount determined for each district shall be adjusted according to the provisions of subdivisions 7a and 7b.

Subd. 3a. [PREDICTED BASE COST.] A district's predicted base cost for the 1988-1989 base year and later years equals the result of the following computation:

(a) Multiply the transportation formula allowance by the district's sparsity index raised to the one-fourth power. The transportation formula allowance is \$406 for the 1988-1989 base year.

(b) Multiply the result in clause (a) by the district's density index raised to the 35/100 power.

(c) Multiply the result in clause (b) by the district's contract transportation index raised to the $\frac{1}{20}$ power.

Subd. 4b. [FORMULA TERMS.] (a) To predict the logarithm of the base cost for each district pursuant to subdivision 3 for the 1985-1986 base year, the multiple regression formula shall use the following terms for each district:

(1) the logarithm of the lesser of (a) the number of authorized FTE's per square mile transported by the district in the regular transportation category, or (b) 200;

(2) whether the district is nonrural, based upon criteria established by the department of education; and

(3) the logarithm of the percentage of all FTE's transported in the regular category using buses that are not owned by the district.

(b) To predict the logarithm of the base cost for each district according to subdivision 3 for the 1986-1987 and 1987-1988 base year and thereafter, years the multiple regression formula shall use the following terms for each district:

(1) the logarithm of the lesser of:

(A) 200; or

(B) the quotient obtained by dividing the sum of:

(i) the number of FTE pupils transported in the regular category in the base year, plus

(ii) the number of secondary FTE pupils transported to and from school in the base year who live more than one mile but less than two miles from the public school that they could attend or from the nonpublic school actually attended, plus

(iii) the number of FTE pupils residing less than one mile from school who were transported to and from school in the base year because of extraordinary traffic hazards,

(C) by the area of the district in square miles;

(2) whether the district is nonrural, based upon criteria established by the department of education; and

(3) the logarithm of the percentage of all FTE's transported in the regular category using buses that are not owned by the district.

Subd. 7a. [BASE YEAR SOFTENING FORMULA.] Each district's predicted base cost determined for each school year the 1986-1987 and 1987-1988 base years according to subdivision 3 shall be adjusted as provided in this clause to determine the district's adjusted authorized predicted cost per FTE for that year.

(a) If the base cost of the district is within five percent of the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to the base cost.

(b) If the base cost of the district is more than five percent greater than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 105 percent of the predicted base cost, plus 40 percent of the difference between (i) the base cost, and (ii) 105 percent of the predicted base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be less than 80 percent of base cost.

(c) If the base cost of the district is more than five percent less than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 95 percent of the predicted base cost, minus 40 percent of the difference between (i) 95 percent of predicted base cost, and (ii) the base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be more than 120 percent of base cost.

(d) For the 1988-1989 base year and later years, each district's predicted base cost determined according to subdivision 3a must be

adjusted as provided in this subdivision to determine the district's adjusted predicted base cost for that year. The adjusted predicted base cost equals 50 percent of the district's base cost plus 50 percent of the district's predicted base cost, but the adjusted predicted base cost cannot be less than 80 percent, nor more than 110 percent, of the base cost.

Subd. 7b. [INFLATION FACTORS.] The adjusted authorized predicted cost per FTE determined for a district under subdivision 7a for the base year shall be increased by 6.0 percent to determine the district's aid entitlement per FTE for the 1986-1987 school year, by 4.9 percent to determine the district's aid entitlement per FTE for the 1987-1988 school year, and by 4.1 percent to determine the district's aid entitlement per FTE for the 1988-1989 school year, and by 6.4 percent to determine the district's aid entitlement per FTE for the 1989-1990 school year. The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by 6.3 percent to determine the district's regular transportation allowance for the 1990-1991 school year, but the regular transportation allowance for a district cannot be less than the district's minimum regular transportation allowance according to subdivision 1, clause (r).

Subd. 7c. [TRANSPORTATION REVENUE.] Beginning in the 1990-1991 school year, the transportation revenue for each district equals the sum of the district's regular transportation revenue and the district's nonregular transportation revenue.

(a) The regular transportation revenue for each district equals the district's regular transportation allowance according to subdivision 7b times the sum of the number of FTE's transported by the district in the regular and desegregation categories in the current school year.

(b) The nonregular transportation revenue for each district equals the district's actual cost in the current school year for nonregular transportation services, minus the amount of regular transportation revenue attributable to FTE's transported in the desegregation category in the current school year.

Subd. 8a. [TRANSPORTATION AID.] (a) For the 1988-1989 school year and thereafter 1989-1990 school years, a district's transportation aid is equal to the sum of its basic transportation aid under subdivision 8b, its nonregular transportation aid under subdivision 8i, and its nonregular transportation levy equalization aid under subdivision 8j, minus its contracted services aid reduction under subdivision 8k and minus its basic transportation levy limitation for the levy attributable to that school year under section 275.125, subdivision 5.

(b) For 1990-1991 and later school years, a district's transportation aid equals the product of:

(1) the difference between the transportation revenue and the sum of:

(i) the maximum basic transportation levy for that school year under section 275.125, subdivision 5, plus

(ii) the maximum nonregular transportation levy for that school year under section 275.125, subdivision 5c, plus

(iii) the contracted services aid reduction under subdivision 8k,

(2) times the ratio of the sum of the actual amounts levied under section 275.125, subdivisions 5 and 5c, to the sum of the maximum levies under section 275.125, subdivisions 5 and 5c.

(c) If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the transportation levy of off-formula districts in the same proportion.

Subd. 8b. [BASIC AID COMPUTATION.] A district's basic transportation aid pursuant to this section for each school year the 1988-1989 and 1989-1990 school years shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times the total number of authorized FTE's transported in the regular category in the district in the current school year.

Subd. 8i. [NONREGULAR TRANSPORTATION AID.] (a) A district's nonregular transportation aid shall be determined according to this subdivision.

(b) For the 1986-1987 and 1987-1988 school years, nonregular transportation aid shall equal (1) 20 percent of the first \$10 of actual cost in the current year for nonregular transportation services per total pupil unit, plus 40 percent of the next \$10 of actual cost in the current year for nonregular transportation services per total pupil unit, plus 60 percent of the actual cost in the current year for nonregular transportation services per total pupil unit which exceeds \$20, times (2) the number of total pupil units in the district in the current year.

(c) For the 1988-1989 and 1989-1990 school year and thereafter years, nonregular transportation aid equals (1) 60 percent of the actual cost in the current year for nonregular transportation ser-

vinces per total pupil unit which exceeds \$30, times (2) the number of total pupil units in the district in the current year.

Subd. 8j. [NONREGULAR TRANSPORTATION LEVY EQUALIZATION AID.] For the 1984-1985 school year and each year thereafter 1988-1989 and 1989-1990 school years, a district's nonregular transportation levy equalization aid shall be determined pursuant to this subdivision.

(a) Unreimbursed nonregular transportation revenue shall equal the actual cost in the ~~current~~ school year for nonregular transportation services, minus the district's nonregular transportation aid computed pursuant to subdivision 8i.

(b) The nonregular transportation levy is the levy authorized by section 275.125, subdivision 5c.

(c) Nonregular transportation levy equalization aid for a district shall equal the product of (1) its unreimbursed nonregular transportation revenue, minus the nonregular transportation levy limitation for that year, times (2) the ratio of the district's actual nonregular transportation levy to its nonregular transportation levy limitation.

Subd. 8k. [CONTRACTED SERVICES AID REDUCTION.] (a) For the 1984-1985 school year and each year thereafter, each district's transportation aid shall be reduced according to the provisions of this subdivision, if the district contracted for some or all of the transportation services provided in the regular category.

(b) For the 1988-1989 and 1989-1990 school years, the department of education shall compute this subtraction by conducting the multiple regression analysis specified in subdivision 3 and computing the district's aid under two circumstances, once including the coefficient of the factor specified in subdivision 4b, clause (3), and once excluding the coefficient of that factor. The aid subtraction shall equal the difference between the district's aid computed under these two circumstances.

(c) For 1990-1991 and later school years, the department of education shall determine the subtraction by computing the district's regular transportation revenue under two circumstances, once including the factor specified in subdivision 3a, clause (c), and once excluding the factor. The aid subtraction equals the difference between the district's revenue computed under the two circumstances.

Subd. 8l. [ALTERNATIVE ATTENDANCE PROGRAMS.] A district that serves nonresident pupils in programs under sections 120.062, 120.075, 120.0751, 120.0752, 123.3515, 126.22, and 129B.52 to 129B.55 shall provide authorized transportation to the

pupil within the attendance area for the school that the pupil attends. The state shall pay transportation aid attributable to the pupil to the serving district according to this section. The district of the pupil's residence need not provide or pay for transportation between the pupil's residence and the district's border.

Subd. 9. [DISTRICT REPORTS.] Each district shall report data to the department as required by the department to implement the transportation aid formula. If a district's final transportation aid payment is adjusted after the final aid payment has been made to all districts, the adjustment shall be made by increasing or decreasing the district's aid for the next fiscal year.

Subd. 10. [DEPRECIATION.] Any school district which owns school buses or mobile units shall transfer annually from the undesignated fund balance account in its transportation fund to the reserved fund balance account for bus purchases in its transportation fund at least an amount equal to 12½ percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, clause (b)(4), until the original cost of each type three bus is fully amortized, plus 33⅓ percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the sum of

(1) the district's total transportation aid without the reduction pursuant to subdivision 8a, plus

(2) the district's basic transportation levy limitation under section 275.125, subdivision 5, plus

(3) the district's contract services aid reduction under subdivision 8k, plus

(4) the district's nonregular transportation levy limitation under section 275.125, subdivision 5e district's transportation revenue.

Sec. 4. Minnesota Statutes 1988, section 275.125, subdivision 5, is amended to read:

Subd. 5. [BASIC TRANSPORTATION LEVY.] Each year, a school district may levy for school transportation services an amount not to exceed the amount raised by the basic transportation tax capacity rate times the adjusted gross tax capacity of the district for the

preceding year. The commissioner of revenue shall establish the basic transportation tax capacity rate and certify it to the commissioner of education by September 1 of each year for levies payable in the following year. The basic transportation tax capacity rate shall be a rate, rounded up to the nearest hundredth of a mill percent, that, when applied to the adjusted gross tax capacity of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation tax capacity rate for transportation for the 1990 fiscal year shall be the rate that raises \$72,681,200. The basic transportation tax capacity rate for the 1991 fiscal year is the rate that raises \$82,063,200. The basic transportation tax capacity rate certified by the commissioner of revenue must not be changed due to changes or corrections made to a district's adjusted gross tax capacity after the tax capacity rate has been certified.

Sec. 5. Minnesota Statutes 1988, section 275.125, subdivision 5b, is amended to read:

Subd. 5b. [TRANSPORTATION LEVY OFF-FORMULA ADJUSTMENT.] (a) ~~In any~~ the 1989 and 1990 fiscal year years, if the basic transportation levy under subdivision 5 in a district attributable to a particular ~~the~~ fiscal year exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, the district's levy limitation shall be adjusted as provided in this subdivision. ~~In the year following each next~~ fiscal year, the district's transportation levy shall be reduced by an amount equal to the difference between (1) the amount of the basic transportation levy under subdivision 5, and (2) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, and the amount of any subtraction made from special state aids pursuant to section 124.2138, subdivision 2, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

(b) For 1991 and later fiscal years, in a district if the basic transportation levy under subdivision 5 attributable to that fiscal year is more than the difference between (1) the district's transportation revenue under section 124.225, subdivision 7c, and (2) the sum of the district's maximum nonregular levy under subdivision 5c and the district's contracted services aid reduction under section 124.225, subdivision 8k, the district's transportation levy in the next fiscal year must be reduced by the amount of the excess.

Sec. 6. Minnesota Statutes 1988, section 275.125, subdivision 5c, is amended to read:

Subd. 5c. [NONREGULAR TRANSPORTATION LEVY.] A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision. The amount of the levy shall not exceed the product of:

(a) the district's unreimbursed nonregular transportation revenue determined pursuant to section 124.225, subdivision 8j, clause (a), times

(b) the lesser of

(i) one, or

(ii) the ratio of the district's adjusted gross tax capacity for the preceding year per total pupil unit in the school year to which the levy is attributable, to \$83,800. be the result of the following computation:

(a) multiply

(1) the amount of the district's nonregular transportation revenue under section 124.225, subdivision 7c that is more than the product of \$30 times the district's actual pupil units, by

(2) 60 percent;

(b) subtract the result in clause (a) from the district's total nonregular transportation revenue;

(c) multiply the result in clause (b) by the lesser of one or the ratio of (i) the quotient derived by dividing the adjusted gross tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to (ii) \$9,722.

Sec. 7. Minnesota Statutes 1988, section 275.125, subdivision 5e, is amended to read:

Subd. 5e. [EXCESS TRANSPORTATION LEVY.] A school district may make a levy for excess transportation costs according to this subdivision. The amount of the levy shall be the result of the following computation:

(a) Multiply the lesser of (1) the regular transportation allowance for the fiscal year to which the levy is attributable, or (2) base cost computed using data for the current school fiscal year according to section 124.225, subdivision 1, paragraph (i) to which the levy is attributable, by the sum of the number of secondary FTE pupils transported to and from school in the current year who live more than one mile but less than two miles from the public school which they could attend or the nonpublic school actually attended, plus the number of FTE pupils residing less than one mile from school who were transported to and from school in the current year due to extraordinary traffic hazards number of weighted FTE pupils trans-

ported in the excess category in the district in the current school year.

(b) Add to the result in paragraph (a) the actual cost in the current fiscal year to which the levy is attributable of other related services that are necessary because of extraordinary traffic hazards.

(c) Add to the result in paragraph (b) the actual cost in the fiscal year to which the levy is attributable of noon transportation to and from school for kindergarten pupils attending half-day sessions.

Sec. 8. Minnesota Statutes 1988, section 275.125, is amended by adding a subdivision to read:

Subd. 5h. [TRANSPORTATION LEVY; QUALIFYING EDUCATION DISTRICT.] For the purposes of subdivisions 5, 5b, 5c, 5e, 5f, and 5g of this section, "school district" means either school district as defined in section 120.02, subdivision 1, or qualifying education district as defined in section 122.91, subdivision 2a. Where base year data for formula computations are required that do not exist for education districts, the department of education shall compute the necessary figures using data from member districts.

Sec. 9. [APPROPRIATION.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [TRANSPORTATION AID.] For transportation aid:

\$92,758,000 1990

\$95,811,000 1991

The 1990 appropriation includes \$12,773,000 for 1989 and \$79,985,000 for 1990.

The 1991 appropriation includes \$14,115,000 for 1990 and \$81,696,000 for 1991.

Subd. 3. [TRANSPORTATION AID FOR POST-SECONDARY ENROLLMENT OPTIONS.] For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 123.3514, subdivision 8:

\$50,000 1990

\$50,000 1991

Subd. 4. [TRANSPORTATION AID FOR ENROLLMENT OPTIONS.] For transportation of pupils attending nonresident districts according to Minnesota Statutes, section 120.0621, subdivision 9, or section 123.3515, subdivision 6:

\$50,000 1990

\$50,000 1991

ARTICLE 3 SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1988, section 120.17, subdivision 3, is amended to read:

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and any other rules it deems necessary for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of handicapped children. The state board shall not adopt rules for pupils served in level 1, 2, or 3, as defined in Minnesota Rules, part 3525.2340, establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The state board, in consultation with the departments of health and human services, shall adopt permanent rules for instruction and services for children under age five and their families. ~~Until June 30, 1988, a developmental achievement center under contract to a school district to provide special instruction and services is eligible for variance from rules relating to personnel licensure. Until June 30, 1988, the licensure variance for a developmental achievement center shall be granted according to the same procedures and criteria used for granting a variance to a school district. The state board shall adopt rules to determine eligibility for special education services. The rules shall include procedures and standards by which to grant variances for experimental eligibility criteria.~~ The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

Sec. 2. Minnesota Statutes 1988, section 120.17, subdivision 3b, is amended to read:

Subd. 3b. [PROCEDURES FOR DECISIONS.] Every district shall utilize at least the following procedures for decisions involving identification, assessment, and educational placement of handicapped children:

(a) Parents and guardians shall receive prior written notice of:

(1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or

(3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian. The refusal of a parent or guardian to consent may be overridden by the decision in a hearing held pursuant to clause (d) at the district's initiative;

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference if they object to any proposal of which they are notified pursuant to clause (a). The conciliation process shall not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the school district, the requirement of an opportunity for conciliation shall be deemed to be satisfied;

(d) Parents, guardians, and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted in the school district where the child resides responsible for assuring that an appropriate program is provided in accordance with state board rules, if the parent or guardian continues to object to:

(1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) the proposed placement of their child in, or transfer of their child to a special education program;

(3) the proposed denial of placement of their child in a special

education program or the transfer of their child from a special education program;

(4) the proposed provision or addition of special education services for their child; or

(5) the proposed denial or removal of special education services for their child.

At least five calendar days before the hearing, the objecting party shall provide the other party with a brief written statement of the objection and the reasons for the objection.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with the person's objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(e) The decision of the hearing officer pursuant to clause (d) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45-day period at the request of either party. The decision of the hearing officer shall be binding on all parties unless appealed to the hearing review officer by the parent, guardian, or the school board of the district where the child resides pursuant to clause (f).

The local decision shall:

(1) be in writing;

(2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the hearing review officer of the basis and reason for the decision;

(3) state whether the special education program or special education services appropriate to the child's needs can be reasonably

provided within the resources available to the responsible district or districts;

(4) state the amount and source of any additional district expenditure necessary to implement the decision; and

(5) be based on the standards set forth in subdivision 3a and the rules of the state board.

(f) Any local decision issued pursuant to clauses (d) and (e) may be appealed to the hearing review officer within 30 calendar days of that written decision, by the parent, guardian, or the school board of the district where the child resides responsible for assuring that an appropriate program is provided in accordance with state board rules.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. The hearing review officer shall issue a final decision based on an impartial review of the local decision and the entire record within 30 calendar days after the filing of the appeal. The hearing review officer shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 14. The hearing review officer may grant specific extensions of time beyond the 30-day period at the request of any party.

The final decision shall:

(1) be in writing;

(2) include findings and conclusions; and

(3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.

(g) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the court of appeals. The judicial review shall be in accordance with chapter 14.

(h) The commissioner of education, having delegated general supervision of special education to the appropriate staff, shall be the hearing review officer except for appeals in which:

(1) the commissioner has a personal interest in or specific involvement with the student who is a party to the hearing;

(2) the commissioner has been employed as an administrator by the district that is a party to the hearing;

(3) the commissioner has been involved in the selection of the administrators of the district that is a party to the hearing;

(4) the commissioner has a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(5) the appeal challenges a state or local policy which was developed with substantial involvement of the commissioner; or

(6) the appeal challenges the actions of a department employee or official.

For any appeal to which the above exceptions apply, the state board of education shall name an impartial and competent hearing review officer.

In all appeals, the parent or guardian of the handicapped student or the district that is a party to the hearing may challenge the impartiality or competence of the proposed hearing review officer by applying to the state board of education.

(i) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in the child's current educational placement and shall not be denied initial admission to school.

(j) The child's school district of residence, if different from the district where the child actually resides, or providing district shall receive notice of and may be a party to any hearings or appeals pursuant to this subdivision.

Sec. 3. Minnesota Statutes 1988, section 120.17, is amended by adding a subdivision to read:

Subd. 3d. [INTERVENTIONS BEFORE REFERRAL.] A district must document two instructional strategies, alternatives, or interventions while a pupil is in the regular classroom before referring the pupil for a special education assessment. The multidisciplinary assessment team may waive this requirement for a student in crisis. This requirement must not be used to deny or delay a pupil's right to a special education assessment.

Sec. 4. Minnesota Statutes 1988, section 124.273, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] Each year the state shall pay a ~~school~~ district a portion of the salary, calculated from the date of hire, of one full-time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district. Notwithstanding the foregoing, the state shall pay a portion of the salary, calculated from the date of hire, of one-half of a full-time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled. The portion for a full-time teacher shall be the lesser of 61 percent of the salary or \$17,000. The portion for a part-time or limited-time teacher shall be the lesser of 61 percent of the salary or the product of \$17,000 times the ratio of the person's actual employment to full-time employment.

Sec. 5. Minnesota Statutes 1988, section 124.273, subdivision 4, is amended to read:

Subd. 4. [APPLICATION DATES.] (a) A district that expects to enroll pupils in educational programs for pupils of limited English proficiency during the next fiscal year shall submit an initial application for aid by October 15 and June 1. The district shall submit an amended application by ~~February~~ November 15 ~~or~~ and by ~~June~~ February 15 if the number of enrolled pupils of limited English proficiency has changed since filing a previous application. ~~Districts which do~~ A district that does not submit an initial application by ~~October 15~~ June 1 but ~~enroll~~ enrolls pupils of limited English proficiency after that date may need not wait until November 15 or February 15 to submit an initial application by February 15 or by June 15. A final report for the last fiscal year with actual salary and enrollment information shall be submitted by August 15 for calculation of the final payment.

(b) All applications shall be submitted to the department in the manner prescribed by the commissioner. Each application shall include (1) the number of pupils ~~or additional pupils~~ enrolled who meet the criteria in section 126.262, subdivision 2; (2) ~~the number, dates of hire,~~ full-time equivalency, and salaries of essential licensed personnel or additional essential licensed personnel employed in the district's educational program for pupils of limited English proficiency who meet the criteria in section 126.262, subdivision 3; and (3) any other information deemed necessary by the commissioner to implement this section. School districts may submit joint applications for aid pursuant to this section and may share essential instructional personnel employed in educational programs for pupils of limited English proficiency.

Sec. 6. Minnesota Statutes 1988, section 124.273, subdivision 5, is amended to read:

Subd. 5. [NOTIFICATION; AID PAYMENTS.] The department shall inform each applicant district of the amount of aid it will

receive pursuant to this section within a ~~month~~ 45 days after the application deadline.

Sec. 7. Minnesota Statutes 1988, section 124.273, subdivision 7, is amended to read:

Subd. 7. [MONEY FROM OTHER SOURCES.] A school district providing a program for pupils of limited English proficiency shall be eligible to receive moneys for these programs from other government agencies and from private sources when these moneys are available.

Sec. 8. Minnesota Statutes 1988, section 124.273, is amended by adding a subdivision to read:

Subd. 8. [DEFINITION.] In this section, unless otherwise specified "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined in section 123.33 or "education district board" as defined in section 122.92.

Sec. 9. Minnesota Statutes 1988, section 124.32, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] Each year the state shall pay to a district a portion of the salary of each essential person employed in the district's program for handicapped children during the regular school year, whether the person is employed by one or more districts. The portion for a full-time person shall be an amount not to exceed the lesser of ~~66 60~~ percent of the salary or ~~\$18,400~~ \$16,727. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of ~~66 60~~ percent of the salary or the product of ~~\$18,400~~ \$16,727 times the ratio of the person's actual employment to full-time employment.

Sec. 10. Minnesota Statutes 1988, section 124.32, subdivision 1d, is amended to read:

Subd. 1d. [CONTRACT SERVICES.] For special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts or qualifying education districts, the state shall pay each district 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the amount of time the pupil receives services under the contract.

Sec. 11. Minnesota Statutes 1988, section 124.32, is amended by adding a subdivision to read:

Subd. 1f. [DEFINITION.] In this section, unless otherwise specified, "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined under section 123.33 or "education district board" as defined under section 122.92.

Sec. 12. Minnesota Statutes 1988, section 124.573, subdivision 2b, is amended to read:

Subd. 2b. [SECONDARY VOCATIONAL AID.] For 1988-1989 1989-1990 and later school years, a district's or cooperative center's "secondary vocational aid" for secondary vocational education programs for a school year equals the sum of the following amounts for each program:

(a) the greater of zero, or 75 percent of the difference between:

(1) the salaries paid to essential, licensed personnel in that school year for services rendered in that ~~district's or cooperative center's~~ approved secondary vocational education programs program, and

(2) 50 percent of the general education revenue attributable to secondary pupils for the number of hours that the pupils are enrolled in secondary vocational courses that program; and

(b) 30 percent of approved expenditures for the following:

(1) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under section 124.573, subdivision 3a;

(2) necessary travel between instructional sites by licensed secondary vocational education personnel;

(3) necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;

(4) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(5) necessary travel by licensed secondary vocational education personnel for noncollegiate credit bearing professional development; and

(6) specialized vocational instructional supplies.

Sec. 13. Minnesota Statutes 1988, section 124.573, is amended by adding a subdivision to read:

Subd. 2d. [ADMINISTRATION.] In making the computation in subdivision 2b, paragraph (a), clause (1), the salaries of the administrator and support service facilitator must be apportioned among programs based on the number of full-time-equivalent instructors in each program.

Sec. 14. Minnesota Statutes 1988, section 124.573, is amended by adding a subdivision to read:

Subd. 5a. [DISTRICT REPORTS.] Each district or cooperative center shall report data to the department for all secondary vocational education programs as required by the department to implement the secondary vocational aid formula.

Sec. 15. Minnesota Statutes 1988, section 124.574, subdivision 1, is amended to read:

Subdivision 1. The purpose of this section is to provide a method to fund programs for secondary vocational education for handicapped children. As used in this section, the term "handicapped children" shall have the meaning ascribed to it in section 120.03.

For the purposes of this section, unless otherwise specified, "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined under section 123.33 or "education district board" as defined under section 122.92.

Sec. 16. Minnesota Statutes 1988, section 124.574, subdivision 4, is amended to read:

Subd. 4. [AID FOR CONTRACTED SERVICES.] In addition to the provisions of subdivisions 2b and 3, a school district may contract with a public or private agency other than a Minnesota school district, qualifying education district, or cooperative center for the provision of secondary vocational education programs for handicapped children. The formula for payment of aids for these contracts shall be that provided in section 124.32, subdivision 4b 1d. The state board shall promulgate rules relating to approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 6, the district or cooperative center contracting for these services shall be construed to be providing these services.

Sec. 17. Minnesota Statutes 1988, section 124.574, subdivision 5, is amended to read:

Subd. 5. The aid provided pursuant to this section shall be paid only for services rendered as designated in subdivision 2 or for the

costs designated in subdivision 3 which are incurred in secondary vocational education programs for handicapped children which are approved by the commissioner of education and operated in accordance with rules promulgated by the state board. These rules shall be subject to the restrictions provided in section 124.573, subdivision 3. The procedure for application for approval of these programs shall be as provided in section 124.32, subdivisions 7 and 10 and the application review process shall be conducted jointly by the division of special and compensatory education and the division of vocational technical education section of the state department.

Sec. 18. [124.85] [STATE REVENUE FOR AMERICAN INDIAN SCHOOLS.]

Subdivision 1. [AUTHORIZATION.] Each year each American Indian-controlled contract school authorized by the United States Code, title 25, section 450f that is located on a reservation within the state is eligible to receive general education revenue subject to the requirements in this subdivision.

(a) The school must plan, conduct, and administer an education program that complies with the requirements of chapters 120, 121, 122, 123, 124, 124A, 125, 126, 129, 129A, and 129B.

(b) The school must comply with all other state statutes governing independent school districts.

(c) The state general education revenue must be used to supplement, and not to replace, the money for American Indian education programs provided by the federal government.

Subd. 2. [REVENUE AMOUNT.] For 1989-1990 and later school years, an American Indian-controlled contract school that is located on a reservation within the state and that complies with the requirements in subdivision 1 is eligible to receive general education revenue. The amount of revenue is derived by:

(1) multiplying the formula allowance under section 124A.22, subdivision 2, times the actual pupil units as defined in section 124A.02, subdivision 19, in attendance during the fall count week, but not including pupil units for which the school has received reimbursement under sections 123.933 and 126.23 for the school for the current school year;

(2) subtracting from the result in clause (1) the amount of money allotted to the school by the federal government through the Indian School Equalization Program of the Bureau of Indian Affairs, according to Code of Federal Regulations, title 25, part 39, subparts A to E, for the basic program as defined by section 39, 11, b but not money allotted through subparts F to L for contingency funds,

school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and the amount of money that is received according to section 126.23;

(3) dividing the result in clause (2) by the actual pupil units; and

(4) multiplying the actual pupil units by the lesser of \$1,500 or the result in clause (3).

Subd. 3. [LAW WAIVER.] Notwithstanding subdivision 1, paragraphs (a) and (b), a contract school:

(1) is not subject to the Minnesota election law;

(2) has no authority under this section to levy for property taxes, issue and sell bonds, or incur debt; and

(3) may request through its managing tribal organization a recommendation of the state board of education, for consideration of the legislature, that a contract school not be subject to specified statutes related to independent school districts.

Sec. 19. Minnesota Statutes 1988, section 126.151, subdivision 2, is amended to read:

Subd. 2. [ACCOUNTS OF THE ORGANIZATION.] The state boards of education and vocational technical education may retain dues and other money collected on behalf of students participating in approved vocational student organizations and may deposit the money in separate accounts. The money in these accounts shall be available for expenditures for state and national activities related to specific organizations. Administration of money collected under this section is not subject to the provisions of chapters 15, 16A, and 16B, and may be deposited outside the state treasury. Money shall be administered under the policies of the applicable state board or agency relating to post-secondary or secondary vocational student organizations and is subject to audit by the legislative auditor. Any unexpended money shall not cancel but may be carried forward to the next fiscal year.

Sec. 20. Minnesota Statutes 1988, section 275.125, subdivision 8c, is amended to read:

Subd. 8c. [SPECIAL EDUCATION LEVY.] (a) Each year, a school district, excluding an intermediate school district Nos. 287, 916, and 917, and any qualifying education district, may levy an amount that may not exceed 66 percent of salaries paid to essential personnel in that school district, intermediate district, or qualifying education district minus the amount of state aid and any federal aid, if

applicable, paid to that school district, intermediate district, or qualifying education district for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10, and 124.574, subdivision 2b, plus 61 percent of salaries paid to essential personnel in that school district, intermediate district, or qualifying education district minus the amount of state aid and any federal aid, if applicable, paid to that school district, intermediate district, or qualifying education district for salaries of these essential personnel under section 124.273, subdivision 1b, for the year to which the levy is attributable.

(b) For purposes of this subdivision, a special education cooperative ~~or an intermediate school district~~ each year shall allocate an amount equal to 66 percent of salaries paid to essential personnel in that ~~intermediate district or cooperative~~ minus the amount of state aid and any federal aid, if applicable, paid to that ~~intermediate district or cooperative~~ for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10, and 124.574, subdivision 2b, plus 61 percent of salaries paid to essential personnel in that ~~intermediate district or cooperative~~ minus the amount of state aid and any federal aid, if applicable, paid to that ~~intermediate district or cooperative~~ for salaries of these essential personnel under section 124.273, subdivision 1b, for the year to each of the participating school districts or qualifying education districts of the cooperative ~~or the intermediate district~~. The participating school districts or qualifying education districts may make a levy in the amount of the costs allocated to them by the cooperative ~~or intermediate district~~.

Special education cooperatives ~~and intermediate school districts~~ that allocate unreimbursed portions of salaries of special education essential personnel among participating school districts or qualifying education districts, for purposes of the participating school districts or qualifying education districts making a levy under this subdivision, shall provide information to the department of education on the amount of unreimbursed costs of salaries they allocated to the participating school districts or qualifying education districts.

(c) An intermediate district or qualifying education district shall allocate an amount equal to 66 percent of salaries paid to essential personnel in that intermediate district or qualifying education district minus the amount of state aid and any federal aid, if applicable, paid to that intermediate district or qualifying education district for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10, and 124.574, subdivision 2b, plus 61 percent of salaries paid to essential personnel in that intermediate district or qualifying education district minus the amount of state aid and any federal aid, if applicable, paid to that intermediate district or qualifying education district for salaries of these essential personnel under section 124.273, subdivision 1b, for the year to each of the participating school districts that are not members of the intermediate district or qualifying education district. The partici-

pating nonmember school districts may make a levy in the amount of the costs allocated to them by the intermediate district or qualifying education district.

Intermediate districts and qualifying education districts that allocate unreimbursed portions of salaries of special education essential personnel among participating nonmember school districts, for the purposes of the participating nonmember school districts making a levy under this subdivision, shall provide information to the department of education on the amount of unreimbursed costs of salaries they allocated to the participating nonmember districts.

A qualifying education district or intermediate district and a member school district must not levy for the same costs under this subdivision.

The department of education may require information from a school district, qualifying education district, or intermediate district to verify that a qualifying education district and a member school district or intermediate district and participating school district do not levy for the same costs under this subdivision.

Sec. 21. [LEVY ADJUSTMENT.]

The department of education shall adjust the 1989 levy for each school district by the amount of the increase in the district's special education levy for fiscal year 1990 according to Minnesota Statutes, section 275.125, subdivision 8c, resulting from the changes in the special education aid formula under section 9. Notwithstanding Minnesota Statutes, section 121.904, the entire amount of this levy shall be recognized as revenue for fiscal year 1990.

Sec. 22. [HANDICAPPED CHILDREN UNDER AGE 5; REPORT.]

The department of education and the association of Minnesota counties shall jointly prepare a report describing the responsibilities of county boards and school districts to provide services for handicapped children under age five and their families.

The report shall include at least the following:

- (1) a description of current procedures used to determine county and school district responsibilities;
- (2) a summary of problems of the current delivery system;
- (3) recommendations for improving the efficiency and quality of services; and

(4) recommendations for funding services.

Sec. 23. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [SPECIAL EDUCATION AID.] For special education aid:

\$160,331,000 1990

\$165,870,000 1991

The 1990 appropriation includes \$23,074,000 for 1989 and \$137,257,000 for 1990.

The 1991 appropriation includes \$24,222,000 for 1990 and \$141,648,000 for 1991.

Subd. 3. [SPECIAL PUPIL AID.] For special education aid under Minnesota Statutes, section 124.32, subdivision 6, for pupils with handicaps placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$284,000 1990

\$158,000 1991

Subd. 4. [SUMMER SPECIAL EDUCATION AID.] For special education aid for summer school programs:

\$5,836,000 1990

\$5,766,000 1991

The 1990 appropriation is for 1989 summer school programs.

The 1991 appropriation is for 1990 summer school programs.

Subd. 5. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services for handicapped children under age five and their families.

\$51,000 1990

\$51,000 1991

The 1990 appropriation includes \$8,000 for 1989 and \$43,000 for 1990.

The 1991 appropriation includes \$8,000 for 1990 and \$43,000 for 1991.

Subd. 6. [RESIDENTIAL FACILITIES AID.] For aid under Minnesota Statutes, section 124.32, subdivision 5:

\$1,398,000 1990

\$1,374,000 1991

Subd. 7. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] For aid to educational programs for pupils of limited English proficiency according to Minnesota Statutes, section 124.273:

\$3,270,000 1990

\$3,374,000 1991

The 1990 appropriation includes \$454,000 for 1989 and \$2,816,000 for 1990.

The 1991 appropriation includes \$497,000 for 1990 and \$2,877,000 for 1991.

Subd. 8. [AMERICAN INDIAN SCHOLARSHIPS.] For American Indian scholarships under Minnesota Statutes, section 124.48:

\$1,582,000 1990

\$1,582,000 1991

Any unexpended balance remaining in the first year does not cancel but is available for fiscal year 1991.

Subd. 9. [AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.] For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124.481:

\$857,000 1990

\$857,000 1991

Subd. 10. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS.] For grants to American Indian language and culture

education programs according to Minnesota Statutes, section 126.54, subdivision 1:

\$590,000 1990

\$590,000 1991

The 1990 appropriation includes \$89,000 for 1989 and \$501,000 for 1990.

The 1991 appropriation includes \$89,000 for 1990 and \$501,000 for 1991.

Subd. 11. [AMERICAN INDIAN EDUCATION.] For certain American Indian education programs in school districts there is appropriated:

\$176,000 1990

\$176,000 1991

The 1990 appropriation includes \$27,000 for 1989 and \$149,000 for 1990.

The 1991 appropriation includes \$27,000 for 1990 and \$149,000 for 1991.

These appropriations are available for expenditure with the approval of the commissioner of education.

The commissioner must not approve the payment of any amount to a school district under this subdivision unless that school district is in compliance with all applicable laws of this state.

Up to the following amounts may be distributed to the following school districts for each fiscal year: \$54,800 to independent school district No. 309, Pine Point School; \$9,700 to independent school district No. 166; \$14,900 to independent school district No. 432; \$14,100 to independent school district No. 435; \$42,200 to independent school district No. 707; and \$39,100 to independent school district No. 38. These amounts shall be spent only for the benefit of American Indian pupils and to meet established state educational standards or statewide requirements.

These appropriations are available only if operation support funds from the federal Bureau of Indian Affairs under the Johnson-O'Malley Act, Public Law Number 73-167, or Code of Federal Regulations, title 25, section 273.31, or equivalent money from the same or another source are not available for the districts enumerated in this subdivision for the applicable school year.

Before a district can receive money under to this subdivision, the district must submit to the commissioner of education evidence that it has:

(1) complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 121.90 to 121.917. For each school year, compliance with Minnesota Statutes, section 121.908, subdivision 3a, shall require the school district to prepare one budget including the amount available to the district under this subdivision and one budget that does not include the available amount. The budget of that school district for the 1989-1990 school year prepared according to Minnesota Statutes, section 121.908, subdivision 3a, shall be submitted to the commissioner of education at the same time as 1988-1989 budgets and shall not include money appropriated in this subdivision;

(2) conducted a special education needs assessment and prepared a proposed service delivery plan according to Minnesota Statutes, section 120.03 and 120.17; Public Law Number 94-142, an act of the 94th Congress of the United States cited as the "Education for All Handicapped Children Act of 1975"; and applicable state board of education rules; and

(3) compiled accurate daily pupil attendance records.

Before approving payment of any amount to a school district under this subdivision, the commissioner shall review and evaluate each affected district's compliance with clauses (1), (2), and (3), and any other applicable laws, and each affected district's need for the money. Each affected district's net unappropriated fund balance in all operating funds as of June 30 of the previous school year shall be taken into consideration.

Subd. 12. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid according to Minnesota Statutes, section 124.573:

\$11,471,000 1990

\$11,720,000 1991

The 1990 appropriation includes \$1,525,000 for 1989 and \$9,946,000 for 1990.

The 1991 appropriation includes \$1,755,000 for 1990 and \$9,965,000 for 1991.

Subd. 13. [SECONDARY VOCATIONAL HANDICAPPED.] For aid for secondary vocational education for handicapped pupils according to Minnesota Statutes, section 124.574:

\$5,735,000 1990

\$6,745,000 1991

The 1990 appropriation includes \$645,000 for 1989 and \$5,090,000 for 1990.

The 1991 appropriation includes \$899,000 for 1990 and \$5,846,000 for 1991.

Subd. 14. [TRIBAL CONTRACT SCHOOLS.]

For tribal contract school aid:

\$200,000 1990

\$200,000 1991

Sec. 24. [APPROPRIATION.]

Subdivision 1. [STATE BOARD OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the state board of education for the fiscal years designated.

Subd. 2. [GRANTS FOR INDIAN TEACHERS.] For grants to assist Indian people to become teachers and to provide additional education for American Indian teachers:

\$71,000 1990

\$71,000 1991

The state board may award joint grants for a cooperative program to:

(a) the University of Minnesota, Duluth, and independent school district No. 709, Duluth;

(b) Bemidji State University and independent school district No. 38, Red Lake; and

(c) Moorhead State University and the White Earth Tribal Council.

To obtain the joint grant, a joint application must be submitted to the state board of education. The application must be developed with the participation of the district parent advisory committee established according to Minnesota Statutes, section 126.51.

The application must set forth (a) the in-kind services to be provided by the University of Minnesota, Duluth; Bemidji State University or Moorhead State University; (b) the coordination and mentorship services to be provided by these grants; and (c) recommended criteria for selecting individual scholarship recipients and criteria for scholarship amounts, that may include tuition, fees, books, and living expenses for ten months. The part of the scholarship attributable to living expenses may be in the form of a loan to be forgiven if the recipient teaches in independent school district No. 709, Duluth, independent school district No. 38, Red Lake, or a school operated by the White Earth Tribal Council, for five years. If, however, the recipient is placed on unrequested leave of absence by independent school district No. 709, Duluth, independent school district No. 38, Red Lake, or a school operated by the White Earth Tribal Council, the loan may be forgiven if the recipient teaches in another Minnesota school district for an amount of time that, when added to the amount of time taught in Duluth, Red Lake, or at a school operated by the White Earth Tribal Council, equals five years. The loan forgiveness program must be developed in consultation with the higher education coordinating board.

Only the following American Indian people may receive scholarships:

(1) students entering the University of Minnesota, Duluth, Bemidji State University, or Moorhead State University, who intend to become teachers in Minnesota;

(2) teacher aides who are employees of independent school district No. 709, Duluth, independent school district No. 38, Red Lake, or a school operated by the White Earth Tribal Council, and who intend to obtain a teaching license; and

(3) licensed employees of independent school district No. 709, independent school district No. 38, Red Lake, or a school operated by the White Earth Tribal Council, who begin a master of education program.

The joint application must be submitted to the Minnesota Indian scholarship committee for review and comment.

The state board may award a joint grant in the amount it determines appropriate. Scholarship money must be included in the amount of the joint grant.

ARTICLE 4

COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1988, section 121.88, subdivision 2, is amended to read:

Subd. 2. [ADVISORY COUNCIL.] Each board shall provide for an advisory council to consist of members who represent: various service organizations; churches; public and nonpublic schools; local government including elected officials; public and private nonprofit agencies serving youth and families; parents; youth; park, recreation or forestry services of municipal or local government units located in whole or in part within the boundaries of the school district; and any other groups participating in the community education program in the school district.

Sec. 2. Minnesota Statutes 1988, section 121.88, subdivision 5, is amended to read:

Subd. 5. [SUMMER PROGRAMS.] Notwithstanding any law to the contrary, during the summer a school district may offer community education programs to elementary and secondary pupils. The district may use community education revenue received pursuant to sections 124.271 and 275.125, subdivision 8 and charge fees for the cost of the programs.

Sec. 3. Minnesota Statutes 1988, section 121.882, subdivision 2, is amended to read:

Subd. 2. [PROGRAM CHARACTERISTICS.] Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents of such children, and for expectant parents. The programs may include the following:

- (1) programs to educate parents about the physical, mental, and emotional development of children;
- (2) programs to enhance the skills of parents in providing for their children's learning and development;
- (3) learning experiences for children and parents;
- (4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;
- (5) activities and materials designed to encourage self-esteem, skills, and behavior that prevent sexual and other interpersonal violence;
- (6) educational materials which may be borrowed for home use;
- (6) (7) information on related community resources; or
- (7) (8) other programs or activities.

The programs shall not include activities for children that do not require substantial involvement of the children's parents. The programs shall be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs shall encourage parents to be aware of practices that may affect equitable development of children.

Sec. 4. Minnesota Statutes 1988, section 121.882, subdivision 4, is amended to read:

Subd. 4. [PARTICIPANTS' FEES.] A district may charge a reasonable fee but it shall waive the fee for a participant unable to pay. The commissioner of education shall adopt rules by January 1, 1990, to determine the responsibility of parents or guardians to pay for ECFE programs. The rules shall include a waiver of fees for participants unable to pay. The amount of the payment must not be more than the amount of the program cost.

Sec. 5. Minnesota Statutes 1988, section 121.912, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] Except as provided in this subdivision, sections 121.9121, 123.36, 124.243, 475.61, and 475.65, a school district may not permanently transfer money from (1) an operating fund to a nonoperating fund; (2) a nonoperating fund to another nonoperating fund; or (3) a nonoperating fund to an operating fund. Permanent transfers may be made from any fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to any other operating funds if the resources of the other fund are not adequate to finance approved expenditures from that other fund. Permanent transfers may also be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. Each year a permanent transfer must be made from the general fund to the community service fund to reimburse the community service fund for TRA and FICA expenditures made for community education activities. The amount to be transferred is the lesser of the amount received by the district in the community education fund in fiscal year 1987-1988 from the teacher retirement revenue, or the amount needed to meet the district TRA and FICA obligations in the current year, as described in Laws 1986, First Special Session chapter 1, article 9, section 5.

When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, permanent transfers may be made from the fund balance account entitled "pupil transportation fund reserved for bus purchases" to the capital expenditure fund, with the approval of the commissioner. The levy authorized pursuant to sections 124.243 and 124.244, shall be reduced by an amount equal to the amount transferred. Any school district may transfer

any amount from the undesignated fund balance account in its transportation fund to any other operating fund or to the reserved fund balance account for bus purchases in its transportation fund.

Sec. 6. Minnesota Statutes 1988, section 123.702, subdivision 1, is amended to read:

123.702 [SCHOOL BOARD RESPONSIBILITIES.]

Subdivision 1. Every school board shall provide for a voluntary program of early childhood health and developmental screening for children once before entering kindergarten. This screening program shall be established either by one board, by two or more boards acting in cooperation, by educational cooperative service units, by early childhood family education programs, or by other existing programs. No school board may make this screening examination a mandatory prerequisite to enroll a student. The school districts are encouraged to reduce the costs of preschool health screening programs by utilizing volunteers in implementing the program.

Sec. 7. Minnesota Statutes 1988, section 123.702, subdivision 1a, is amended to read:

Subd. 1a. [COMPONENTS.] A screening program shall include at least the following components to the extent the school board determines they are financially feasible: developmental assessments, hearing and vision screening, review of health history and immunization status, and assessments of height and weight. All screening components shall be consistent with the standards of the state commissioner of health for early and periodic screening programs. No child shall be required to submit to any component of this screening program to be eligible for any other component. No screening program shall provide laboratory tests, a health history or a physical examination exam to any child who has been provided with those laboratory tests or a health history or physical examination exam within the previous 12 months. The school district shall request the results of any laboratory test, health history or physical examination exam within the 12 months preceding a scheduled screening clinic. A school board may offer additional components such as nutritional, physical and dental assessments, blood pressure, and laboratory tests. State aid shall not be paid for additional components.

Sec. 8. Minnesota Statutes 1988, section 123.702, is amended by adding a subdivision to read:

Subd. 1b. [EXPANDED EARLY CHILDHOOD SCREENING.] Beginning in the 1989-1990 school year, districts must begin a process to make screening readily available to all three year old children, targeting those at-risk and unlikely to be served by other programs. After July 1, 1993, a district shall make available

voluntary health and developmental screening to all three year old children in the district. Districts shall collaborate with public and private community-based resources to deliver and finance early childhood screening.

Sec. 9. Minnesota Statutes 1988, section 123.702, is amended by adding a subdivision to read:

Subd. 1c. [EARLY CHILDHOOD SCREENING COMPONENTS.]
After July 1, 1993, early childhood screening must include:

- (1) developmental screening;
- (2) vision and hearing tests;
- (3) a height and weight assessment;
- (4) immunization and an immunization review;
- (5) a review of the child's health and family history;
- (6) identification of additional risk factors that may inhibit learning;
- (7) a review of screening results with the child's parent or guardian;
- (8) referral for assessment as needed;
- (9) referral to appropriate programs;
- (10) a nutrition assessment;
- (11) a physical exam;
- (12) laboratory tests;
- (13) an oral inspection and dental referral; and
- (14) any other component listed under medical assistance rules in Minnesota Rules, parts 9505.0275 and 9505.1693 to 9505.1748.

Sec. 10. Minnesota Statutes 1988, section 123.702, subdivision 2, is amended to read:

Subd. 2. If any child's screening indicates a condition which requires diagnosis or treatment, the child's parents shall be notified of the condition and the school board shall ensure that an appropriate follow-up and referral process is available, in accordance with

procedures established pursuant to under section 123.703, subdivision 1.

Sec. 11. Minnesota Statutes 1988, section 123.702, subdivision 3, is amended to read:

Subd. 3. The school board shall actively encourage participation in the screening program. As a precondition for receiving aid under section 123.705, subdivision 3, the board shall establish an advisory group of representatives of early childhood family education, head start, early special education, the local interagency early learning committee, local public health agencies, social service agencies, and other agencies that provide services to children.

If an existing committee or council meets the criteria of this subdivision, or if an existing committee or council may be modified to meet the criteria of this subdivision, then that committee or council may be used to accomplish the purpose of this section.

Sec. 12. Minnesota Statutes 1988, section 123.702, subdivision 4, is amended to read:

Subd. 4. Every school board shall contract with or purchase service from an approved early and periodic screening program in the area provider or other provider wherever possible.

Sec. 13. Minnesota Statutes 1988, section 123.702, is amended by adding a subdivision to read:

Subd. 5a. [VOLUNTEERS.] After July 1, 1993, volunteers may assist with the screening components in this subdivision that are permitted in Minnesota Rules, parts 3530.3000 to 3530.4300, except that the only volunteers authorized to perform the developmental screening are those who hold the necessary credentials.

Sec. 14. Minnesota Statutes 1988, section 123.703, is amended by adding a subdivision to read:

Subd. 4. [GUIDELINES.] The commissioner of education shall establish guidelines that set a minimum number or percentage of three year old children for whom screening will be readily available.

Sec. 15. Minnesota Statutes 1988, section 123.703, is amended by adding a subdivision to read:

Subd. 5. [STATE AGENCY COOPERATION.] The commissioner of education shall consult regularly with the commissioners of human services, health, and jobs and training to ensure maximum participation in the screening programs and in follow-up services. The commissioner of education and the commissioner of human

services shall provide each district with a list identifying all children between the ages of three and six within the district who are eligible for or covered by medical assistance or the children's health plan.

Sec. 16. Minnesota Statutes 1988, section 123.705, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNTS.] The state shall pay each school district for the cost of screening services provided according to sections 123.701 to 123.705 an amount equal to \$8.15 per child over the age of three who is screened.

Sec. 17. Minnesota Statutes 1988, section 123.705, is amended by adding a subdivision to read:

Subd. 3. [AID FOR THREE YEAR OLD CHILDREN.] Beginning January 1, 1990, a district is eligible to receive aid under this section provided that it:

(1) meets the criteria under section 123.702, subdivision 1c;

(2) meets or exceeds the commissioner's guidelines under section 123.703, subdivision 4;

(3) is in compliance with rules for the early periodic screening, diagnosis, and treatment program in Minnesota Rules, parts 9505.0275 and 9505.1693 to 9505.1748;

(4) provides assurance that no portion of any age cohort has been denied the opportunity for screening; and

(5) documents that children are not rescreened without professional justification.

Eligible districts shall receive:

(1) for each three-year old screened who is not covered by medical assistance, the children's health plan or other medical insurance plan that will reimburse the district for the cost of screening the child, \$30; and

(2) for each three-year old screened who is covered by a medical insurance plan that will reimburse the district for some or all of the cost of screening the child, the difference between the amount of reimbursement for the cost of screening the child provided to the district by the insurance plan and \$30, plus \$4.

Those districts receiving \$30 or more in reimbursement will receive \$4 per child for administrative costs. Each district must seek

payment from a medical insurance plan for the costs of screening those children who are covered by a medical insurance plan.

Districts that are enrolled in the medical assistance program as providers of early periodic screening, diagnosis, and treatment services as of June 30, 1989, that meet the criteria under section 123.702 and that meet or exceed the commissioner's guidelines for screening established under section 7, may receive aid under this subdivision beginning July 1, 1989.

Sec. 18. Minnesota Statutes 1988, section 124.26, is amended by adding a subdivision to read:

Subd. 8. [DEFINITION.] In this section, unless otherwise specified "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined in section 123.33, or "education district board" as defined in section 122.92.

Sec. 19. Minnesota Statutes 1988, section 124.271, is amended by adding a subdivision to read:

Subd. 2d. [REVENUE.] (a) Each fiscal year a district that has established a community education advisory council under section 121.88 and operates a community education program is eligible to receive community education revenue.

(b) For fiscal year 1990, the revenue for a school district without an approved youth development plan shall be an amount equal to the greater of 1,335 or the population of the district times \$5.50.

(c) For fiscal year 1990, the revenue for a school district with an approved youth development plan is an amount equal to the greater of 1,335 or the population of the district, times \$6.

(d) For 1991 and later fiscal years, the revenue for a school district without an approved youth development plan is an amount equal to the greater of 1,335 or the population of the district, times \$6.05.

(e) For fiscal year 1991 and later fiscal years, the revenue for a school district with an approved youth development plan is an amount equal to the greater of 1,335 or the population of the district, times \$6.55.

(f) For 1991 and each year thereafter, the revenue for a qualifying education district without an approved youth development plan is an amount equal to the greater of 1,335 times the number of member school districts or the population of the qualifying education district, times \$6.05.

(g) For 1991 and later fiscal years, the revenue for a qualifying education district with an approved youth development plan is an amount equal to the greater of 1,335 times the number of member school districts in the qualifying education district or the population of the qualifying education district, times \$6.55.

Sec. 20. Minnesota Statutes 1988, section 124.271, is amended by adding a subdivision to read:

Subd. 2e. [LEVY.] To obtain community education revenue, a district must levy according to section 275.125, subdivision 8, or section 30.

Sec. 21. Minnesota Statutes 1988, section 124.271, is amended by adding a subdivision to read:

Subd. 2f. [AID.] The community education aid for a district equals its community education revenue minus its community education levy times the ratio of the actual amount levied to the permitted levy.

Sec. 22. Minnesota Statutes 1988, section 124.271, is amended by adding a subdivision to read:

Subd. 2g. [USES OF REVENUE.] Community education revenue must be used for community education including nonvocational adult programs, recreation and leisure-time activity programs, and programs authorized by sections 121.85 to 121.882.

Sec. 23. Minnesota Statutes 1988, section 124.271, is amended by adding a subdivision to read:

Subd. 8. [DEFINITION.] In this section and section 121.88, unless otherwise specified "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined in section 123.33, or "education district board" as defined in section 122.92.

Sec. 24. Minnesota Statutes 1988, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. [MAXIMUM REVENUE.] (a) The maximum revenue for early childhood family education programs for a school year the 1989 and 1990 fiscal years for a school district is the amount of revenue derived by multiplying \$84.50 times the greater of 150 or the number of people under five years of age residing in the school district on September 1 of the preceding school year.

(b) For 1991 and later fiscal years, the maximum revenue for

early childhood family education programs for a school district is the amount of revenue earned by multiplying \$91 times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the school district on September 1 of the last school year.

(c) For 1991 and later fiscal years, the maximum revenue for early childhood family education programs for a qualifying education district is the amount of revenue earned by multiplying \$91 times the greater of:

(1) 150 times the number of member school districts in the qualifying education district; or

(2) the number of people under five years of age residing in the qualifying education district on September 1 of the last year.

Sec. 25. Minnesota Statutes 1988, section 124.2711, subdivision 3, is amended to read:

Subd. 3. [AID.] If a district complies with the provisions of section 121.882, it shall receive early childhood family education aid equal to:

(a) the difference between the maximum revenue, according to subdivision 1, and the permitted levy attributable to the same school year, according to section 275.125, subdivision 8b, or section 30, times

(b) the ratio of the district's actual levy to its permitted levy attributable to the same school year, according to section 275.125, subdivision 8b, or section 30.

In fiscal year 1990 only, a district receiving early childhood family education aid under this subdivision or levy under section 275.125, subdivision 8b, shall receive an additional amount of aid equal to \$4.50 times the number of people under five years of age residing in the district on September 1 of the last school year.

Sec. 26. Minnesota Statutes 1988, section 124.2711, subdivision 4, is amended to read:

Subd. 4. [USE OF REVENUE RESTRICTED.] The proceeds of the aid authorized by this section and the levy authorized by section 275.125, subdivision 8b, or section 30 shall be used only for early childhood family education programs.

Sec. 27. Minnesota Statutes 1988, section 124.2711, is amended by adding a subdivision to read:

Subd. 5. [DEFINITION.] In this section and section 121.882, unless otherwise specified "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined in section 123.33, or "education district board" as defined in section 122.92.

Sec. 28. Minnesota Statutes 1988, section 275.125, subdivision 8, is amended to read:

Subd. 8. [COMMUNITY EDUCATION LEVY.] (a) Each year, a school district, excluding any school district belonging to a qualifying education district levying for this purpose, without a youth development plan that has established a community education advisory council under section 121.88, may levy the amount raised by .8 mill 0.8 percent times the most recent adjusted gross tax capacity of the district, but no more than the greater of

(1) \$7,340, or

(2) \$5.50 times the population of the district 1,335 or the population of the school district, times \$6.05.

(b) Each year, a school district, excluding any school district belonging to a qualifying education district levying for this purpose, with an approved youth development plan, or a district that intends to approve a youth development plan for the 1988-1989 school year, that has established a community education advisory council under section 121.88, may levy the amount raised by .8 mill 0.8 percent times the most recent adjusted gross tax capacity of the district, but no more than the greater of

(1) \$8,000, or

(2) \$6 times the population of the district 1,335 or the population of the school district, times \$6.55.

(c) In addition to the levy authorized in paragraph (a) or (b), each year a school district, excluding any school district belonging to a qualifying education district levying for this purpose, may levy an additional amount for community education programs equal to the amount authorized under Minnesota Statutes 1986, section 275.125, subdivision 8, clause (2).

(d) A school district, excluding any school district belonging to a qualifying education district levying for this purpose, having an approved adult basic and continuing education program, according

to section 124.26, may levy an amount not to exceed the amount raised by ~~1~~ 0.16 mill percent times the adjusted gross tax capacity of the district for the preceding year.

(e) A school district, excluding any school district belonging to a qualifying education district levying for this purpose, having an approved program and budget may levy for a handicapped adult program. The levy amount may not exceed the lesser of: (1) the actual expenditures for approved programs for the fiscal year beginning in the calendar year after the levy is certified minus the amount of state aid paid for the same year, or (2) \$30,000 for one program. In the case of a program offered by a group of school districts, the levy amount shall be divided among the school districts according to the agreement submitted to the department. The proceeds of the levy shall be used only for a handicapped adult program.

(f) The levies authorized in this subdivision shall be used for community education, including nonvocational adult programs, recreation and leisure time activity programs, and programs authorized by sections 121.85 to 121.882. A school district may levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to levy pursuant to this subdivision.

(g) The population of the school district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Sec. 29. Minnesota Statutes 1988, section 275.125, subdivision 8b, is amended to read:

Subd. 8b. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] A school district, excluding any school district belonging to a qualifying education district levying for this purpose, may levy for its early childhood family education program. The amount levied shall not exceed the lesser of:

(a) ~~5~~ 0.44 mill percent times the adjusted gross tax capacity of the school district for the year preceding the year the levy is certified, or

(b) the maximum revenue as defined in section 124.2711, subdivision 1, for the school year for which the levy is attributable.

Sec. 30. [275.1255] [TAX LEVY; QUALIFYING EDUCATION DISTRICTS.]

Subdivision 1. [COMMUNITY EDUCATION LEVY.] (a) Each year, a qualifying education district without a youth development plan that has established a community education advisory council under section 1, may levy the amount raised by 0.8 percent times the most recent adjusted gross tax capacity of the education district but no more than the greater of 1,335 times the number of member school districts in the qualifying education districts or the population of the qualifying education district, times \$6.05.

(b) Each year, a qualifying education district with an approved youth development plan that has established a community education advisory council under section 121.88, may levy the amount raised by 0.8 percent times the most recent adjusted gross tax capacity of the qualifying education district but no more than the greater of 1,335 times the number of member school districts in the qualifying education districts or the population of the qualifying education district, times \$6.55.

(c) A qualifying education district having an approved adult basic and continuing education program, according to section 124.26, may levy an amount not more than the amount raised by 0.16 percent times the adjusted gross tax capacity of the qualifying education district for the preceding year.

(d) A qualifying education district having an approved program and budget may levy for a handicapped adult program. The levy amount must not exceed the lesser of:

(1) the actual expenditures for approved programs for the fiscal year beginning in the calendar year after the levy is certified minus the amount of state aid paid for the same year; or

(2) \$30,000 for one program. The proceeds of the levy may be used only for a handicapped adult program.

(e) The levies authorized in this subdivision must be used for community education, including nonvocational adult programs, recreation, and leisure time activity programs, and programs authorized by sections 121.85 to 121.882. A qualifying education district may levy under this subdivision only after it has filed a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that the governing boards of the county, municipality, and township in which the qualifying education district or any part of it is located have been sent 15 working days' written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between the bodies and the qualifying education district board. The failure of a governing board of a county, municipality, or township

to attend the meeting does not affect the authority of the qualifying education district to levy under this subdivision.

(f) The population of the qualifying education district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Subd. 2. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] A qualifying education district may levy for its early childhood family education program. The amount levied must not be more than the lesser of:

(1) 0.44 percent times the adjusted gross tax capacity of the qualifying education district for the year before the year the levy is certified; or

(2) the maximum revenue as defined in section 124.2711, subdivision 1, for the school year for which the levy is attributable.

Sec. 31. [PROGRAM REPORTING.]

Based on information provided by the districts, the commissioner of education shall report annually to the legislature, beginning December 1, 1990, on the number, ages, and characteristics of the children screened, the per child screening costs, the resources leveraged, including the amount of reimbursement received from medical insurance providers, the results of the screening, and the adequacy of follow-up services as described in section 10. By December 1, 1991, the commissioner shall report whether screening aid levels should be adjusted.

Sec. 32. [APPROPRIATION.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [ADULT BASIC AND CONTINUING EDUCATION.] For adult basic and continuing education aid according to Minnesota Statutes, section 124.26:

\$4,780,000 : : : : : 1990

\$5,043,000 : : : : : 1991

The 1990 appropriation includes \$638,000 for 1989 and \$4,142,000 for 1990.

The 1991 appropriation includes \$731,000 for 1990 and \$4,312,000 for 1991.

Up to \$360,000 in 1990 and \$410,000 in 1991 may be used for contracts with private, nonprofit organizations for approved programs.

The appropriation includes \$200,000 each year for programs to assist inmates in state correctional institutions in obtaining a high school diploma or its equivalent.

Subd. 3. [ADULT HANDICAPPED PROGRAM AID.] For aid for handicapped adult programs under Minnesota Statutes, section 124.271:

\$610,000 1990

\$670,000 1991

Any unexpended balance from the appropriation for fiscal year 1990 does not cancel and is available for fiscal year 1991.

Subd. 4. [COMMUNITY EDUCATION.] For community education programs:

\$3,281,000 1990

\$3,352,000 1991

The 1990 appropriation includes \$516,000 for 1989 and \$2,765,000 for 1990.

The 1991 appropriation includes \$489,000 for 1990 and \$2,863,000 for 1991.

Subd. 5. [COMMUNITY EDUCATION ADVISORY TASK FORCE.] For the activities of the community education advisory task force:

\$25,000 1990

This appropriation is available until June 30, 1991.

Subd. 6. [ECFE.] For early childhood family education programs:

\$10,689,000 1990

\$10,215,000 1991

The 1990 appropriation includes \$1,235,000 for 1989 and \$9,454,000 for 1990.

The 1991 appropriation includes \$1,669,000 for 1990 and \$8,547,000 for 1991.

Up to \$50,000 each year may be used to develop outcome measures and evaluate district ECFE programs.

Subd. 7. [DEVELOPMENTAL SCREENING.] For early childhood health and developmental screening:

\$ 676,000 1990

\$1,152,000 1991

The 1990 appropriation includes \$60,000 for 1989 and \$616,000 for 1990.

The 1991 appropriation includes \$109,000 for 1990 and \$1,043,000 for 1991.

Up to \$25,000 of the appropriation available in fiscal year 1990 may be used for start-up training and technical assistance.

Any unexpended balance in the first year does not cancel and is available in the second year.

Subd. 8. [EVALUATION OF BASIC SKILLS PROGRAMS.] For continuing an independent statewide evaluation of basic skills programs:

\$75,000 1990

\$75,000 1991

The department may contract for these services.

Subd. 9. [GED AND LEARN TO READ ON TV.] For statewide purchase of broadcast costs, publicity, and coordination of the GED on TV series and the learn to read on TV series:

\$100,000 1990

\$100,000 1991

The department may contract for these services.

Subd. 10. [HEARING IMPAIRED ADULTS.] For programs for hearing impaired adults according to Minnesota Statutes, section 121.201:

\$70,000 1990

\$70,000 1991

Sec. 33. [REPEALER.]

Minnesota Statutes 1988, section 123.702, subdivisions 1a, 5, 6, and 7, are repealed effective July 1, 1993.

Minnesota Statutes 1988, sections 129B.48 and 124.271, subdivision 26, are repealed.

ARTICLE 5

FACILITIES AND EQUIPMENT

Section 1. Minnesota Statutes 1988, section 124.243, subdivision 3, is amended to read:

Subd. 3. [CAPITAL EXPENDITURE FACILITIES LEVY.] To obtain capital expenditure facilities revenue, a district may levy an amount not to exceed the capital expenditure facilities revenue determined in subdivision 2 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted gross tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) ~~75 percent of the equalizing factor for the school year to which the levy is attributable~~ \$7,292.

Sec. 2. Minnesota Statutes 1988, section 124.243, is amended by adding a subdivision to read:

Subd. 11. [INSTALLMENT PURCHASE CONTRACTS.] An installment contract to purchase a facility in excess of \$400,000 is subject to the review and comment provisions of section 121.15.

Sec. 3. Minnesota Statutes 1988, section 124.244, subdivision 2, is amended to read:

Subd. 2. [CAPITAL EXPENDITURE EQUIPMENT LEVY.] To

obtain capital expenditure equipment revenue, a district may levy an amount not to exceed the district's capital expenditure equipment revenue as determined in subdivision 1 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted gross tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) 75 percent of the equalizing factor for the school year to which the levy is attributable \$7,292.

Sec. 4. [124.2442] [CAPITAL EXPENDITURE PRORATION.]

Subdivision 1. [INSUFFICIENT FUNDS.] If the total appropriation for capital expenditure equipment aid or capital expenditure facilities aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's capital expenditure facilities and equipment revenue according to the calculations in subdivisions 2 to 4.

Subd. 2. [ALLOWANCE REDUCTION.] If there are insufficient capital expenditure equipment and facility aid funds, the department must recompute the capital expenditure equipment and facility revenue by reducing the formula allowances to the levels that eliminate the deficiencies. The levy amounts must not be recomputed.

Subd. 3. [AID REDUCTION.] A district's proration aid reduction is equal to the lesser of zero, or the difference of the existing aid calculation minus the aid amount computed under subdivision 2.

Subd. 4. [LEVY REDUCTION.] If a district's proration aid reduction is less than its revenue reduction, its capital expenditure levy authority for the following year must be reduced by the amount of the difference between its revenue reduction and its aid reduction.

Sec. 5. Minnesota Statutes 1988, section 124.245, subdivision 3b, is amended to read:

Subd. 3b. [HAZARDOUS SUBSTANCE REVENUE AND AID.] (a) A district's "hazardous substance revenue" for fiscal year 1989 equals the approved cost of the hazardous substance plan for the school fiscal year to which the levy is attributable, minus the unexpended portion of levies certified and aids earned by the district in earlier years under section sections 124.245, subdivision 3, and 275.125, subdivision 11c.

(b) A district's "hazardous substance levy limitation" means its

levy limitation computed according to section 275.125, subdivision 11c.

(c) A district's "hazardous substance aid" for 1988-1989 and later school years equals:

(i) the difference between its hazardous substance revenue and its hazardous substance levy limitation for the levy for that school year, multiplied by

(ii) the ratio of the amount actually levied to the amount of its hazardous substance levy limitation.

(d) Aid paid under this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 275.125, subdivision 11c, may be used.

(e) In the event that the aid available for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

Sec. 6. Minnesota Statutes 1988, section 124.43, subdivision 1, is amended to read:

Subdivision 1. [REVIEW BY COMMISSIONER.] (a) The commissioner may, ~~after review and a favorable recommendation by the state board of education, recommend to the legislature capital loans to school districts only after receiving both a favorable site recommendation under section 7 and after review and a favorable recommendation by the state board.~~ Proceeds of the loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing, or equipping school buildings under contracts to be entered into within 12 months from and after the date on which each loan is granted.

(b) Any school board that intends to submit an application for a capital loan shall submit a proposal to the commissioner for review and comment pursuant to section 121.15 by September 1 of any year, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. The state board shall not make a favorable recommendation on an application for a capital loan for any facility unless:

(1) the facility receives a positive review and comment pursuant to section 121.15; and

(2) the state board determines that

(A) the facilities are needed to replace facilities dangerous to the

health and safety of pupils, or to provide for pupils for whom no adequate facilities exist;

(B) the facilities could not be made available through dissolution and attachment of the district to another district or through pairing, interdistrict cooperation, or consolidation with another district, or through the purchase or lease of facilities from existing institutions within the area. The preference of the school district regarding reorganization shall not be a criterion used by the state board in determining whether the facilities could be made available through reorganization;

(C) the facilities are comparable in size and quality to facilities recently constructed in other districts of similar enrollment; and

(D) (C) the district's need for the facilities is comparable to needs that comparable districts are meeting through local bond issues.

The state board may recommend that the loan be approved in a reduced amount in order to meet the foregoing criteria. If the state board recommends that a loan not be approved, the commissioner shall not recommend approval of the loan. If the state board recommends that the loan be approved in a reduced amount, the commissioner shall not recommend approval of a loan larger than that recommended by the state board.

(c) As part of reviewing an application for a capital loan, the commissioner of education shall prepare estimated yearly repayments by the school district and the estimated amount of principal and interest that may be forgiven after the term of the loan. These estimates shall assume no growth in gross tax capacity over the term of the loan, shall assume a levy equal to 16 mills times the adjusted gross tax capacity, and shall be prepared using a methodology approved by the commissioner of finance. The commissioner of education shall use a discount factor provided by the commissioner of finance in determining the present value of the estimated amount of interest and principal which may be forgiven after the term of the loan.

(d) No loan shall be recommended for approval for any district exceeding the greater of 50 percent of the total cost of the project or an amount computed as follows:

(1) The amount requested by the district under subdivision 2;

(2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on June 30 of the year following the year the application was received, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or 24 percent of the adjusted gross tax capacity, whichever is less;

(3) Less the maximum net debt permissible for the district on December 1 of the year the application is received, under the limitation in section 475.53, subdivision 4, or 24 percent of the most recent adjusted gross tax capacity available at the time of application, whichever is less; and

(4) Less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted, as estimated in accordance with subdivision 4, provided that the loan may be approved in an amount computed as provided in clauses (1) to (3), subject to subsequent reduction in accordance with this clause.

Sec. 7. Minnesota Statutes 1988, section 124.43, is amended by adding a subdivision to read:

Subd. 1a. [SITE RECOMMENDATION.] In addition to the review and comment, the state board must also provide the commissioner with a favorable site recommendation. To issue a favorable site recommendation, the state board must find that facilities could not be made available through:

- (1) consolidation;
- (2) dissolution and attachment;
- (3) interdistrict cooperation;
- (4) purchase or lease of facilities from existing institutions; or
- (5) any other state facilities funding program.

The preference of the school district regarding reorganization must not be a criterion used by the state board in determining whether the facilities could be made available through reorganization.

The state board may reject a proposal or request that a district change its proposal if some form of interdistrict cooperation would lead to a more efficient use of school facilities.

Sec. 8. Minnesota Statutes 1988, section 124.83, subdivision 3, is amended to read:

Subd. 3. [HEALTH AND SAFETY REVENUE.] A district's health and safety revenue for a fiscal year equals the approved cost of the health and safety program for the school year to which the levy is attributable, minus the unexpended portion of levies certified by the district in earlier years under section 275.125, subdivision 11e.

(1) The sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, minus

(2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the district's health and safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable, plus (c) the amount of other federal, state, or local receipts for the district's hazardous substance or health and safety programs for fiscal year 1985 through the fiscal year to which the levy is attributable.

Sec. 9. Minnesota Statutes 1988, section 124.83, subdivision 4, is amended to read:

Subd. 4. [HEALTH AND SAFETY LEVY.] To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lessor of one, or the ratio of:

(1) the quotient derived by dividing the adjusted gross tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) 75 percent of the equalizing factor for the school year to which the levy is attributable \$7,292.

Sec. 10. Minnesota Statutes 1988, section 124.83, subdivision 6, is amended to read:

Subd. 6. [USES OF HEALTH AND SAFETY REVENUE.] Health and safety revenue may be used only for approved expenditures necessary to correct fire safety hazards, life safety hazards, or for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01.

Sec. 11. Minnesota Statutes 1988, section 275.125, subdivision 11d, is amended to read:

Subd. 11d. [EXTRA CAPITAL EXPENDITURE LEVY FOR LEASING BUILDINGS.] When a district finds it economically advantageous to rent or lease a building for a secondary vocational

cooperative program or an area learning center and it determines that the capital expenditure facilities revenues authorized under section 124.243 are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building for approved purposes. The proceeds of this levy must not be used for leasing or renting a facility owned by a district or for custodial or other maintenance services.

Sec. 12. [HANDICAPPED ACCESSIBILITY LEVY: INDEPENDENT SCHOOL DISTRICT NO. 228.]

For handicapped accessibility improvements, independent school district No. 228, Harmony, may levy an amount not more than the lesser of \$100,000 or the costs of the handicapped accessibility improvements. The levy is available for taxes payable in 1990 only.

Sec. 13. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [CAPITAL EXPENDITURE FACILITIES AID.] For capital expenditure facilities aid under Minnesota Statutes, section 124.243:

\$38,002,000 1990

\$44,858,000 1991

The 1990 appropriation includes \$0 for 1989 and \$38,002,000 for 1990.

The 1991 appropriation includes \$6,706,000 for 1990 and \$38,151,000 for 1991.

Subd. 3. [CAPITAL EXPENDITURE EQUIPMENT AID.] For

capital expenditure equipment aid under Minnesota Statutes, section 124.243:\$19,417,000 1990\$22,921,000 1991The 1990 appropriation includes \$0 for 1989 and \$19,417,000 for 1990.The 1991 appropriation includes \$3,427,000 for 1990 and \$19,494,000 for 1991.Subd. 4. [HEALTH AND SAFETY AID.] For health and safety aid under Minnesota Statutes, section 124.83:\$ 8,728,000 1990\$12,334,000 1991The 1990 appropriation includes \$0 for 1989 and \$8,728,000 for 1990.The 1991 appropriation includes \$1,540,000 for 1990 and \$10,794,000 for 1991.Subd. 5. [MAXIMUM EFFORT SCHOOL LOAN FUND.] For the maximum effort school loan fund:\$ 893,000 1990\$1,565,000 1991The 1990 appropriation does not cancel and is available until July 1, 1991.Subd. 6. [CAPITAL EXPENDITURE HAZARDOUS MATERIAL AID.] For the final payment of capital expenditure hazardous material aid under Minnesota Statutes, section 124.245:\$9,000 1990The 1990 appropriation is for the 1989 final payment.Subd. 7. [CAPITAL EXPENDITURE REGULAR AID.] For the final payment of capital expenditure regular aid under Minnesota Statutes, section 124.245:\$5,628,000 1990

The 1990 appropriation is for the 1989 final payment.

Sec. 14. [REPEALER.]

Minnesota Statutes 1988, section 124.243, subdivision 4, is repealed.

ARTICLE 6

EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1988, section 121.908, subdivision 5, is amended to read:

Subd. 5. All governmental units formed by joint powers agreements entered into by districts pursuant to section 120.17, 123.351, 471.59, or any other law and all educational cooperative service units and education districts shall be subject to the provisions of this section.

Sec. 2. Minnesota Statutes 1988, section 122.23, is amended by adding a subdivision to read:

Subd. 13a. [CONSOLIDATION IN AN EVEN-NUMBERED YEAR.] (a) Notwithstanding subdivision 13, or any other law to the contrary, school districts may consolidate during an even-numbered year if the school board and the exclusive bargaining representative of the teachers in each affected district mutually agree to the effective date of the consolidation. The agreement must be in writing and submitted to the commissioner of education.

(b) Notwithstanding any other law to the contrary, until a new contract is executed between the newly elected school board and the exclusive bargaining representative of the new district, the school boards and the exclusive bargaining representatives of the teachers in the preexisting districts may mutually agree that the terms and conditions of the new employing district are temporarily governed by a contract executed by a preexisting district and its exclusive bargaining representative.

Sec. 3. Minnesota Statutes 1988, section 122.43, subdivision 1, is amended to read:

Subdivision 1. Any organized school district not a part of an independent school district maintaining classified elementary and secondary schools, grades 1 through 12 is dissolved, unless the district has made an agreement with another district or districts as

provided in ~~section sections~~ sections 122.535 or, 122.541, 10, or the cooperative secondary facilities grant act.

Sec. 4. Minnesota Statutes 1988, section 122.532, subdivision 4, is amended to read:

Subd. 4. Except as provided in this section, the provisions of section 125.12 or 125.17 shall apply to the employment of each teacher by the new employing district on the same basis as they would have applied to the employment if the teacher had been employed by that new district before the effective date of the consolidation or dissolution and attachment. For the purpose of applying the provisions of subdivision 3, clause (b), and the provisions of section 125.12, subdivision 6b, ~~pursuant to under~~ this section, a teacher's date of first employment ~~shall be the date of beginning continuous employment in the preexisting district which employed the teacher is considered identical for all teachers who were first employed in any of the preexisting districts at the beginning of the same school year.~~

Sec. 5. Minnesota Statutes 1988, section 122.541, subdivision 5, is amended to read:

Subd. 5. If compatible plans are not negotiated pursuant to subdivision 4 before the March 1 preceding any year of the agreement permitted by subdivision 1, the cooperating districts shall be governed by the provisions of this subdivision. Insofar as possible, teachers who have acquired continuing contract rights and whose positions are discontinued as a result of the agreement shall be employed by a cooperating district or assigned to teach in a cooperating district as exchange teachers pursuant to section 125.13. If necessary, teachers whose positions are discontinued as a result of the agreement and who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed in the inverse order in which they were employed by a cooperating district, according to a combined seniority list of teachers in the cooperating districts.

For the purpose of applying this subdivision, a teacher's date of first employment is considered identical for all teachers who were first employed in any of the cooperating districts at the beginning of the same school year.

Sec. 6. Minnesota Statutes 1988, section 122.91, is amended to read:

122.91 [EDUCATION DISTRICT ESTABLISHMENT.]

Subdivision 1. [PURPOSE.] The purpose of an education district is to increase educational opportunities for pupils learners by increas-

ing cooperation and coordination among school districts and post-secondary institutions.

Subd. 2. [AGREEMENT.] School boards meeting the requirements of subdivision 3 may enter into a written agreement to establish an education district. The agreement and subsequent amendments must be adopted by majority vote of the full membership of each board.

Subd. 2a. [AGREEMENT; SPECIAL PROVISIONS.] The education district agreement may contain the following special provisions adopted by the vote of a majority of the full membership of each of the boards of the member school districts.

(a) The agreement may contain a provision to allow the education district board to levy for and receive aid for any of the following:

(1) general education under chapter 124A;

(2) community education programs under sections 124.271 and 275.125, subdivision 8;

(3) early childhood family education programs under sections 124.2711 and 275.125, subdivision 8b;

(4) limited English proficiency programs under section 124.273;

(5) secondary vocational handicapped programs under section 124.574;

(6) special education programs under sections 124.32 and 275.125, subdivision 8c; and

(7) transportation under sections 124.225 and 275.125, subdivisions 5, 5b, 5c, 5e, 5f, and 5g.

A "qualifying education district" is any education district with the authority to levy under this subdivision.

(b) The agreement may contain a provision to allow a post-secondary institution to become a member of the education district.

Subd. 3. [REQUIREMENTS FOR FORMATION.] An education district must have one of the following at the time of formation:

(1) at least five districts;

(2) at least four districts with a total of at least 5,000 pupils in average daily membership; or

(3) at least four districts with a total of at least 2,000 square miles;
or

(4) a variance received from the state board of education according to subdivision 3a.

Subd. 3a. [VARIANCE.] The state board of education must establish criteria for education district eligibility for a group of districts that do not qualify as an education district under subdivision 3, clause (1), (2), or (3).

A school board may apply to the state board for a variance from education district formation requirements. The state board must approve or disapprove an application within 60 days of receiving it from the school boards.

Subd. 3b. [MEETING WITH REPRESENTATIVES.] Before entering into an agreement, the school board of each member district must meet and confer with the exclusive representatives of the teachers of each school district proposing to enter the education district.

Subd. 4. [NOTICE AND HEARING.] Before entering into an agreement, the school board of each member district shall publish at least once in a newspaper of general circulation in the district a summary of the proposed agreement and its effect upon the district. The board shall conduct a public hearing on the proposed agreement not more than ten days after the notice and at least 30 days before entering into an agreement.

Subd. 5. [JOINDER AND WITHDRAWAL.] A process for a district to join or withdraw from an education district shall be included in the education district agreement.

If a member school district withdraws from an education district before the beginning of a school year for which an education district levy under section 124.2721 has been certified, a payment of revenue must be made to the school district from the education district. The amount of the payment is equal to the tax rate that was levied for the education district times the tax capacity of the school district. The payment must be made by December 31 of the calendar year following the year of certification.

A member district that has notified the education district board of its intent to withdraw from the education district must not be considered a member district for the certification of any education district levies.

A member district that has been considered a member district of a qualifying education district for the purpose of certifying a general

education levy, community education levy, early childhood family education levy, or special education levy must not withdraw from the qualifying education district until the end of the school year for which a levy has been certified.

Subd. 6. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] If requested, educational cooperative service units shall provide assistance to districts in establishing education districts. The assistance may include determination of appropriate boundaries of the education district and development of the agreement. The educational cooperative service units may provide any other services requested by the education district.

Subd. 7. [REVENUE.] An education district may be eligible for education district revenue under section 124.2721.

An education district may be eligible for the following revenue if authorized in the education district agreement under subdivision 2a of this section:

(1) general education revenue under chapter 124A;

(2) community education revenue under sections 124.271 and 275.125, subdivision 8;

(3) early childhood family education revenue under sections 124.2711 and 275.125, subdivision 8b;

(4) limited English proficiency revenue under section 124.273;

(5) secondary vocational handicapped revenue under section 124.574;

(6) special education revenue under sections 124.32 and 275.125, subdivision 8c; and

(7) transportation under sections 124.225 and 275.125, subdivisions 5, 5b, 5c, 5e, 5f, and 5g.

Notwithstanding any other law to the contrary, if a qualifying education district receives revenue stated in any of clauses (1) to (5), its member school districts must not receive revenue for the same program.

A qualifying education district and a member school district must not receive revenue for the same costs under clauses (6) and (7).

Subd. 8. [LAWS GOVERNING INDEPENDENT SCHOOL DISTRICTS APPLICABLE.] As of the effective date of the establishment of an education district, the organization, operation,

maintenance, and conduct of the affairs of the education district shall be governed, when not otherwise provided, by the general laws relating to independent school districts of the state.

Sec. 7. Minnesota Statutes 1988, section 122.92, is amended to read:

122.92 [EDUCATION DISTRICT BOARD.]

Subdivision 1. [SCHOOL DISTRICT REPRESENTATION.] The education district board shall be composed of at least one representative appointed by the school board of each member district. The Each representative shall reside in the school district must be a member of the appointing school board. The Each representative shall serve at the pleasure of the appointing school board and may be recalled by a majority vote of the appointing school board. Each representative shall serve for the term that is specified in the agreement. The board shall select its officers from among its members and shall determine the terms of the officers. The board shall adopt bylaws for the conduct of its business.

Subd. 2. [POST-SECONDARY REPRESENTATION.] The education district board may appoint a representative from one or more member post-secondary institutions as a member of the education district board. Each post-secondary representative shall serve at the pleasure of the education district board and may be recalled by a majority vote of the education district board. A post-secondary representative must not vote on levy certification. The education district agreement may specify other issues on which a post-secondary representative must not vote.

Sec. 8. Minnesota Statutes 1988, section 122.93, subdivision 2, is amended to read:

Subd. 2. [PERSONNEL.] The board may employ personnel as necessary to provide and support the programs and services of the education district. Education district staff shall participate in retirement programs. Notwithstanding section 123.34, subdivision 9, a member district of an education district may contract with the education district for the services of a superintendent. The person to provide the services need not be employed by the education district at the time the contract is entered into.

Sec. 9. Minnesota Statutes 1988, section 122.93, is amended by adding a subdivision to read:

Subd. 7. [BUDGET.] The education district board must adopt a budget for the expenditure of revenue received by the education district. The budget must be included in the five-year plan required under section 13.

Sec. 10. Minnesota Statutes 1988, section 122.93, is amended by adding a subdivision to read:

Subd. 8. [DISCONTINUING GRADES.] The board of a school district that is a member of an education district may discontinue any of kindergarten through grade 12 or part of those grades and provide instruction for those grades or parts of grades through the education district.

Sec. 11. Minnesota Statutes 1988, section 122.94, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] An education district board shall adopt a comprehensive agreement for continuous learning. The agreement must address methods to improve the educational opportunities available in the education district. It must be submitted for review by all the educational cooperative service units serving unit within which the majority of the education district membership lies. The education district board shall review the agreement annually and propose necessary amendments to the member districts.

Sec. 12. Minnesota Statutes 1988, section 122.94, is amended by adding a subdivision to read:

Subd. 6. [COMMON ACADEMIC CALENDAR.] For 1990-1991 and later school years, the agreement must require a common academic calendar for all member districts of an education district. For purposes of this subdivision, a common academic calendar must include at least the following:

- (1) the number of days of instruction;
- (2) the first and last days of instruction in a school year; and
- (3) the specific days reserved for staff development.

Before the 1990-1991 school year, each education district must report to the state board of education on ways that other components of the academic calendar in each member district will affect the implementation of the five-year plan described in section 13. Other components include the length of the school day, the time the school day begins and ends, and the number of periods in the day.

Sec. 13. [122.945] [EDUCATION DISTRICT PLAN.]

Subdivision 1. [FIVE-YEAR PLAN.] Each education district must develop a five-year plan to increase educational opportunities for all learners. The plan must give priority to the mandated programs and services under section 122.94, subdivision 2, with an emphasis on

new, improved, or expanded programs or services. The plan must emphasize the integration of all aspects of education, including community education. Teachers must be involved in developing the plan. The plan must include at least the following components:

(1) a detailed description of the proposed increased educational opportunities for pupils resulting from the new, improved, or expanded programs or services;

(2) a budget for the current fiscal year and an estimated budget for the next fiscal year;

(3) an estimate of the number of school districts and pupils affected by program and service expenditures; and

(4) any other information required by the state board.

Subd. 2. [SUBMISSION AND APPROVAL OF FIVE-YEAR PLAN.] Each education district must submit a five-year plan developed according to subdivision 1 to the state board of education. An education district established before January 1, 1990, must submit a plan by a date specified by the state board. An education district established after December 31, 1989, must submit a plan to the state board by August 1. The board must approve or disapprove the plan within 60 days of receiving it from the education district.

Subd. 3. [UPDATING EDUCATION DISTRICT PLAN.] The state board of education may require education districts to submit updated five-year plans.

Subd. 4. [EDUCATION DISTRICT REVENUE.] An education district must receive state board of education approval of its five-year plan to be eligible for education district revenue under section 124.2721, subdivision 6.

Subd. 5. [EVALUATION OF FIVE-YEAR PLAN.] The state board of education must annually evaluate the programs and services in a selected number of education districts to determine compliance with the five-year plan and any updated plans submitted to the board under this section.

Sec. 14. Minnesota Statutes 1988, section 122.95, is amended by adding a subdivision to read:

Subd. 1a. [FILLING POSITIONS; NEGOTIATED AGREEMENTS.] The school boards in all member districts and exclusive bargaining representatives of the teachers in all member districts may negotiate a plan for filling positions resulting from implementation of the education district agreement. If the plan is negotiated among the member school districts and the exclusive bargaining

representative of each member school district and unanimously agreed upon, in writing, the education district shall include the plan in the education district agreement. If a plan is not negotiated, the education district is governed by subdivision 2.

Sec. 15. Minnesota Statutes 1988, section 122.95, subdivision 2, is amended to read:

Subd. 2. [FILLING POSITIONS.] (a) When an education district board or a member board is filling a position resulting from implementation of the agreement, the board may offer the position to a teacher currently employed by a member district according to the exchange teacher provisions of section 125.13.

(b) If the position is not filled by a currently employed teacher, the board shall offer the position to an available teacher in the order of seniority in fields of licensure on a combined seniority list of all available teachers in the member districts. An available teacher is a teacher in a member district who:

(1) was placed on unrequested leave of absence by a member district, according to section 125.12, subdivision 6a or 6b, or was terminated according to section 125.17, subdivision 11, not more than one year before the initial formation of an education district as a result of an intention to enter into an education district agreement;

(2) was placed on unrequested leave of absence by a member district, according to section 125.12, subdivision 6a or 6b, or was terminated according to section 125.17, subdivision 11, as a result of implementing the education district agreement, after the formation of the education district; or

(3) is placed on unrequested leave of absence by a member district, according to section 125.12, subdivision 6a or 6b, or is terminated according to section 125.17, subdivision 11, as a result of implementing the education district, in the same year the position is filled.

(c) If no currently employed teacher or available teacher accepts the position, the board may fill the position with any other teacher.

(d) Any teacher who has been placed on unrequested leave of absence or who has been terminated has a right to a position only as long as the teacher has a right to reinstatement in a member district under section 125.12, subdivision 6a or 6b, or 125.17, subdivision 11.

(e) For the purpose of this section, a teacher's date of first employment is considered identical for all teachers who were first employed in any of the member school districts at the beginning of the same school year.

Sec. 16. Minnesota Statutes 1988, section 124.2721, is amended to read:

124.2721 [EDUCATION DISTRICT REVENUE.]

Subdivision 1. [ELIGIBILITY.] An education district is eligible for education district revenue if the department certifies that it meets the requirements of section 122.91, subdivisions 3 and 4, and section 13. The pupil units of a school district that is a member of intermediate district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a school district may not be used to obtain revenue under this section and section 124.575.

Subd. 2. [REVENUE.] Education district revenue is \$60 per actual pupil unit in each school district that is a member of an education district.

Subd. 3. [LEVY.] To obtain education district revenue, an eligible education district may levy the lesser of its education district revenue or the amount raised by 1.3 mills times 1.5 percent of the adjusted gross tax capacity of each participating member district for the preceding year. Each year, the education district board shall certify to the county auditor or county auditors the amount of taxes to be levied under this section.

Subd. 4. [AID.] The aid for an education district equals its education district revenue minus its education district levy, times the ratio of the actual amount levied to the permitted levy.

Subd. 4a. [AID ADJUSTMENT.] An education district's education district aid under subdivision 4 must be recomputed if a school district withdraws from the education district before the beginning of a school year but after the education district levy has been certified. The recomputed education district aid is equal to the difference between:

(1) \$60 times the actual pupil units in the school districts that remain in the education district; and

(2) the education district levy tax rate times the tax capacity of the remaining member school districts of the education district.

Subd. 5. [USES OF REVENUE.] Education district revenue is under the control of the education district board. Education district revenue must be used by the education district board to provide educational programs according to the agreement adopted by the education district board, as required by section 122.94.

The education district board may pay to member school districts a part of the education district revenue received by the education

district under this section only for programs that are (1) available to all member districts, and (2) included in the five-year plan under section 13.

Subd. 6. [CONSOLIDATION.] If all member districts of an education district receiving revenue under this section or a group of member districts of an education district receiving revenue under this section that would qualify as an education district under section 122.91, subdivision 3, consolidate into a single independent school district by proceedings taken in accordance with section 122.23, that consolidated district may continue to receive education district revenue according to this section.

Sec. 17. Minnesota Statutes 1988, section 124.494, subdivision 2, is amended to read:

Subd. 2. [REVIEW BY COMMISSIONER.] (a) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 121.15, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the secondary facility. The commissioner must not approve an application for an incentive grant for any secondary facility unless the facility receives a favorable review and comment under section 121.15 and the following criteria are met:

(1) a minimum of three or more districts, with kindergarten to grade 12 enrollments in each district of no more than 1,000 pupils, enter into a joint powers agreement;

(2) a joint powers board representing all participating districts is established under section 471.59 to govern the cooperative secondary facility;

(3) the planned secondary facility will result in the joint powers district meeting the requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;

(4) at least 240 pupils would be served in grades 10 to 12, 320 pupils would be served in grades 9 to 12, or 480 pupils would be served in grades 7 to 12;

(5) no more than one superintendent is employed by the joint powers board as a result of the cooperative secondary facility agreement;

(6) a statement of need is submitted, that may include reasons why the current secondary facilities are inadequate, unsafe or inaccessible to the handicapped;

(7) an educational plan is prepared, that includes input from both community and professional staff;

(8) a combined seniority list for all participating districts is developed by the joint powers board;

(9) an education program is developed that provides for more learning opportunities and course offerings for students than is currently available in any single member district; and

(10) a plan is developed for providing instruction of any resident students in other districts when distance to the secondary education facility makes attendance at the facility unreasonably difficult or impractical.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 125.611, for any teacher or administrator, as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement.

(c) For the purposes of this section, a teacher's date of first employment is considered identical for all teachers who were first employed in any participating district at the beginning of the same school year.

Sec. 18. Minnesota Statutes 1988, section 124.575, subdivision 3, is amended to read:

Subd. 3. [LEVY.] To obtain secondary vocational cooperative revenue, an eligible secondary vocational cooperative may levy the lesser of its secondary vocational cooperative revenue or the amount raised by .4 mills times 0.6 percent of the adjusted gross tax capacity of each member district for the preceding year. Each year, the secondary vocational cooperative board must certify the amount of taxes to be levied under this section to the county auditor or county auditors.

Sec. 19. [124A.245] [GENERAL EDUCATION LEVY REDUCTION; EDUCATION DISTRICT REVENUE.]

If a school district withdraws from an education district that receives revenue under section 124.2721, a reduction in the school district's general education levy for the year after withdrawal must be made. The amount of the levy reduction equals the education district revenue paid by the education district to the school district according to section 6, subdivision 5. The levy reduction does not affect a school district's general education aid computation.

Sec. 20. Minnesota Statutes 1988, section 136D.27, subdivision 1, is amended to read:

Subdivision 1. [LEVIES FOR CERTAIN PROGRAMS.] Each year the joint school board may certify to each participating school district tax levies that shall not in any year exceed .6 mills on each dollar the greater of:

(a) the amount per pupil in the participating districts certified for taxes payable in 1989; or

(b) the lesser of (1) the sum of 0.5 percent of adjusted gross tax capacity for special education and ~~.7 mills on each dollar~~ 0.6 percent of adjusted gross tax capacity for expenses for secondary vocational education, or (2) \$60 times the pupil units in the participating districts for that year. Each participating school district shall include these tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. These levies shall not be included in computing the limitations upon the levy of any participating district. The board may, any time after these levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 21. Minnesota Statutes 1988, section 136D.74, subdivision 2, is amended to read:

Subd. 2. [TAX LEVY.] Each year the intermediate school board may certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, tax levies that shall not in any year exceed .6 mills on each dollar the greater of:

(a) the amount per pupil in the participating districts certified for taxes payable in 1989; or

(b) the lesser of (1) the sum of 0.5 percent of adjusted gross tax capacity for expenses for special education and ~~.7 mills on each dollar~~ 0.6 percent of adjusted gross tax capacity for expenses for secondary vocational education, or (2) \$60 times the pupil units in the participating districts for that year. Said annual tax levies shall be certified pursuant to section 275.07. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations upon the levy of any of the participating districts.

Sec. 22. Minnesota Statutes 1988, section 136D.87, subdivision 1, is amended to read:

Subdivision 1. [LEVIES FOR CERTAIN PROGRAMS.] Each year the joint school board may certify to each participating school district tax levies that shall not in any year exceed ~~6 mills on each dollar the greater of:~~

(a) the amount per pupil in the participating district certified for taxes payable in 1989; or

(b) the lesser of (1) the sum of 0.5 percent of adjusted gross tax capacity for expenses for special education and ~~7 mills on each dollar~~ 0.6 percent of adjusted gross tax capacity for expenses for secondary vocational education, or (2) \$60 times the pupil units in the participating districts for that year. Each participating school district shall include these tax levies in the next tax roll which it shall certify to the county auditor or auditors and shall remit the collections of these levies to the board promptly when received. These levies shall not be included in computing the limitations upon the levy of any participating district. The board may, any time after these levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of levies, but in aggregate amounts that will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 23. Minnesota Statutes 1988, section 275.125, subdivision 8e, is amended to read:

Subd. 8e. [INTERDISTRICT COOPERATION LEVY.] (a) This subdivision does not apply to special school district No. 1, independent school district No. 11, 625, or 709, or to a district that is a member of intermediate school district No. 287, 916, or 917.

(b) A district may levy each year under this subdivision if it:

(1) is a member of an education district, under sections 122.91 to 122.96, and the education district of which the district is a member does not receive revenue under section 124.2721; or

(2) has a cooperation agreement with other districts to expand curricular offerings in mathematics in grades 10 to 12, science in grades 10 to 12, foreign languages for two years, computer usage, or other programs recommended by the state board.

(c) The levy must not exceed the amount raised by one mill times lesser of \$50 times the actual pupil units for the school year or 0.8 percent times the adjusted gross tax capacity of the district for the preceding year.

(d) A district that is a member of a secondary vocational cooperative that levies under section 124.575, may levy the difference between the lesser amount raised by one mill times the adjusted gross tax capacity of the district under paragraph (c) for the preceding year and the amount levied under section 124.575. The proceeds of the levy may be used only to pay for instructional and administrative costs incurred in providing the curricular offerings under this section. A district may not spend more than five percent of the amount of the levy for administration.

Sec. 24. [ADVISORY COUNCIL REPORT.]

The advisory council on uniform financial accounting and reporting standards must report to the state board of education on the impact of education districts receiving revenue under section 6, subdivision 7, clauses (1) to (7).

Sec. 25. [APPROPRIATION.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [EDUCATION DISTRICT AID.] For education district aid:

\$4,653,000

1990

\$3,967,000

1991

The 1990 appropriation includes \$0 for 1989 and \$4,652,000 for 1990.

The 1991 appropriation includes \$822,000 for 1990 and \$3,145,000 for 1991.

Subd. 3. [SECONDARY VOCATIONAL COOPERATIVE AID.] For secondary vocational cooperative aid:

\$495,000

1990

\$224,000

1991

The 1990 appropriation includes \$0 for 1989 and \$495,000 for 1990.

The 1991 appropriation includes \$88,000 for 1990 and \$136,000 for 1991.

Subd. 4. [BLUE EARTH SCHOOL DISTRICT GRANT.] For a grant to independent school district No. 240, Blue Earth, for the cost of a communication link between Blue Earth and Mankato:

\$4,500 1990

The appropriation is available until June 30, 1991.

Subd. 5. [TELECOMMUNICATIONS GRANT.] For a grant to independent school district Nos. 353, 356, 440, 441, 444, 676, 678, 682, and 690, to develop a cooperative educational technology program:

\$300,000 1990

The appropriation is available until June 30, 1991.

Sec. 26. [REPEALER.]

Minnesota Statutes 1988, section 129B.11, is repealed July 1, 1989.

ARTICLE 7

ACCESS TO EXCELLENCE

Section 1. Minnesota Statutes 1988, section 120.06, is amended by adding a subdivision to read:

Subd. 2a. [EDUCATION OF HOMELESS.] Notwithstanding subdivision 1, a school district must not deny free admission to a homeless person of school age solely because the school district cannot determine that the person is a resident of the school district.

Sec. 2. Minnesota Statutes 1988, section 124.261, is amended to read:

124.261 [ADULT HIGH SCHOOL GRADUATION AID.]

Adult high school graduation aid for eligible pupils age 21 or over, equals an allowance of 65 percent of the general education formula allowance \$1,820 times the average daily membership under section 124.17, subdivision 2e. Adult high school graduation aid must be paid in addition to any other aid to the district. Average daily membership of eligible pupils must not be used in the computation of pupil units under section 124.17, subdivision 1, for any purpose other than the computation of adult high school graduation aid.

Sec. 3. [124.325] [SUPPLEMENTAL INSTRUCTION PROGRAM FOR LOW-ACHIEVING PUPILS.]

Subdivision 1. [DEFINITIONS.] In this section, "low-achieving pupil" means (a) a pupil who has not attained the learner outcomes required for the pupil's age group and grade; or (b) a pupil who is achieving below the pupil's age group and grade as measured on a standardized national, state or local test.

Subd. 2. [PROGRAM REQUIREMENTS.] An instruction program for low-achieving pupils in grades 4, 5, and 6 must provide supplemental instruction to improve pupils' performance in and understanding of mathematics and communications.

Subd. 3. [PROGRAM APPROVAL.] A district receiving aid under this section must have a plan approved by the commissioner of education. The plan must:

(1) describe specific instructional services that will be available to low-achieving pupils who are not receiving comparable services through limited English proficiency, bilingual, or special education programs;

(2) describe measurement techniques for determining pupil's eligibility for supplemental instruction;

(3) describe measurement techniques for monitoring pupils' progress toward attaining learner outcomes;

(4) indicate compliance with Chapter I and other education assistance programs; and

(5) have a budget that includes an accounting of personnel.

Subd. 4. [REPORT.] The department of education shall report to the legislature by February 1, 1992, on districts' success in improving the performance and understanding of low-achieving pupils participating in the supplemental instruction program.

Subd. 5. [SUPPLEMENTAL INSTRUCTION PROGRAM AID.] Beginning in the 1990-1991 school year, a district with an approved plan under this section is eligible for supplemental instruction program aid for low-achieving pupils of \$45 times the number of fourth, fifth, and sixth grade pupils in weighted average daily membership.

Sec. 4. Minnesota Statutes 1988, section 124A.036, is amended by adding a subdivision to read:

Subd. 1a. [REPORTING; REVENUE FOR HOMELESS.] For all school purposes, unless otherwise specifically provided by law, a homeless pupil must be considered a resident of the school district that enrolls the pupil.

Sec. 5. Minnesota Statutes 1988, section 126.23, is amended to read:

126.23 [AID FOR PRIVATE ALTERNATIVE PROGRAMS.]

If a pupil enrolls in a nonsectarian alternative program operated by a private organization that has contracted with a school district to provide educational services for high school dropouts or other eligible students under section 126.22, subdivision 2, the resident district must reimburse the provider an amount equal to at least 50 to 80 percent of the basic revenue of the district for each pupil. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2.

Sec. 6. Laws 1988, chapter 718, article 7, section 61, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED FOR TWO YEARS.] A program is established to designate learning year program sites for providing instruction throughout the entire year. The learning year programs may begin June 9, 1988, and end June 9, 1990. The programs must permit students in grades 9 one through 12 to receive instruction throughout the entire year.

Students may participate in the program if they reside in:

- (1) a district that has been designated a learning year program site under subdivision 2;
- (2) a district that is a member of the same education district as a program site; or
- (3) a district that participates in the same area learning center program as a program site.

Sec. 7. Laws 1988, chapter 718, article 7, section 61, subdivision 2, is amended to read:

Subd. 2. [STATE BOARD DESIGNATION.] Up to five ten districts may be designated learning year program sites by the state board of education. To be designated, a district must demonstrate to the commissioner of education that the district will:

(1) provide a program of instruction that permits students in grades 9 one through 12 to receive instruction throughout the entire year; and

(2) maintain a record system that, for purposes of section 124.17, permits identification of membership attributable to students participating in the program. The purpose for identifying this membership is to ensure that a district will not be able to increase the total number of pupil units attributable to an individual student by providing a learning year program. The commissioner of education shall consult with the director of the education aids and levies section of the department of education when determining whether the record system of a participating district is adequate for this purpose.

Sec. 8. Laws 1988, chapter 718, article 7, section 61, subdivision 3, is amended to read:

Subd. 3. [HOURS OF INSTRUCTION.] Students participating in a program must be able to receive ~~4,200~~ 16,200 hours of instruction so that they are able to complete the requirements of grades 9 one through 12. If a student has not completed the graduation requirements of the district after completing ~~4,200~~ 16,200 hours of instruction, the student may continue to enroll in courses needed for graduation until either the student meets the graduation requirements or the student is 21 years old, whichever occurs first.

For the purposes of Minnesota Statutes, section 120.101, subdivision 5, 1,020 hours of instruction shall constitute 170 days of instruction. Hours of instruction that occur between June 9 and June 30 shall be attributed to the fiscal year following the days of actual instruction.

Sec. 9. [APPROPRIATION.]

Subdivision 1. [APPROPRIATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [ADULT GRADUATION AID.] For adult graduation aid:

<u>\$1,223,000</u>	<u>1990</u>
<u>\$1,501,000</u>	<u>1991</u>

The 1990 appropriation includes \$0 for 1989 and \$1,223,000 for 1990.

The 1991 appropriation includes \$216,000 for 1990 and \$1,285,000 for 1991.

Subd. 3. [AREA LEARNING CENTERS AID.] For area learning centers aid:

\$150,000 1990

\$150,000 1991

Any unexpended balance remaining in the first year does not cancel and is available in the second year.

Subd. 4. [ARTS PLANNING GRANTS.] For arts planning grants:

\$38,000 1990

\$38,000 1991

Any unexpended balance remaining in the first year does not cancel and is available in the second year.

Subd. 5. [PER PROCESS AID.] For PER process aid:

\$1,038,000 1990

\$1,046,000 1991

Subd. 6. [INSTRUCTION PROGRAM AID.] For instructional programs for low-achieving pupils:

\$6,868,000 1991

The 1991 appropriation includes \$0 for 1990 and \$6,867,000 for 1991.

The 1991 appropriation is based on a formula entitlement of \$8,080,000.

Subd. 7. [STAFF DEVELOPMENT.] For the department of education to provide staff development to assist teachers and paraprofessionals working with low achieving pupils:

\$100,000 1990

The staff development must include:

(a) instructional strategies to assist low-achieving pupils in attaining learner outcomes;

(b) instructional strategies to assist pupils from various cultural and ethnic groups in attaining learner outcomes;

(c) measurement techniques to monitor and improve pupil progress in attaining learner outcomes; and

(d) collaborative decision making that involves parents, paraprofessionals and other teachers.

This appropriation is available until June 30, 1991.

ARTICLE 8

OTHER EDUCATION PROGRAMS

Section 1. Minnesota Statutes 1988, section 124.195, subdivision 8, is amended to read:

Subd. 8. [PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.] One hundred percent of the aid for the last fiscal year must be paid for the following aids: ~~abatement aid according to section 124.214, subdivision 2;~~ special education residential aid according to section 124.32, subdivision 5; special education summer school aid, according to section 124.32, subdivision 10; and planning, evaluating, and reporting process aid according to section 124.274.

Sec. 2. [124.6472] [SCHOOL BREAKFAST PROGRAM.]

Subdivision 1. [BREAKFAST REQUIRED.] A school district shall offer a school breakfast program in every school building in which:

(1) at least 40 percent of the school lunches served during the 1989-1990 school year were served free or at a reduced price; or

(2) at least 35 percent of the parents responding to a survey conducted by the district indicate an interest in having their children participate in the program.

Subd. 2. [EXEMPTION.] Subdivision 1 does not apply to a school in which fewer than 25 pupils are expected to take part in the program.

Sec. 3. [SCHOOL BREAKFAST SURVEY.]

Subdivision 1. [SURVEY REQUIRED.] By September 1, 1990, a school district shall complete a survey of parents of pupils enrolled in each school to determine the number of parents who are interested in having their children participate in a school breakfast program.

Subd. 2. [APPLICABILITY.] This section does not apply to a school building:

- (1) that has a school breakfast program; or
- (2) that is subject to section 2, subdivision 1, clause (1).

Subd. 3. [REPORTS.] Each school district shall report the survey results to the commissioner of education by September 3, 1990. By January 1, 1991, the commissioner shall report to the education committees of the legislature about the results of the surveys, efforts by the commissioner to encourage expansion of the school breakfast program, and technical assistance provided by the commissioner to districts starting or expanding participation in the school breakfast program.

Sec. 4. [127.45] [SEXUAL HARASSMENT AND VIOLENCE POLICY.]

Each school board shall adopt before September 1, 1990, a written sexual harassment and sexual violence policy that is clear and understandable, and conforms with sections 363.01 to 363.15. The policy shall apply to pupils, teachers, administrators, and other school personnel, include reporting procedures, and set forth disciplinary actions that will be taken for violation of the policy. Disciplinary actions must conform with collective bargaining agreements and sections 127.27 to 127.39. The policy must be conspicuously posted in each school building and included in each school's student handbook on school policies.

Sec. 5. Minnesota Statutes 1988, section 129.121, is amended by adding a subdivision to read:

Subd. 6. [SEXUAL HARASSMENT AND VIOLENCE POLICY AND RULES.] The board of the league shall adopt a policy, rules, penalties, and recommendations addressing sexual harassment and sexual violence toward and by participants in league activities.

Sec. 6. Minnesota Statutes 1988, section 363.06, subdivision 3, is amended to read:

Subd. 3. [TIME FOR FILING CLAIM.] A claim of an unfair discriminatory practice must be brought as a civil action pursuant to section 363.14, subdivision 1, clause (a), filed in a charge with a local commission pursuant to section 363.116, or filed in a charge with the commissioner within one year after the occurrence of the practice. The running of the one-year limitation period is suspended during the time a potential charging party and respondent are voluntarily engaged in a dispute resolution process involving a claim of unlawful discrimination under this chapter, including

arbitration, conciliation, mediation or grievance procedures pursuant to a collective bargaining agreement or statutory, charter, or ordinance provisions for a civil service or other employment system or a school board sexual harassment or sexual violence policy. A potential respondent who participates in such a process with a potential charging party before a charge is filed or a civil action is brought shall notify the department and the charging party in writing of the participation in the process and the date the process commenced and shall also notify the department and the charging party of the ending date of the process. A respondent who fails to provide this notification is barred from raising the defense that the statute of limitations has run unless one year plus a period of time equal to the suspension period has passed.

Sec. 7. [363.16] [SEXUAL HARASSMENT AND VIOLENCE POLICY FOR EDUCATIONAL INSTITUTIONS.]

The commissioner of education, in consultation with the commissioner of human rights, shall develop and maintain a model sexual harassment and violence policy that may be used by school boards. The commissioner of education shall consult with other affected organizations when developing or modifying the policy. The model policy shall address the requirements of section 4 and must be completed by January 1, 1990.

Sec. 8. [SEXUAL HARASSMENT AND SEXUAL VIOLENCE POLICY; REPORT.]

By September 1, 1990, each school board shall submit to the commissioner of education a copy of the sexual harassment and sexual violence policy the board has adopted.

The commissioner of education shall report to the education committees of the legislature by December 1, 1990, the following:

- (1) the boards that have adopted policies;
- (2) the boards that have not adopted policies; and
- (3) review of and comments about the policies.

Sec. 9. [PARENTAL INVOLVEMENT; REPORT.]

Independent school district No. 625, St. Paul, and special school district No. 1, Minneapolis, in order to promote parental involvement in the educational development of their children, must establish a written collaborative agreement with community-based agencies serving at risk populations within the community. The agreement may include activities such as:

(1) developing and disseminating information on parental involvement in the educational development of their children;

(2) developing seminars or workshops on parent education or parental involvement in the development of children; and

(3) establishing within the schools parent resource centers or parent networks to encourage parental involvement in the educational development of their children.

The districts may seek matching funds and in-kind contributions from public and private community-based sources. Descriptions of the district's experience with parental involvement activities under this section must be included in a report to be submitted to the legislature by December 30, 1990.

Sec. 10. [SPECIAL LEVY.]

Independent school district No. 232, Peterson, may levy an amount not more than \$150,000 for taxes payable in 1990, for purposes of retiring operating debt.

Sec. 11. [APPROPRIATIONS.]

Subdivision 1. [APPROPRIATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [ABATEMENT AID.] For abatement aid:

\$5,111,000 1990

\$6,018,000 1991

The 1990 appropriation includes \$0 for 1989 and \$5,111,000 for 1990.

The 1991 appropriation includes \$902,000 for 1990 and \$5,116,000 for 1991.

Subd. 3. [INTEGRATION GRANTS.] For integration grants:

\$15,514,000 1990

\$15,514,000 1991

The grant includes \$1,268,738 each year for independent school district No. 709, Duluth; \$7,683,246 each year for special school

district No. 1, Minneapolis; and \$6,561,971 each year for independent school district No. 625, St. Paul.

A district receiving an integration grant may spend a part of the grant on metropolitan desegregation efforts.

Subd. 4. [NONPUBLIC PUPIL AID.] For nonpublic pupil aid:

\$8,524,000 1990

\$8,847,000 1991

The 1990 appropriation includes \$1,229,000 for 1989 and \$7,295,000 for 1990.

The 1991 appropriation includes \$1,288,000 for 1990 and \$7,559,000 for 1991.

Subd. 5. [SCHOOL LUNCH PROGRAM.] For the school lunch program:

\$4,625,000 1990

\$4,625,000 1991

Subd. 6. [SCHOOL MILK PROGRAM.] For the school milk program:

\$800,000 1990

\$800,000 1991

Subd. 7. [TOBACCO USE PREVENTION.] For the tobacco use prevention program:

\$565,000 1990

\$672,000 1991

The 1990 appropriation includes \$0 for 1989 and \$565,000 for 1990.

The 1991 appropriation includes \$100,000 for 1990 and \$572,000 for 1991.

Subd. 8. [WEST ST. PAUL.] For a grant to independent school district No. 197, West St. Paul:

\$500,000 1989

The proceeds of this grant must be deposited in the district's debt redemption fund.

Sec. 12. [APPROPRIATION; ALCOHOL-IMPAIRED DRIVER EDUCATION.]

\$910,000 in fiscal year 1990 and \$915,000 in fiscal year 1991 are appropriated from the alcohol-impaired driver education account to the department of education for alcohol-impaired driver education programs.

Sec. 13. [EFFECTIVE DATE.]

Section 1 is effective September 1, 1991. Section 11, subdivision 8, is effective the day after its final enactment.

ARTICLE 9

MISCELLANEOUS

Section 1. Minnesota Statutes 1988, section 120.062, subdivision 4, is amended to read:

Subd. 4. [PUPIL APPLICATION PROCEDURES.] In order that a pupil may attend a school or program in a nonresident district, the pupil's parent or guardian must submit an application to the nonresident district. Before submitting an application, the pupil and the pupil's parent or guardian must explore with a school guidance counselor, or other appropriate staff member employed by the district the pupil is currently attending, the pupil's academic or other reason for applying to enroll in a nonresident district. The pupil's application must identify the reason for enrolling in the nonresident district. The parent or guardian of a pupil residing in a district that does not have a desegregation plan approved by the state board of education must submit an application by January 1 for enrollment during the following school year. The parent or guardian of a pupil residing in a district that has a desegregation plan approved by the state board of education may apply to a district at any time. The application shall be on a form provided by the department of education. A particular school or program may be requested by the parent.

Sec. 2. Minnesota Statutes 1988, section 120.062, subdivision 6, is amended to read:

Subd. 6. [NONRESIDENT DISTRICT PROCEDURES.] Within 60 days of receiving an application, A district that does not exclude nonresident pupils, according to subdivision 3, shall notify the parent or guardian and the resident district in writing by February

1 whether the application has been accepted or rejected. If an application is rejected, the district must state in the notification the reason for rejection. The parent or guardian shall notify the nonresident district by February 15 that the pupil will enroll in the nonresident district. Notice of intent to enroll in the nonresident district obligates the pupil to attend the nonresident district during the following school year, unless the superintendents in the resident and the nonresident districts agree in writing to allow the pupil to transfer back to the resident district, or the pupil's parents or guardians change residence to another district. The nonresident district shall notify the resident district by March 1 of the pupil's intent to enroll in the nonresident district. The same procedures apply to a pupil who applies to transfer from one participating nonresident district to another participating nonresident district.

Sec. 3. Minnesota Statutes 1988, section 120.062, is amended by adding a subdivision to read:

Subd. 13. [ATHLETIC PARTICIPATION.] If a pupil enrolls in a nonresident district under this section, the pupil is ineligible to participate in the extracurricular varsity athletic activities of the nonresident district for one school year. During that year of ineligibility in the nonresident district, the pupil remains eligible to participate in the extracurricular varsity athletic activities of the pupil's resident district, or in the extracurricular varsity athletic activities of the nonpublic school the pupil attended before enrolling in a public school under this section. After the year of ineligibility expires, the pupil is eligible to participate in the extracurricular varsity athletic activities of the nonresident district and is no longer eligible to participate in the extracurricular varsity athletic activities of the resident district or nonpublic school. The same restrictions apply to a pupil who transfers from one participating nonresident district to another participating nonresident district.

The superintendents in the resident and nonresident districts may agree in writing to allow a nonresident pupil to participate in the extracurricular varsity athletic activities of the nonresident district during the year of ineligibility if the pupil demonstrates that the distance the pupil must travel between the resident and nonresident district prevents the pupil from participating in the extracurricular varsity athletic activities of the resident district. This subdivision does not apply to pupils who have been enrolled in the nonresident district during the 1988-1989 school year under an alternative enrollment options agreement.

Sec. 4. Minnesota Statutes 1988, section 123.3514, subdivision 2, is amended to read:

Subd. 2. [PURPOSE.] The purpose of this section is to promote rigorous academic pursuits and to provide a wider variety of options to public high school pupils by encouraging and enabling secondary

pupils to enroll full time or part time in nonsectarian and nonremedial courses or programs in eligible post-secondary institutions, as defined in subdivision 3.

Sec. 5. Minnesota Statutes 1988, section 123.3514, subdivision 4, is amended to read:

Subd. 4. [AUTHORIZATION; NOTIFICATION.] Notwithstanding any other law to the contrary, an 11th or 12th grade public school pupil may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian and nonremedial courses offered at that post-secondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school district, and the commissioner of education within ten days of acceptance. The notice shall indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for post-secondary credit, the institution shall notify the pupil about payment in the customary manner used by the institution. Acceptance for enrollment is not a guarantee of registration into a particular course. The pupil must comply with the institution's standards, prerequisites, and procedures to register for a course.

During the time a pupil is enrolled at a post-secondary institution under this section, the post-secondary institution must periodically inform the pupil, the pupil's parents or guardian, and the pupil's secondary school of the pupil's progress in the courses or programs taken for secondary credit.

Sec. 6. Minnesota Statutes 1988, section 123.3514, subdivision 4c, is amended to read:

Subd. 4c. [LIMIT ON PARTICIPATION.] A pupil who first enrolls in grade 11 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of two academic years. A pupil who first enrolls in grade 12 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of one academic year. If a pupil in grade 11 or 12 first enrolls in a post-secondary course for secondary credit during the school year, the time of participation shall be reduced proportionately. A pupil who has graduated from high school cannot participate in a program under this section. A pupil who has completed course requirements for graduation but who has not received a diploma may participate in the program under this section.

Sec. 7. Minnesota Statutes 1988, section 123.3514, subdivision 5, is amended to read:

Subd. 5. [CREDITS.] A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the

time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some for post-secondary credit. A pupil must not audit a course under this section.

A school district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Nine quarter or six semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A school district shall also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district shall, as soon as possible, notify the state board of education which shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.

The secondary credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each course and secondary credits granted shall be included in the pupil's secondary school record. A pupil must provide the school with a copy of the pupil's grade in each course taken under this section. Upon the request of a pupil, the pupil's secondary school record shall also include evidence of successful completion and credits granted for a course taken for post-secondary credit. In either case, the record shall indicate that the credits were earned at a post-secondary institution.

If a pupil enrolls in a post-secondary institution after leaving secondary school, the post-secondary institution shall award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

Sec. 8. Minnesota Statutes 1988, section 123.3514, subdivision 7, is amended to read:

Subd. 7. [FEES; TEXTBOOKS; MATERIALS.] A post-secondary institution that receives reimbursement for a pupil under subdivision 6 may not charge that pupil for fees, textbooks, materials, or other necessary costs of the course or program in which the pupil is enrolled if the charge would be prohibited under section 120.74,

except for equipment purchased by the pupil that becomes the property of the pupil. An institution may require the pupil to pay for fees, textbooks, and materials for a course taken for post-secondary credit.

Sec. 9. Minnesota Statutes 1988, section 123.3514, subdivision 10, is amended to read:

Subd. 10. [LIMIT; STATE OBLIGATION.] The provisions of subdivisions 6, 7, 8, and 9 shall not apply for any post-secondary courses in which a pupil is enrolled in addition to being enrolled full time in that pupil's district or for any post-secondary course in which a pupil is enrolled for post-secondary credit. The pupil is enrolled full time if the pupil attends credit-bearing classes in the high school or high school program for all of the available hours of instruction.

Sec. 10. [126.1995] [SAFETY REQUIREMENT GUIDELINES.]

Subdivision 1. [DEVELOPING AND IMPLEMENTING GUIDELINES.] The department of education, in cooperation with the Minnesota fire marshal's division, shall develop guidelines for school lab safety. The guidelines shall include a list of safety requirements and an explanation of the minimum state and national laws, codes, and standards affecting school lab safety the Minnesota fire marshal considers necessary for schools to implement.

The state department of education shall send the guidelines on school lab safety to district superintendents before September 1, 1989. The district superintendent must ensure that every school lab within the district complies with the school lab safety requirements. Each district superintendent must inform the department by January 1, 1990, of its efforts to comply with the safety requirements. Lack of funding is not an excuse for noncompliance.

Subd. 2. [REPORT TO LEGISLATURE.] The department of education and the state fire marshal shall report to the chairs of the education finance division in the house and senate by February 1, 1990, on district and state compliance with school lab safety requirements.

Sec. 11. Minnesota Statutes 1988, section 126.67, subdivision 8, is amended to read:

Subd. 8. [CAREER INFORMATION; APPROPRIATION.] The department of education, through the Minnesota career information system, may provide career information to school districts and educational systems organizations, employment and training services, human service agencies, libraries, and families. The department may shall collect reasonable fees for subscriptions to necessary

to recover all expenditures related to the operation of the Minnesota career information service. Grants may be accepted and used for the improvement or operation of the program.

Money collected from the sale of these products and services is annually appropriated to the department of education for the Minnesota career information system.

Sec. 12. Minnesota Statutes 1988, section 141.35, is amended to read:

141.35 [EXEMPTIONS.]

None of the provisions of sections 141.21 to 141.36 shall apply to the following:

(a) Colleges authorized by the laws of Minnesota or of any other state or foreign country to grant degrees;

(b) Schools of nursing accredited by the state board of nursing or an equivalent public board of another state or foreign country;

(c) Public schools as defined in section 120.05;

(d) Private schools complying with the requirements of section 120.10, subdivision 2;

(e) Private and parochial nonprofit schools exempt from taxation under the constitution of Minnesota;

(f) Courses taught to students in a valid apprenticeship program taught by or required by a trade union;

(g) Schools exclusively engaged in training physically or mentally handicapped persons for the state of Minnesota;

(h) Schools now or hereafter licensed by boards authorized under Minnesota law to issue such licenses;

(i) Schools and educational programs, or training programs, conducted by persons, firms, corporations, or associations, for the training of their own employees, for which no fee is charged the employee;

(j) Schools engaged exclusively in the teaching of purely avocational or recreational, or remedial subjects as determined by the commissioner. Private schools teaching a method or procedure to increase the speed with which a student reads are not within this exemption;

(k) Driver training schools and instructors as defined in section 171.33, subdivisions 1 and 2;

(l) Classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;

(m) Courses of instruction in the fine arts provided by organizations exempt from taxation pursuant to section 290.05 and registered with the Minnesota department of commerce pursuant to chapter 309. "Fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the commissioner may seek the advice and recommendation of the Minnesota board of the arts;

(n) Classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession, which classes, courses, or programs have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession, and which are offered primarily to a person who currently practices the profession;

(o) Classes, courses, or programs to prepare students for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;

(p) Classes, courses, or programs taught as seminars containing 16 or fewer hours of instruction;

(q) Classes, courses, or programs to prepare persons for careers in modeling or acting; or

(r) Education programs in which one instructor teaches one student.

Sec. 13. Minnesota Statutes 1988, section 354.094, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT CONTRIBUTIONS.] A member granted an extended leave of absence pursuant to section 125.60 or 136.88; ~~except as provided in subdivision 1a or 1b,~~ may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of the leave provided the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave which shall not exceed five years. ~~Except as provided in subdivision 1a or 1b,~~ The state shall not pay employer contributions into the fund for any year for which a

member is on extended leave. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before the later of June 30 of each fiscal year for which service credit is received or within 30 days after first notification of the amount due, if requested by the member, is given by the association. No payment is permitted after the following September 30. Payments received after June 30 must include six percent interest from June 30 through the end of the month in which payment is received.

Sec. 14. Minnesota Statutes 1988, section 354.094, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP; RETENTION.] Notwithstanding section 354.49, subdivision 4, clause (3), a member on extended leave whose employee and employer contributions are paid into the fund pursuant to subdivisions subdivision 1 and 1a shall retain membership in the association for as long as the contributions are paid, under the same terms and conditions as if the member had continued to teach in the district, the community college system or the state university system.

Sec. 15. Minnesota Statutes 1988, section 354.66, subdivision 4, is amended to read:

Subd. 4. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary in this chapter relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position pursuant to this section shall continue to make employee contributions to and to accrue allowable service credit in the retirement fund during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, ~~except as provided in subdivision 4a,~~ prior to June 30 each year, or within 30 days after notification by the association of the amount due, whichever is later, the member and the employing board make that portion of the required employer contribution to the retirement fund, in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for the services rendered in the part-time assignment. The employing unit shall make that portion of the required employer contributions to the retirement fund on behalf of the teacher that is based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner described in section 354.43, subdivision 3. The employee and em-

ployer contributions shall be based upon the rates of contribution prescribed by section 354.42. Full accrual of allowable service credit and employee contributions for part-time teaching service pursuant to this section and section 354A.094 shall not continue for a period longer than ten years.

Sec. 16. Minnesota Statutes 1988, section 354A.091, subdivision 1, is amended to read:

Subdivision 1. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary of this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, ~~except as provided in subdivision 1a or 1b,~~ an elementary, secondary or technical institute teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 125.60, may pay employee contributions to the applicable association and shall be entitled to receive allowable service credit in that association for each year of leave, provided the member and the employing board make the required employer contributions, in any proportion they may agree upon, to that association during the period of leave which shall not exceed five years. ~~Except as provided in subdivision 1a or 1b~~ The state shall not make an employer contribution on behalf of the teacher. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12 as applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the leave. Payment of the employee and employer contributions authorized pursuant to this section shall be made on or before June 30 of the fiscal year for which service credit is to be received. No allowable service with respect to a year of extended leave of absence shall be credited to a teacher until payment of the required employee and employer contributions has been received by the association.

Sec. 17. Minnesota Statutes 1988, section 354A.091, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP RETENTION.] A teacher on extended leave pursuant to section 125.60 whose employee and employer contributions are made to the applicable teachers retirement fund association pursuant to ~~subdivisions~~ subdivision 1 and 1a shall retain membership in the association for each year during which the contributions are made, under the same terms and conditions as if the teacher had continued to teach in the district.

Sec. 18. Minnesota Statutes 1988, section 354A.094, subdivision 4, is amended to read:

Subd. 4. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary in this chapter or the articles of

incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position pursuant to this section shall continue to make employee contributions to and to accrue allowable service credit in the applicable association during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, ~~except as provided in subdivision 4a,~~ prior to June 30 each year the member and the employing board make that portion of the required employer contribution to the applicable association in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for services rendered in the part-time assignment. The employer contributions to the applicable association on behalf of the teacher shall be based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner described in section 354.43, subdivisions 1 and 5. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12. Full membership, accrual of allowable service credit and employee contributions for part-time teaching service by a teacher pursuant to this section and section 354.66 shall not continue for a period longer than ten years.

Sec. 19. [STAFF EXCHANGE PROGRAM.]

Subdivision 1. [ESTABLISHMENT] A staff exchange program for the 1989-1990 and 1990-1991 school years is established to allow local school districts to arrange temporary and voluntary exchanges between members of their kindergarten through grade 12 instructional and administrative staffs. The purpose of the program is to provide participants with an understanding of the educational concerns of other local school districts, including concerns of class organization, curriculum development, instructional practices, and characteristics of the student population.

The educational needs and interests of the host school district and the training, experience, and interests of the participants shall determine the assignment of the participants in the host district. Participants may teach courses, provide counseling and tutorial services, work with teachers to better prepare students for future educational experiences, serve an underserved population in the district, or assist with administrative functions. The assignments participants perform for the host district must be comparable to the assignments the participants perform for the district employing the participants. Participation in the exchange program need not be limited to one school or one school district and may involve other education organizations including education districts and ECSUs.

Subd. 2. [PROGRAM REQUIREMENTS.] All staff exchanges made under this section are subject to the requirements in this subdivision.

(a) A school district employing a participating staff member must not adversely affect the staff member's salary, seniority, or other employment benefits, or otherwise penalize the staff member for participating in the program.

(b) Upon completion or termination of an exchange, a school district employing a participating staff member must permit the staff member to return to the same assignment the staff member performed in the district before the exchange.

(c) A school district employing a participating staff member must continue to provide the staff member's salary and other employment benefits during the period of the exchange.

(d) A participant must be licensed and tenured.

(e) Participation in the program must be voluntary.

(f) The length of participation in the program must be no less than one-half of a school year and no more than one school year, and any premature termination of participation must be upon the mutual agreement of the participant and the participating school districts.

(g) A participant is responsible for transportation to and from the host school district.

This subdivision does not abrogate or change rights of staff members participating in the staff exchange program or the terms of an agreement between the exclusive representative of the school district employees and the school district. Participating school districts may enter into supplementary agreements with the exclusive representative of the school district employees to accomplish the purpose of this section.

Subd. 3. [APPLICATION PROCEDURES.] The school board of a school district must decide by resolution to participate in the staff exchange program. A staff member wishing to participate in the exchange program must submit an application to the school district employing the staff member. The district must, in a timely and appropriate manner, provide to the exclusive bargaining representatives of teachers in the state the number and names of prospective participants within the district, the assignments available within the district, and the length of time for each exchange. The exclusive bargaining representatives are requested to cooperatively participate in the coordination of exchanges to facilitate exchanges across all geographical regions of the state. Prospective participants must

contact teachers and districts with whom they are interested in making an exchange. The prospective participants must make all arrangements to accomplish their exchange and the superintendents of the participating districts must approve of the arrangements for the exchange in writing.

Subd. 4. [REPORT.] By January 1, 1991, the school districts participating in the staff exchange program shall report to the commissioner of education on the number and location of staff members participating in the exchange, the assignments of the participants, and other matters of interest, including the advisability of continuing the exchange. The commissioner shall compile the information provided by the districts and present the compiled information to the education committees of the legislature by February 1, 1991.

Sec. 20. [REPORT.]

The commissioner of education shall provide an interim report to the education committees of the legislature by February 1, 1990, describing the experiences of parents, pupils, and school districts with the enrollment options program. The commissioner shall provide a final report to the committees by February 1, 1991, evaluating experiences of parents, pupils, and school districts with the program.

Sec. 21. [REPEALER.]

Minnesota Statutes 1988, section 120.062, subdivision 8, is repealed effective for the 1989-1990 school year.

Sec. 22. [EFFECTIVE DATES.]

Section 19 is effective for the 1989-1990 school year. Sections 1 and 2 are effective for the 1990-1991 school year and thereafter. Section 3 is effective for the 1989-1990 school year and thereafter.

ARTICLE 10

LIBRARIES

Section 1. Minnesota Statutes 1988, section 134.33, subdivision 1, is amended to read:

Subdivision 1. An establishment grant as described in section 134.32, subdivision 2, shall be made to any regional public library system for the first two state fiscal years after a board of county commissioners has contracted to join that system and has agreed

that the county will provide the levels of support for public library service specified in this section. In the first year of participation 1990, the county shall provide an amount of support equivalent to 3 mill times 0.25 percent of the adjusted gross tax capacity of the taxable property of the county as determined by the commissioner of revenue for the second year preceding that calendar year or two-thirds of the per capita amount established under the provisions of section 134.34, subdivision 1, whichever amount is less. In the second year of participation 1991 and in each year thereafter, the county shall provide an amount of support equivalent to 4 mill times 0.41 percent of the adjusted gross net tax capacity of the taxable property of the county as determined by the commissioner of revenue for the second year preceding that calendar year or the per capita amount established under the provisions of section 134.34, subdivision 1, whichever is less. The minimum level of support shall be certified annually to the county by the department of education. In no event shall the department of education require any county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for an establishment grant. This section shall not be construed to prohibit any county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 2. Minnesota Statutes 1988, section 134.34, subdivision 1, is amended to read:

Subdivision 1. [LOCAL SUPPORT LEVELS.] A regional library basic system support grant shall be made to any regional public library system where there are at least three participating counties and where each participating city and county, except in the first year of participation as provided in section 134.33, is providing for public library service support the lesser of (a) an amount equivalent to 4 mill times 0.33 percent of the adjusted gross tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second year preceding that calendar year in 1990 and an amount equivalent to .41 percent of the net tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second year preceding that calendar year in 1991 and later years or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year 1980 1990 as \$3 \$3.62. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to one-half of the percentage by which the total state adjusted gross net tax capacity of property as determined by the commissioner of revenue for the second year preceding that calendar year increases over that total adjusted gross net tax capacity for the third year preceding that calendar year. The minimum level of support shall be certified annually to the participating cities and counties by the department of education. A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is

already taxable by the county for the support of that regional public library system. In no event shall the department of education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 3. Minnesota Statutes 1988, section 134.34, subdivision 2, is amended to read:

Subd. 2. [REQUIRED INCREASES; LIMIT.] Notwithstanding the provisions of section 134.33 and subdivision 1 of this section, after the second year of participation by a city or county, the dollar amount of the minimum level of support for that city or county shall not be required to increase by more than ten percent over the dollar amount of the minimum level of support required of it in the previous year. If a participating city or county which has been providing for public library service support in an amount equivalent to .67 mill times the gross tax capacity of the taxable property of that city or county for the year preceding that calendar year would be required to increase the dollar amount of such support by more than ten percent to reach the equivalent of .4 mill times the adjusted gross tax capacity of the taxable property of that participating city or county as determined by the commissioner of revenue for the second year preceding that calendar year or the per capita amount calculated under the provisions of subdivision 1, it shall only be required to increase the dollar amount of such support by ten percent per year until such time as it reaches an amount equivalent to .4 mill times the adjusted gross tax capacity of that taxable property as determined by the commissioner of revenue for the second year preceding that calendar year or the per capita amount calculated under the provisions of subdivision 1.

Sec. 4. Minnesota Statutes 1988, section 134.34, subdivision 3, is amended to read:

Subd. 3. [REGIONAL DESIGNATION.] Regional library basic system support grants shall be made only to those regional public library systems officially designated by the state board of education as the appropriate agency to strengthen, improve and promote public library services in the participating areas. The state board of education shall designate no more than one such regional public library system located entirely within any single development region existing under sections 462.381 to 462.396 462.398 or chapter 473.

Sec. 5. Minnesota Statutes 1988, section 134.34, subdivision 4, is amended to read:

Subd. 4. [MAINTENANCE OF EFFORT.] A regional library basic system support grant shall not be made to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the preceding year. This subdivision shall not apply to participating cities or counties where the adjusted gross or net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted gross or net tax capacity.

Sec. 6. Minnesota Statutes 1988, section 134.35, subdivision 5, is amended to read:

Subd. 5. [SEVENTEEN AND ONE-HALF PERCENT.] Seventeen and one-half percent of the available grant funds shall be distributed to regional public library systems which contain counties whose adjusted gross or net tax capacity per capita were below the state average adjusted gross or net tax capacity per capita for the second year preceding the fiscal year for which the grant is made. Each system's entitlement shall be calculated as follows:

(a) subtract the adjusted gross or net tax capacity per capita for each eligible county or participating portion of a county from the statewide average adjusted gross or net tax capacity per capita;

(b) multiply the difference obtained in clause (a) for each eligible county or participating portion of a county by the population of that eligible county or participating portion of a county;

(c) for each regional public library system, determine the sum of the results of the computation in clause (b) for all eligible counties or portions thereof in that system;

(d) determine the sum of the result of the computation in clause (b) for all eligible counties or portions thereof in all regional public library systems in the state;

(e) for each system, divide the result of the computation in clause (c) by the result of the computation in clause (d) to obtain the allocation factor for that system;

(f) multiply the allocation factor for each system as determined in clause (e) times the amount of the remaining grant funds to determine each system's dollar allocation pursuant to this subdivision.

Sec. 7. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [BASIC SUPPORT GRANTS.] For basic support grants under Minnesota Statutes, sections 134.32 to 134.35:

\$5,179,000

1990

\$5,215,000

1991

The 1990 appropriation includes \$747,000 for 1989 and \$4,432,000 for 1990.

The 1991 appropriation includes \$783,000 for 1990 and \$4,432,000 for 1991.

Subd. 3. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants to multicounty, multitype library systems under Minnesota Statutes, sections 134.353 and 134.354:

\$234,000

1990

\$240,000

1991

The 1990 appropriation includes \$34,000 for 1989 and \$200,000 for 1990.

The 1991 appropriation includes \$36,000 for 1990 and \$204,000 for 1991.

Subd. 4. [STATE AGENCY ON-LINE SYSTEM.] For the ongoing cost of operating a computer library catalog system in state agency libraries:

\$46,000

1990

This appropriation is available until June 30, 1991.

Subd. 5. [MATERIALS FOR LIBRARIANS.] To update materials on library information and services available to librarians through the department of education:

\$20,000

1990

This appropriation is available until June 30, 1991.

Sec. 8. [REPEALERS.]

Subdivision 1. [JULY 1, 1989.] Minnesota Statutes, section 134.34, subdivision 5, is repealed July 1, 1989.

Subd. 2. [JULY 1, 1991.] Minnesota Statutes, section 134.33, subdivision 1, is repealed July 1, 1991.

ARTICLE 11

EDUCATION AGENCY SERVICES

Section 1. Minnesota Statutes 1988, section 121.935, subdivision 6, is amended to read:

Subd. 6. [FEES.] Regional management information centers may charge fees to affiliated districts for the cost of services provided to the district and the district's proportionate share of outstanding regional debt. If a district uses a state approved alternative finance system for processing its detailed transactions or transfers to another region, the district is liable for its contracted proportionate share of the outstanding regional debt. The district is not liable for any additional outstanding regional debt that occurs after written notice is given to transfer or use an alternative finance system. ~~In no event shall the annual fee of a district participating in a state pilot program of an alternative financial management information system exceed the annual fee chargeable to the district in the absence of the pilot program.~~ A regional management information center must not charge a district for transferring the district's summary financial data and essential data elements to the state. The regional management information center may charge the district for any service it provides to, or performs on behalf of, a district to render the data in the proper format for reporting to the state.

Sec. 2. Minnesota Statutes 1988, section 123.58, subdivision 6, is amended to read:

Subd. 6. [DUTIES AND POWERS OF ECSU BOARD OF DIRECTORS.] The board of directors shall have authority to maintain and operate an ECSU. Subject to the availability of necessary resources, the powers and duties of this board shall include the following:

(a) The board of directors shall submit within 90 days after the filing of the initial petition with the state board of education and by June 1 of each year thereafter to the state board of education and to each participating school district an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the educational needs of the ECSU. In formulating the plan the board is encouraged to consider: (1) the number of dropouts of school age in the ECSU area and the reasons for the dropouts; (2) existing programs within participating districts for dropouts and

potential dropouts; (3) existing programs of the ECSU for dropouts and potential dropouts and (4) program needs of dropouts and potential dropouts in the area served by the ECSU.

(b) The ECSU board of directors may provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise, subject to the review of the state board of education as to the adequacy of the facilities proposed.

(c) The ECSU board of directors may employ a central administrative staff and other personnel as necessary to provide and support the agreed upon programs and services. The board may discharge staff and personnel pursuant to provisions of law applicable to independent school districts. ECSU staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The ECSU board of directors may appoint special advisory committees composed of superintendents, central office personnel, building principals, teachers, parents and lay persons.

(e) The ECSU board of directors may employ service area personnel pursuant to licensure standards developed by the state board of education and the board of teaching.

(f) The ECSU board of directors may enter into contracts with school boards of local districts including school districts outside the ECSU area.

(g) The ECSU board of directors may enter into contracts with other public and private agencies and institutions which may include, but are not limited to, contracts with Minnesota institutions of higher education to provide administrative staff and other personnel as necessary to furnish and support the agreed upon programs and services.

(h) The ECSU board of directors shall exercise all powers and carry out all duties delegated to it by participating local school districts under provisions of the ECSU bylaws. The ECSU board of directors shall be governed, when not otherwise provided, by the provisions of law applicable to independent school districts of the state.

(i) The ECSU board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the school districts and nonpublic school administrative units within the ECSU and the state board of education by September 1 of each year following the school year in which the program and services were provided.

(j) The ECSU board is encouraged to establish cooperative, working relationships with post-secondary educational institutions in the state.

(k) The ECSU board of directors may issue certificates of indebtedness or notes subject to the requirements of sections 124.71 to 124.76.

Sec. 3. Minnesota Statutes 1988, section 124.71, subdivision 1, is amended to read:

Subdivision 1. School district as used in sections 124.71 to 124.76 means any school district in the state of Minnesota, however organized and wherever located. For the purpose of aid anticipation borrowing, school district, as used in sections 124.71 to 124.76, means education cooperative service unit, as defined in section 123.58.

Sec. 4. Minnesota Statutes 1988, section 126.56, subdivision 4, is amended to read:

Subd. 4. ~~[ELIGIBLE PROGRAMS INSTITUTIONS.] A scholarship may be used only for an eligible program. An eligible program shall be approved by the state board of education. An eligible program shall be sponsored by at an eligible institution. A Minnesota public post-secondary institution is an eligible institution. A private post-secondary institution that is eligible if it:~~

- (1) is accredited by the North Central Association of Colleges;
- (2) offers at least an associate or baccalaureate degree program approved under section 136A.65, subdivision 1; and
- (3) is located in Minnesota.

~~An eligible program shall, as its primary purpose, provide academic instruction for student enrichment in curricular areas including, but not limited to, communications, humanities, social studies, social science, science, mathematics, art, or foreign language. The program shall not be offered for credit to post-secondary students. It shall not provide remedial instruction. Additional requirements for eligibility may be established by the state board of education and the higher education coordinating board.~~

Sec. 5. Minnesota Statutes 1988, section 126.56, is amended by adding a subdivision to read:

Subd. 4a. [ELIGIBLE PROGRAMS.] A scholarship may be used only for an eligible program. To be eligible, a program must:

(1) provide, as its primary purpose, academic instruction for student enrichment in curricular areas including, but not limited to, communications, humanities, social studies, social science, science, mathematics, art, or foreign languages;

(2) not be offered for credit to post-secondary students;

(3) not provide remedial instruction;

(4) meet any other program requirements established by the state board of education and the higher education coordinating board; and

(5) be approved by the state board of education.

Sec. 6. [APPROPRIATION.]

Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD.] The sums indicated in this section are appropriated from the general fund to the higher education coordinating board for the fiscal years designated.

Subd. 2. [SUMMER PROGRAM SCHOLARSHIPS.] For scholarship awards for 1990 and 1991 summer programs, according to Minnesota Statutes, section 126.56:

\$214,000 : : : : : 1990.

\$214,000 : : : : : 1991

Of this appropriation, the amount required may be used for the higher education coordinating board's cost of administering the program.

Sec. 7. [APPROPRIATIONS.]

Subdivision 1. [BOARD OF TEACHING.] The sums indicated in this section are appropriated from the general fund to the board of teaching for the fiscal years designated. Any unexpended balance from the appropriations in this section in the first year does not cancel and is available for the second year.

Subd. 2. [ASSESSMENT OF TEACHER PERFORMANCE.] For designing an assessment procedure for the plan required in Laws 1985, First Special Session chapter 12, article 8, section 48:

\$166,000 : : : : : 1990

\$166,000 : : : : : 1991

Subd. 3. [EXEMPLARY TEACHER EDUCATION PROGRAM.] For development of exemplary teacher education programs under Minnesota Statutes, section 126.81, and dissemination and replication of program models:

\$135,000 : : : : : 1990

\$135,000 : : : : : 1991

Subd. 4. [TEACHER CENTERS.] For grants to develop plans for establishing and operating teacher centers:

\$100,000 : : : : : 1990

\$100,000 : : : : : 1991

Sec. 8. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [TEACHER MENTORSHIP.] For grants to develop mentoring programs in school districts according to Minnesota Statutes, section 125.231:

\$250,000 : : : : : 1990

\$250,000 : : : : : 1991

Any unexpended balance in the first year does not cancel and is available for the second year.

Subd. 3. [ADMINISTRATOR'S ACADEMY.] For the administrator's academy:

\$168,000 : : : : : 1990

\$168,000 : : : : : 1991

\$24,000 must be used each year for the school management assessment center at the University of Minnesota.

Subd. 4. [OFFICE ON TRANSITION SERVICES.] For the inter-agency office on transition service under Minnesota Statutes, section 120.183:

\$80,000 : : : : : 1990

\$80,000 : : : : : 1991

Subd. 5. [EDUCATIONAL COOPERATIVE SERVICE UNITS.]
For educational cooperative service units:

\$749,000 ..:.. 1990

\$749,000 ..:.. 1991

The 1990 appropriation includes \$113,000 for 1989 and \$636,000 for 1990.

The 1991 appropriation includes \$113,000 for 1990 and \$636,000 for 1991.

Subd. 6. [MANAGEMENT INFORMATION CENTERS.] For management information centers according to Minnesota Statutes, section 121.935, subdivision 5:

\$5,319,000 ..:.. 1990

\$5,319,000 ..:.. 1991

Subd. 7. [STATE PER ASSISTANCE.] For state assistance for planning, evaluating, and reporting:

\$601,000 ..:.. 1990

\$601,000 ..:.. 1991

Subd. 8. [EDUCATIONAL EFFECTIVENESS.] For educational effectiveness programs according to Minnesota Statutes, sections 121.608 and 121.609:

\$600,000 ..:.. 1990

\$600,000 ..:.. 1991

Subd. 9. [CURRICULUM AND TECHNOLOGY INTEGRATION.]
For curriculum and technology integration services:

\$722,000 ..:.. 1990

\$722,000 ..:.. 1991

Subd. 10. [TECHNOLOGY INFORMATION DISSEMINATION.]
To collect and disseminate information on emerging uses of technologies in education:

\$20,000 ..:.. 1990

\$20,000 ..:.. 1991

Subd. 11. [COMPREHENSIVE ARTS PLANNING PROGRAM.] For the technical assistance for the comprehensive arts planning program according to Minnesota Statutes, section 129B.21:

\$38,000 ..::: 1990

\$38,000 ..::: 1991

Subd. 12. [ACADEMIC EXCELLENCE FOUNDATION.] For the academic excellence foundation under Minnesota Statutes, section 121.612:

\$175,000 ..::: 1990

\$175,000 ..::: 1991

Sec. 9. [APPROPRIATION.]

Subdivision 1. [STATE UNIVERSITY BOARD.] The sums indicated in this section are appropriated from the general fund to the state university board for the fiscal years designated.

Subd. 2. [FACULTY EXCHANGE.] For expenses incurred by elementary and secondary teachers participating in the faculty education exchange:

\$25,000 ..::: 1990

The appropriation is available until June 30, 1991.

Sec. 10. [APPROPRIATION.]

Subdivision 1. [BOARD OF REGENTS.] The sums indicated in this section are appropriated from the general fund to the board of regents of the University of Minnesota for the fiscal years designated.

Subd. 2. [FACULTY EXCHANGE.] For expenses incurred by elementary and secondary teachers participating in the faculty education exchange:

\$25,000 ..::: 1990

The appropriation is available until June 30, 1991.

Sec. 11. [REPEALER.]

Laws 1988, chapter 718, article 5, section 4, is repealed.

ARTICLE 12
STATE AGENCIES

Section 1. Minnesota Statutes 1988, section 43A.08, subdivision 1a, is amended to read:

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

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

(1) the designation of the position would not be contrary to other law relating specifically to that agency;

(2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;

(3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;

(4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with the governor and the agency head, or the employing constitutional officer;

(6) the position would be at the level of division or bureau director or assistant to the agency head; and

(7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

Sec. 2. Minnesota Statutes 1988, section 128A.09, is amended to read:

128A.09 [SERVICE, SEMINAR, AND CONFERENCE FEES.]

Subdivision 1. [~~DEPOSIT; CREDIT RENTAL INCOME; APPROPRIATION.~~] Fees and Rental income, excluding rent for land and living residences, collected by the academies for services, seminars, and conferences must be deposited in the state treasury and credited to the a revolving fund of the academies. Money in the revolving fund for rental income is annually appropriated to the academies for staff development purposes. Payment from the revolving fund for rental income may be made only according to vouchers authorized by the administrator of the academies.

Subd. 2. [ADMINISTRATOR'S VOUCHERS FEES; APPROPRIATION.] Payment may be made from the revolving fund only according to vouchers authorized by the administrator of the academies. Income from fees for conferences, seminars, nondistrict technical assistance, and production of instructionally-related materials must be deposited in the state treasury and credited to a revolving fund of the academies. Money in the revolving fund for fees from conferences, seminars, nondistrict technical assistance, and production of instructionally-related materials is annually appropriated to the academies to defray expenses of the services conferences, seminars, technical assistance, and conferences production of materials. Payment from the revolving fund for conferences and other fees may be made only according to vouchers authorized by the administrator of the academies.

Sec. 3. Minnesota Statutes 1988, section 129C.10, is amended to read:

129C.10 [MINNESOTA SCHOOL AND RESOURCE CENTER FOR THE ARTS EDUCATION.]

Subdivision 1. [GOVERNANCE.] The board of the Minnesota school and resource center for the arts education shall consist of 15 persons. The members of the board shall be appointed by the governor with the advice and consent of the senate. At least one member must be appointed from each congressional district.

Subd. 2. [TERMS, COMPENSATION, AND OTHER.] The membership terms, compensation, removal of members, and filling of vacancies shall be as provided for in section 15.0575. A member may serve not more than two consecutive terms.

Subd. 3. [POWERS AND DUTIES OF BOARD.] (a) The board has the powers necessary for the care, management, and control of the Minnesota school and resource center for the arts education and all

its real and personal property. The powers shall include, but are not limited to, those listed in this subdivision.

(b) The board may employ and discharge necessary employees, and contract for other services to ensure the efficient operation of the school and resource center.

(c) The board may establish a charitable foundation and accept, in trust or otherwise, any gift, grant, bequest, or devise for educational purposes and hold, manage, invest, and dispose of them and the proceeds and income of them according to the terms and conditions of the gift, grant, bequest, or devise and its acceptance.

(d) The board may establish or coordinate evening, continuing education, extension, and summer programs through the resource center for teachers and pupils.

(e) The board may identify pupils in grades 9 to 12 who have artistic talent, either demonstrated or potential, in dance, literary arts, media arts, music, theater, and visual arts, or in more than one art form.

(f) The board shall educate pupils with artistic talent by providing:

(1) a pilot interdisciplinary academic and arts program for pupils in the 11th and 12th grades, beginning with 135 pupils in the 11th grade in September 1989, and 135 pupils in the 11th grade and 135 pupils in the 12th grade in September 1990;

(2) (1) intensive arts seminars for one or two weeks for 9th and 10th to 12th grade pupils;

(3) (2) summer arts institutes for pupils in grades 9 to 12;

(4) (3) artist mentor and extension programs in regional sites; and

(5) (4) teacher education programs for indirect curriculum delivery.

(g) The board may determine the location for the Minnesota school and resource center for the arts and any additional facilities related to the school, including the authority to lease a temporary facility education and related facilities.

(h) The board must plan for the enrollment of pupils on an equal basis from each congressional district.

(i) (h) The board may establish task forces as needed to advise the board on policies and issues. The task forces expire as provided in section 15.059, subdivision 6.

(+) (i) The board may request the commissioner of education for assistance and services.

(*) (j) The board may enter into contracts with other public and private agencies and institutions for residential and building maintenance services if it determines that these services could be provided more efficiently and less expensively by a contractor than by the board itself. The board may also enter into contracts with public or private agencies and institutions, school districts or combinations of school districts, or educational cooperative service units to provide supplemental educational instruction and services.

(+) The board may provide or contract for services and programs by and for the arts high school, including a school store, operating in connection with the school; theatrical events; and other programs and services that, in the determination of the board, serve the purposes of the arts high school.

(m) (k) The board may provide for transportation of pupils to and from the school and resource center for the arts for all or part of the school year education, as the board considers advisable and subject to its rules. Notwithstanding any other law to the contrary, the board may charge a reasonable fee for transportation of pupils. Every driver providing transportation of pupils under this paragraph must possess all qualifications required by the state board of education. The board may contract for furnishing authorized transportation under rules established by the commissioner of education and may purchase and furnish gasoline to a contract carrier for use in the performance of a contract with the board for transportation of pupils to and from the school and resource center for the arts education. When transportation is provided, scheduling of routes, establishment of the location of bus stops, the manner and method of transportation, the control and discipline of pupils, and any other related matter is within the sole discretion, control, and management of the board.

(+) (l) The board may provide room and board for its pupils.

(+) (m) The board may establish and set fees for services and programs without regard to chapter 14. If the board sets fees not authorized or prohibited by the Minnesota public school fee law, it may do so without complying with the requirements of section 120.75, subdivision 1.

Subd. 3a. [ARTS HIGH SCHOOL RESOURCE CENTER FOR ARTS EDUCATION FUND APPROPRIATION.] There is established in the state treasury ~~an arts high school~~ a resource center for arts education fund. All money collected by the board shall be deposited in the fund. Money in the fund, including interest earned, is annually appropriated to the board for the operation of its services and programs.

Subd. 4. [EMPLOYEES.] (a)(1) The board shall appoint a director of the school and resource center for the arts education who shall serve in the unclassified service.

~~(2) The board shall employ, upon recommendation of the director, a coordinator of the resource center who shall serve in the unclassified service.~~

~~(3)~~ (2) The board shall employ, upon recommendation of the director, up to six department chairs who shall serve in the unclassified service. The chairs shall be licensed teachers unless no licensure exists for the subject area or discipline for which the chair is hired.

~~(4)~~ (3) The board may employ other necessary employees, upon recommendation of the director.

~~(5)~~ (4) The board shall employ, upon recommendation of the director, an executive secretary for the director, who shall serve in the unclassified service.

(b) The employees hired under this subdivision and other necessary employees hired by the board shall be state employees in the executive branch.

Subd. 4a. [ADMISSION AND CURRICULUM REQUIREMENTS GENERALLY.] ~~(a)~~ The board may adopt rules for admission to and discharge from the school and rules regarding the operation of the school and resource center, including transportation of its pupils. ~~Rules covering admission and discharge are governed by chapter 14. Rules regarding the operation of the school are not governed by chapter 14.~~

~~(b) Proceedings concerning admission to or discharge from the school, a pupil's program at the school, and a pupil's progress at the school are governed by the rules adopted by the board and are not contested cases governed by chapter 14.~~

Subd. 5. [RESOURCE CENTER.] The resource center shall offer programs that are directed at improving arts education in elementary and secondary schools throughout the state. The programs offered shall include at least summer institutes offered to pupils in various regions of the state, in-service workshops for teachers, and leadership development programs for teachers. The board shall establish a resource center advisory council composed of elementary and secondary arts educators, representatives from post-secondary educational institutions, department of education, state arts board, regional arts councils, educational cooperative service units, school district administrators, parents, and other organizations involved in arts education. The advisory council shall include representatives

from a variety of arts disciplines and from various areas of the state. The advisory council shall advise the board about the activities of the center. Programs offered through the resource center shall promote and develop arts education programs offered by school districts and arts organizations and shall assist school districts and arts organizations in developing innovative programs. The board may contract with arts organizations to provide programs through the resource center. The advisory council shall advise the board on contracts and programs related to the operation of the resource center.

Subd. 6. [PUBLIC POST-SECONDARY INSTITUTIONS; PROVIDING SPACE.] Public post-secondary institutions shall provide space for programs offered by the Minnesota school and resource center for the arts education at no cost to the Minnesota school and resource center for the arts education to the extent that space is available at the public post-secondary institutions.

Sec. 4. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund, unless otherwise indicated, to the department of education for the fiscal years designated.

The approved complement is:

	<u>1990</u>	<u>1991</u>
State	<u>262.5</u>	<u>263.5</u>
Federal	<u>128.1</u>	<u>129.1</u>
Other	<u>28.1</u>	<u>28.1</u>
Total	<u>418.7</u>	<u>420.7</u>

The commissioner of education, with the approval of the commissioner of finance, may transfer unencumbered balances among the programs during the biennium. Transfers must be reported immediately to the house education finance division and the senate education funding division. During the biennium, the commissioner may transfer money among the various objects of expenditure categories and activities within each program, unless restricted by executive order.

The commissioner of education, with the approval of the commissioner of finance, may transfer complement among funds if necessary. The commissioner must report material changes to the house

education finance division and the senate education funding division.

Subd. 2. [EDUCATIONAL SERVICES.]

\$7,400,000 1990

\$7,407,000 1991

\$21,000 each year is from the trunk highway fund.

\$100,000 each year is from the alcohol-impaired driver account.

The federal complement of the community education section is increased by 3.0.

The federal complement of the institutional approval section recognizes a reduction of 0.3 from the 1989 base.

The state complement of the equal educational opportunities section is reduced by 0.5 and the federal complement for the section recognizes a reduction of 1.0 from the 1989 base.

The state complement of the Indian education section is increased by 4.0 and the federal complement recognizes a reduction of 4.0 from the 1989 base.

The state complement of the assessment section is increased by 4.5 and the federal complement recognizes a reduction of 2.5 from the 1989 base.

The federal complement of the curriculum services section is increased by 2.0.

The federal complement of the special education section is increased by 1.0 in 1991.

The state complement includes 2.0 for the office of restructuring and the federal complement includes 3.0 for the office of restructuring.

Subd. 3. [ADMINISTRATION AND FINANCIAL SERVICES.]

\$9,212,000 1990

\$9,050,000 1991

The state complement of the education finance and analysis section is increased by 2.0 for processing pupil enrollment transfers.

The state complement of the education data systems section is increased by 8.0 in 1990 and 1.0 additional in 1991. The federal complement recognizes a reduction of 6.0 from the 1989 base.

\$1,988,000 in 1990 and \$1,824,000 in 1991 are for the education data systems section. \$15,000 each year of these amounts are for the expenses of the ESV computer council. Any unexpended balance remaining in the first year does not cancel and is available for the second year.

The child nutrition section is reduced by \$30,000 each year.

\$14,000 each year is for internal audit.

The commissioner shall maintain no more than five total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, or executive assistant.

The state complement for the executive management section is reduced by 2.0. This reduction includes the position of assistant commissioner for management effectiveness.

The state complement for the administrative support section is increased by 2.5 including 0.5 for affirmative action and 2.0 for publications. The federal complement recognizes a reduction of 3.5 from the 1989 base.

The state complement of the Minnesota academic excellence foundation is increased by 0.5.

\$168,000 each year is for the state board of education. The state complement for the state board is increased by 1.0.

Sec. 5. [FARIBAULT ACADEMIES APPROPRIATION.]

The sums indicated in this section are appropriated to the department of education for the Faribault Academies:

\$7,123,000 1990

\$7,123,000 1991

\$115,000 each year is for an extended year program.

Any unexpended balance in the first year does not cancel and is available for the second year.

The approved complement is:

	<u>1990</u>	<u>1991</u>
<u>State</u>	<u>185.6</u>	<u>185.6</u>
<u>Federal</u>	<u>8.0</u>	<u>8.0</u>
<u>Total</u>	<u>193.6</u>	<u>193.6</u>

Sec. 6. [RESOURCE CENTER FOR ARTS EDUCATION APPROPRIATION.]

The sums indicated in this section are appropriated from the general fund to the resource center for arts education for the fiscal years designated:

\$2,708,000 : : : : 1990

\$2,708,000 : : : : 1991

The approved complement is:

	<u>1990</u>	<u>1991</u>
<u>State</u>	<u>15.0</u>	<u>15.0</u>
<u>Total</u>	<u>15.0</u>	<u>15.0"</u>

Delete the title and insert:

"A bill for an act relating to education; providing for general education revenue, transportation, special programs, community education, school facilities and equipment, education organization and cooperation, access to education excellence, school breakfast programs, sexual harassment and violence policies, parental involvement programs, libraries, state education agencies and education agency services, providing for limits on open enrollment and post-secondary options; appropriating money; amending Minnesota Statutes 1988, sections 43A.08, subdivision 1a; 120.06, by adding a subdivision; 120.062, subdivisions 4, 6, and by adding a subdivision; 120.17, subdivisions 3, 3b, and by adding a subdivision; 121.88, subdivisions 2 and 5; 121.882, subdivisions 2 and 4; 121.904, subdivision 4a; 121.908, subdivision 5; 121.912, subdivision 1; 121.935, subdivision 6; 122.23, by adding a subdivision; 122.43, subdivision 1; 122.532, subdivision 4; 122.541, subdivision 5; 122.91; 122.92; 122.93, subdivision 2, and by adding subdivisions; 122.94, subdivision 1, and by adding a subdivision; 122.95, subdivision 2, and by adding a subdivision; 123.3514, subdivisions 2, 4, 4c, 5, 7, and 10; 123.39, by adding a subdivision; 123.58, subdivision 6; 123.702, subdivisions 1, 1a, 2, 3, 4, and by adding subdivisions;

123.703, by adding subdivisions; 123.705, subdivision 1, and by adding a subdivision; 124.17, subdivision 1b; 124.19, subdivision 5; 124.195, subdivision 8; 124.223; 124.225; 124.243, subdivision 3, and by adding a subdivision; 124.244, subdivision 2; 124.245, subdivision 3b; 124.26, by adding a subdivision; 124.261; 124.271, by adding subdivisions; 124.2711, subdivisions 1, 3, 4, and by adding a subdivision; 124.2721; 124.273, subdivision 1b, 4, 5, 7, and by adding a subdivision; 124.32, subdivisions 1b, 1d, and by adding a subdivision; 124.43, subdivision 1, and by adding a subdivision; 124.494, subdivision 2; 124.573, subdivision 2b, and by adding subdivisions; 124.574, subdivisions 1, 4, and 5; 124.575, subdivision 3; 124.71, subdivision 1; 124.83, subdivisions 3, 4, and 6; 124A.02, by adding a subdivision; 124A.03, subdivision 2; 124A.035, subdivisions 2 and 4; 124A.036, by adding a subdivision; 124A.22, subdivisions 2, 4, and 9; 124A.23, subdivision 1; 124A.28, subdivision 1; 124A.31; 126.151, subdivision 2; 126.23; 126.56, subdivision 4, and by adding a subdivision; 126.67, subdivision 8; 128A.09; 129.121, by adding a subdivision; 129C.10; 134.33, subdivision 1; 134.34, subdivisions 1, 2, 3, and 4; 134.35, subdivision 5; 136D.27, subdivision 1; 136D.74, subdivision 2; 136D.87, subdivision 1; 141.35; 275.125, subdivisions 5, 5b, 5c, 5e, 8, 8b, 8c, 8e, 11d, and by adding a subdivision; 354.094, subdivisions 1 and 2; 354.66, subdivision 4; 354A.091, subdivisions 1 and 2; 354A.094, subdivision 4; and 363.06, subdivision 3; Laws 1988, chapter 718, article 7, section 61, subdivisions 1, 2, and 3; proposing coding for new law in Minnesota Statutes, chapters 122; 124; 124A; 126; 127; 275; and 363; repealing Minnesota Statutes 1988, sections 120.062, subdivision 8; 123.702, subdivisions 1a, 5, 6, and 7; 124.217; 124.243, subdivision 4; 124.271, subdivision 26; 129B.11; 129B.48; 134.33, subdivision 1; 134.34, subdivision 5; and 275.125, subdivision 6f; Laws 1988, chapter 718, article 5, section 4."

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

The report was adopted.

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

H. F. No. 839, A bill for an act relating to retirement; excluding members of the Columbia Heights fire department from membership in the public employees retirement association; providing for refunds.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
VOLUNTEER FIRE

Section 1. Minnesota Statutes 1988, section 423A.01, subdivision 2, is amended to read:

Subd. 2. [OPERATION OF LOCAL RELIEF ASSOCIATION UPON MODIFICATION OF RETIREMENT COVERAGE FOR NEWLY HIRED POLICE OFFICERS AND FIREFIGHTERS.] The following provisions shall govern the operation of a local relief association upon the modification of retirement coverage for newly hired police officers or firefighters:

(1) The minimum obligation of a municipality in which the retirement coverage for newly hired police officers or salaried firefighters has been modified pursuant to subdivision 1 with respect to the local relief association shall be determined and governed in accordance with the provisions of sections 69.77, 356.215 and 356.216, except that the normal cost calculation for the relief association shall be computed as a percentage of the compensation paid to the active members of the relief association. The compensation paid to persons with retirement coverage modified pursuant to subdivision 1 shall not be included in any of the computations made in determining the obligation of the municipality with respect to the local relief association.

(2) The contribution rate of members of the local relief association shall be governed by section 69.77, unless a special law establishing a greater member contribution rate is applicable whereupon it shall continue to govern. The member contribution rate of persons with retirement coverage modified pursuant to subdivision 1 shall be governed by section 353.65.

(3) Unless otherwise provided for by law, when every active member of the local relief association retires or terminates from active duty, the local relief association shall cease to exist as a legal entity and the assets of the special fund of the relief association shall be transferred to a trust fund to be established by the appropriate municipality for the purpose of paying service pensions and retirement benefits to recipient beneficiaries. Recipient beneficiaries who are competent to act on their own behalf shall be entitled to select the prescribed number of trustees of the trust fund as provided in this clause, subject to the approval of the governing body of the municipality. If there are at least five recipient beneficiaries, the trust fund shall be managed by a board of trustees composed of five persons selected by the recipient beneficiaries of the fund. When there are fewer than five recipient beneficiaries, the number of trustees selected by the recipient beneficiaries shall be equal to the number of the remaining recipient beneficiaries. The governing

body of the municipality shall select the additional trustees. The term of the elected members of the board of trustees shall be indefinite and shall continue until a vacancy occurs in one of the board of trustee member positions. Board of trustee members shall not be compensated for their services, but shall be reimbursed for any expenses actually and necessarily incurred as a result of the performance of their duties in their capacity as board of trustee members. The municipality shall perform whatever services are necessary to administer the trust fund. When all obligations of the trust fund are paid, the balance of the assets remaining in the trust fund shall revert to the municipality for expenditure for law enforcement or firefighting purposes, whichever is applicable.

(4) The financial requirements of the trust fund and the minimum obligation of the municipality with respect to the trust fund shall be determined in accordance with sections 69.77, 356.215 and 356.216 until the unfunded accrued liability of the trust fund is fully amortized in accordance with section 69.77, subdivision 2b. The municipality shall provide in its annual budget for at least the aggregate amount of service pensions, disability benefits, survivorship benefits and refunds which are projected as payable for the following calendar year, as determined by the board of trustees of the trust fund, less the amount of assets in the trust fund as of the end of the most current calendar year for which figures are available, valued pursuant to section 356.20, subdivision 4, clause (1)(a), if the difference between those two figures is a positive number.

(5) In calculating the amount of service pensions and other retirement benefits payable from the local relief association and in calculating the amount of any automatic post retirement increases in those service pensions and retirement benefits based on the salary paid or payable to active members or escalated in any fashion, the salary for use as the base for the service pension or retirement benefit calculation and the post retirement increase calculation for the local relief association shall be the salary for the applicable position as specified in the articles of incorporation or bylaws of the relief association as of the date immediately prior to the effective date of the modification of retirement coverage for newly hired personnel pursuant to subdivision 1, as the applicable salary is reset by the municipality periodically, irrespective of whether retirement coverage for persons holding the applicable position used in calculations is provided by the relief association or by the public employees police and fire fund. If for a local salaried firefighters relief association, the specified position no longer exists because of a reorganization of the fire department as a volunteer fire department, the percentage increase in the salary of the position of a top grade patrol officer in the police department of the municipality must be the basis for service pension and retirement benefit postretirement increase calculations.

(6) If the modification of retirement coverage implemented pursu-

ant to subdivision 1 is applicable to a local police relief association, the police state aid received by the municipality shall be disbursed pursuant to section 69.031, subdivision 5, clause (2)(c). If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local firefighters' relief association, the fire state aid received by the applicable municipality shall be disbursed as the municipality at its option may elect. The municipality may elect: (a) to transmit the total fire state aid to the treasurer of the local relief association for immediate deposit in the special fund of the relief association; or (b) to apply the total fire state aid toward the employer contribution of the municipality to the public employees police and fire fund pursuant to section 353.65, subdivision 3; or (c) to allocate the total fire state aid proportionately between the special fund of the local relief association and employer contribution of the municipality to the public employees police and fire fund on the basis of the respective number of active full time salaried firefighters receiving retirement coverage from each.

Sec. 2. Minnesota Statutes 1988, section 424A.01, subdivision 2, is amended to read:

Subd. 2. [STATUS OF SUBSTITUTE OR PROBATIONARY VOLUNTEER FIREFIGHTERS.] No person who is serving as a substitute or a probationary volunteer firefighter shall be deemed to be a firefighter for purposes of chapter 69 or this chapter nor shall be authorized to be a member of any volunteer firefighters' relief association governed by chapter 69 or this chapter.

Sec. 3. Minnesota Statutes 1988, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Any A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches the age of 50 years; (3) completes at least ten five years of active service as an active member of the municipal fire department to which the relief association is associated; (4) completes at least ten five years of active membership with the relief association prior to before separation from active service; and (5) complies with any additional conditions as to age, service, and membership which that are prescribed by the bylaws of the relief association. The service pension may be paid whether or not the municipality or nonprofit firefighting corporation to which the relief association is associated qualifies for fire state aid under chapter 69. In the case of a member who has completed at least ten five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least ten five years of active membership with the relief association prior to before separation from active

service may be waived by the board of trustees of the relief association if the member completes at least ~~ten~~ five years of inactive membership with the relief association ~~prior to~~ before the payment of the service pension. During the period of inactive membership, the member ~~shall~~ is not be entitled to receive ~~any~~ any disability benefit coverage, ~~shall~~ is not be entitled to receive ~~any~~ any additional service credit towards computation of a service pension, and ~~shall be deemed~~ is considered to have the status of a person entitled to a deferred service pension ~~pursuant to~~ under subdivision 7.

No municipality or nonprofit firefighting corporation is ~~autho-~~ may ~~rized to~~ delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level ~~which~~ that this chapter would allow rather than a specific dollar amount or level.

No relief association as defined in section 424A.001, subdivision 4, ~~shall~~ may pay a service pension or disability benefit to ~~any~~ a former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated.

For the purposes of this chapter, "to separate from active service" means to cease to perform fire suppression duties and to cease to supervise fire suppression duties.

Sec. 4. Minnesota Statutes 1988, section 424A.02, subdivision 2, is amended to read:

Subd. 2. [NONFORFEITABLE PORTION OF SERVICE PENSION.] If the articles of incorporation or bylaws of a relief association so provide, a relief association may pay a reduced service pension to a retiring member who has completed fewer than 20 years of service. The reduced service pension may be paid when the retiring member meets the minimum age and service requirements of subdivision 1.

The amount of the reduced service pension ~~shall~~ may not exceed the amount calculated by multiplying the service pension appropriate for the completed years of service as specified in the bylaws times the applicable nonforfeitable percentage of pension. The ~~applicable~~ nonforfeitable percentage of pension amounts are as follows:

Completed Years of Service	Nonforfeitable Percentage of Pension Amount
5	40 percent
6	44 percent
7	48 percent
8	52 percent
9	56 percent
10	60 percent
11	64 percent
12	68 percent
13	72 percent
14	76 percent
15	80 percent
16	84 percent
17	88 percent
18	92 percent
19	96 percent
20 and thereafter	100 percent

Sec. 5. Minnesota Statutes 1988, section 424A.02, subdivision 7, is amended to read:

Subd. 7. [DEFERRED SERVICE PENSIONS.] A member of a relief association to which this section applies is entitled to a deferred service pension if the member:

(1) has completed the lesser of the minimum period of active service with the fire department specified in the bylaws or 20 years of active service with the fire department;

(2) has completed at least ~~ten~~ five years of active membership in the relief association; and

(3) separates from active service and membership ~~prior to~~ before reaching the age of 50 years or the minimum age for retirement and commencement of a service pension specified in the bylaws governing the relief association if that age is greater than the age of 50 years. The deferred service pension ~~shall commence~~ starts when the former member reaches the age of 50 years or the minimum age specified in the bylaws governing the relief association if that age is greater than the age of 50 years and when the former member makes a valid written application. Any A relief association ~~which~~ that provides a lump sum service pension may, when its governing bylaws so provide, pay interest on the deferred lump sum service pension during the period of deferral. If provided for, interest ~~shall~~ must be paid at the rate actually earned by the relief association, ~~but not to exceed the interest rate specified in section 356.215, subdivision 4d, and shall~~ must be compounded annually based on calendar year balances. The deferred service pension ~~shall be~~ is governed by and ~~shall must~~ must be calculated ~~pursuant to any under the~~ general statute, special law, relief association articles of incorpora-

tion, or relief association bylaw provisions applicable as of on the date on which the member separated from active service with the fire department and active membership in the relief association.

Sec. 6. Minnesota Statutes 1988, section 424A.02, subdivision 13, is amended to read:

Subd. 13. [COMBINED SERVICE PENSIONS.] If the articles of incorporation or bylaws of the associations so provide, a volunteer firefighter with total service credit of ten years or more, if every affected relief association does not require only a five-year service vesting requirement, or five years or more, if every affected relief association requires only a five-year service vesting requirement, as a member of two or more relief associations is entitled, when otherwise qualified, to a prorated service pension from each association in which the member has two years one year or more of service credit. The prorated service pension must be based on the service pension amount in effect for the relief association on the date volunteer firefighting services covered by that relief association terminate. To receive a service pension under this subdivision, the firefighter must become a member of the second or succeeding association and give notice of membership to the prior association within two years of termination of active service with the prior association. The notice must be attested to by the association secretary.

Sec. 7. Minnesota Statutes 1988, section 424A.10, is amended to read:

424A.10 [STATE SUPPLEMENTAL BENEFIT; VOLUNTEER FIREFIGHTERS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "qualified recipient" means an individual who receives an involuntary a lump sum distribution of pension or retirement benefits from a firefighters' relief association for service performed as a volunteer firefighter.

Subd. 2. [PAYMENT OF SUPPLEMENTAL BENEFIT.] Upon the payment by a firefighters' relief association of an involuntary a lump sum distribution to a qualified recipient, the association must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association may pay the supplemental benefit out of its special fund. The amount of this benefit equals ten percent of the regular involuntary lump sum distribution that is paid on the basis of service as a volunteer firefighter. In no case may the amount of the supplemental benefit exceed \$1,000.

Subd. 3. [STATE REIMBURSEMENT.] By February 15 of each year, the relief association shall apply to the commissioner of revenue for state reimbursement of the amount of supplemental

benefits paid under subdivision 2 during the preceding calendar year. By March 15 the commissioner shall reimburse the relief association for the amount of the supplemental benefits paid to qualified recipients. The commissioner of revenue shall prescribe the form of and supporting information that must be supplied as part of the application for state reimbursement. The reimbursement payment must be deposited in the special fund of the relief association.

Subd. 4. [IN LIEU OF INCOME TAX EXCLUSION.] The supplemental benefit provided by this section is in lieu of the state income tax exclusion for involuntary lump sum distributions of retirement benefits paid to volunteer firefighters. If the law is modified to exclude or exempt volunteer firefighters' lump sum distributions from state income taxation, the supplemental benefits under this section may no longer be paid beginning with the first calendar year in which the exclusion or exemption is effective. This subdivision does not apply to exemption of all or part of a lump sum distribution under section 290.032 or 290.0802.

Sec. 8. [REPEALER.]

Minnesota Statutes 1988, section 424A.01, subdivision 3a, is repealed.

ARTICLE 2

POLICE AND FIRE

Section 1. Minnesota Statutes 1988, section 353.64, is amended by adding a subdivision to read:

Subd. 9. [PENSION COVERAGE FOR CERTAIN SHERIFF'S ASSOCIATION EMPLOYEES.] A former member of the association who is an employee of the Minnesota sheriff's association may elect to be a police and fire fund member with respect to service with the sheriff's association, if written election to be covered is delivered to the board within 60 days after the effective date of this section or within 60 days after commencement of employment, whichever is later.

Employee and employer contributions for past service are the obligation of the employee, except that the Minnesota sheriff's association may pay the employer contributions. The employer shall, in any event, deduct necessary future contributions from the employee's salary and remit all contributions to the association as required by this chapter.

Persons who become association members under this section shall not be eligible for election to the board of trustees.

Sec. 2. Laws 1955, chapter 151, section 13, as amended by Laws 1963, chapter 271, section 7; Laws 1971, chapter 549, section 2; Laws 1980, chapter 600, section 14; and Laws 1983, chapter 47, section 1, is amended to read:

Sec. 13. The association shall pay a pension to the surviving spouse or any child under 18 years of age of any pensioned and retired member, or to the surviving spouse or any child under 18 years of age of any member who dies while in the service of the city police department, or to the surviving spouse or any child under 18 years of age of any member who, after being a member of the city police department for not less than 20 years, severs his or her connection with the department, and dies before attaining the age of 50 years. The association shall pay to any such surviving spouse a pension of ~~20~~ not less than 22½ units nor more than 27½ units per month, as the bylaws of the association provide, subject to Minnesota Statutes, section 69.77, subdivision 2i. The association shall pay to any such child under 18 years of age a pension of five units per month until the child attains the age of 18 years, provided, however, that if such child is married at the time of the death of the member or marries or becomes legally adopted after the death of the member, the child shall not be entitled to such benefits. If the surviving spouse and children reside together, the pension payable to the children shall be paid to the surviving spouse and shall be used for the support of the children. If a surviving spouse remarries, the pension immediately ceases and the association shall not make any further pension payments; provided further that if the remarriage terminates for any reason, the surviving spouse, whose benefit terminated solely because of remarriage, shall be entitled upon reapplication to a surviving spouse's benefit; provided, however, that such person shall not be entitled to retroactive payments for any period of time, prior to the effective date of this act or reapplication, whichever is later. For the purposes of this section, all provisions governing a child under 18 shall be extended to include a full time student under the age of 23.

Sec. 3. [AMENDMENT AUTHORIZED.]

Subdivision 1. [AUTHORIZATION.] Subject to Minnesota Statutes, section 69.77, subdivision 2i, the Mankato fire department relief association may amend its constitution and bylaws to provide for payment of disability benefits to active regular salaried firefighters who, because of medically determinable sickness or injury, are unable to perform their duties as firefighters, regardless of whether the sickness was caused in the performance of duty or the injury occurred while on duty.

Subd. 2. [REGULAR SALARIED FIREFIGHTER NONDUTY

DISABILITY BENEFIT AMOUNT.] The nonduty disability benefit for regular salaried firefighters must not exceed the amount of the duty disability benefit.

Sec. 4. Laws 1982, chapter 574, section 5, as amended by Laws 1985, chapter 261, section 16, is amended to read:

Sec. 5. [VIRGINIA POLICE; BENEFIT CHANGES FOR PARTICIPANTS.]

If the bylaws so authorize, the following changes shall be effective:

(a) The service pension payable to persons who retired from the police department on or before January 12, 1966, shall be supplemented by ~~\$100~~ \$200 per month.

(b) For any participant who terminated employment after ~~20 or more~~ years of service, the amount of the monthly service pension payable after the participant has attained the age of at least 50 years shall be equal to ~~one-half~~ 50 percent of the prevailing pay of a police officer of the rank and position held by the participant for a period of at least six months prior to termination of service, or to the rank and position most analogous thereto, plus an additional one percent for each full year of service in excess of 20 years to a maximum of 60 percent, payable by the police department in each month during which the retired participant receives a service pension.

(c) The amount of a monthly disability pension shall be equal to one-half of the prevailing pay of a police officer of the rank and position held by the participant for a period of at least six months prior to his or her disability or the rank and position most analogous thereto, payable by the police department in each month during the period of the participant's disability, subject to any integration of benefits. Disability pensions payable for disabilities incurred on or before January 11, 1967, are increased by \$100 per month.

(d) The benefit paid to the surviving spouse of a participant who died on or before January 11, 1967, shall be increased by ~~\$50~~ \$100 per month, with benefits payable until the surviving spouse's death or remarriage.

(e) The benefit paid to a surviving child shall be increased to \$50 per child per month, subject to any limitation placed on the total amount of survivor's benefits.

Sec. 5. [MINNETONKA VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION; INCREASED NONFORFEITABLE SERVICE PENSION PERCENTAGE.]

Notwithstanding any provision of Minnesota Statutes, section

424A.02, subdivision 2, to the contrary, if the articles of incorporation or the bylaws of the relief association so provide, subject to Minnesota Statutes, section 424A.02, subdivision 10, the Minnetonka volunteer firefighters relief association may pay a service pension to a retiring member who meets the minimum age, service, and other requirements of Minnesota Statutes, section 424A.02, subdivision 1. The amount of the service pension is that portion of a service pension payable with 20 years of service that full years of service credited by the relief association bear to 20 years of service.

Sec. 6. [EVELETH POLICE AND FIREFIGHTERS; BENEFIT INCREASE.]

Notwithstanding any general or special law to the contrary, in addition to other benefits payable, retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund may be increased by \$100 a month. Increases may be made retroactive to January 1, 1989.

Sec. 7. [BLOOMINGTON VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION; DUTY DISABILITY BENEFIT.]

Notwithstanding any provision of Minnesota Statutes, section 424A.02, subdivision 9, or any other law to the contrary, the Bloomington firefighters relief association may provide a duty disability benefit to a volunteer firefighter who:

(1) becomes disabled from a medically determinable injury or illness arising out of or occurring in the course of the line of duty;

(2) is not entitled to the immediate receipt of a service pension equal to the amount of a service pension payable to a retiring firefighter with 20 years of service; and

(3) complies with any other requirement specified in the bylaws of the association.

The duty disability benefit must be equal to the amount of the service pension payable to a retiring firefighter with 20 years of service.

A Bloomington volunteer firefighter who has received a duty-related disability benefit and who returns to active firefighting duties with the Bloomington fire department must accrue service credit towards a service pension for the period of the receipt of the duty-related disability benefit.

Sec. 8. [NONDUTY DISABILITY BENEFIT.]

The Bloomington firefighters relief association may provide a

volunteer firefighter who becomes disabled from an injury or illness not arising out of or not occurring in the course of the line of duty with a disability benefit as the bylaws of the relief association specify, subject to the provisions of Minnesota Statutes, section 424A.02, subdivision 9.

Sec. 9. Laws 1965, chapter 446, section 2, is amended to read:

Sec. 2. [DUTY-RELATED DEATH SURVIVOR BENEFITS.]

Notwithstanding Minnesota Statutes, section 424A.02, subdivision 9, or any other provision of law to the contrary and in lieu of the widows pension surviving spouse benefit provided in Minnesota Statutes, Section 424.24, the firemen's firefighters relief association in the city of Bloomington may provide a pension surviving spouse benefit to the widow surviving spouse of a volunteer fireman firefighter who dies as the result of an injury or illness arising out of or in the course of the line of duty, if the surviving spouse qualifies under the terms of Minnesota Statutes, Section 424.24, of not more than a sum. The surviving spouse benefit must not exceed an amount equal to one fourth of the salary as payable from time to time during the period of pension payment to policemen of the highest grade, not including officers of the police department, in the employ of the city, such pension to three-quarters of the amount of the service pension payable to a retiring firefighter with 20 years of service. The surviving spouse benefit must be paid as the bylaws of the association provide for her natural life; provided that if she remarries, such pension shall upon remarriage, the surviving spouse benefit must cease to accrue and terminate as of the date of her remarriage.

In event If there is a surviving child or there are surviving children of a deceased firefighter who suffered a duty-related death as provided in Minnesota Statutes, Section 424.24, the firemen's relief association of the city of Bloomington may provide for a pension of not more than four percent of the monthly salary as payable from time to time during the period of pension payment to policemen of the highest grade, not including officers of the department, in the employ of the city, surviving child benefit. The surviving child benefit must not exceed an amount equal to 12 percent of the amount of the service pension payable to a retiring firefighter with 20 years of service for each child up to the time each child reaches the age of not less than 16 years or more than 18 years as the bylaws of the association provide; provided, The total pension hereunder survivor benefits for the widow surviving spouse and children of the deceased member shall not exceed one third of the monthly salary of a policeman of the highest grade, not including officers of the police department, in the employ of the municipality the amount of the service pension payable to a retiring firefighter with 20 years of service during the period of the pension payment.

Sec. 10. Laws 1965, chapter 446, section 3, is amended to read:

Sec. 3. [DUTY-RELATED DEATH SURVIVING CHILD BENEFITS IN CERTAIN INSTANCES.] The firemen's Bloomington fire-fighters relief association of the city of Bloomington may provide a pension surviving child benefit for the child or the children of a deceased members member with a duty-related death after the death of their mothers the surviving spouse, of such the amount as the board of trustees of the association shall deem considers necessary to properly support such the child or the children until they reach an the age of not more than 18, as the bylaws of the association provide; provided. The total pension hereunder surviving child benefit for the child or the children of the deceased member shall not exceed a sum an amount equal to one third of the monthly salary of a policeman of the highest grade, not including officers of the police department, in the employ of the municipality the amount of the service pension payable to a retiring firefighter with 20 years of service during the period of the pension survivor benefit payment.

Sec. 11. [NONDUTY-RELATED DEATH SURVIVOR BENEFITS.]

The Bloomington firefighters relief association may provide the surviving spouse, surviving child or surviving children of a volunteer firefighter who dies from an injury or illness not arising out of or not occurring in the course of the line of duty with a survivor benefit as the bylaws of the relief association specify, subject to the provisions of Minnesota Statutes, section 424A.02, subdivision 9.

Sec. 12. [BYLAW AMENDMENT.]

The St. Paul police relief association and the St. Paul fire department relief association shall amend their articles of incorporation and bylaws to ensure that retired members of the police department and fire department are represented on the board of directors of the St. Paul police relief association and the board of trustees of the St. Paul fire department relief association in the same proportion that the number of retired members in each relief association bears to the total membership of each relief association. However, retired members of the St. Paul police relief association and the St. Paul fire department relief association are never entitled under the articles of incorporation or bylaws to more seats on the board of directors than the active members of the respective associations.

Sec. 13. [REPEALER.]

Laws 1967, chapter 815; Laws 1978, chapter 683; and Laws 1981, chapter 224, sections 2 and 5, are repealed.

Sec. 14. [EFFECTIVE DATES.]

Subdivision 1. Section 2 is effective upon approval by the St. Paul city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Subd. 2. Section 3 is effective upon approval by the Mankato city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Subd. 3. Section 4 is effective upon approval by the Virginia city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Subd. 4. Section 5 is effective upon approval by the governing body of the city of Minnetonka and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Subd. 5. Section 6 is effective upon approval by the Eveleth city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Subd. 6. Sections 7 to 11 are effective upon approval by the governing body of the city of Bloomington and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Subd. 7. Sections 12 and 13 are effective the day following final enactment.

Subd. 8. Section 1 is effective July 1, 1989.

ARTICLE 3

PARTIAL POSTRETIREMENT ADJUSTMENT

Section 1. Minnesota Statutes 1988, section 11A.18, subdivision 9, is amended to read:

Subd. 9. [CALCULATION OF POSTRETIREMENT ADJUSTMENT.] Annually, following June 30, the state board shall determine whether a postretirement adjustment shall be payable and shall determine the amount of any postretirement adjustment which shall be that is payable.

(1) The state board shall determine whether a postretirement adjustment shall be payable using the following procedure:

(a) The state board shall determine the amount of dividends, interest, accruals and realized capital gains or losses applicable to the most recent fiscal year ending June 30;

(b) The amount of reserves required for the annuity or benefit payable to an annuitant and benefit recipient of the participating

public pension plans or funds shall be determined by the commission-retained actuary as of the current June 30. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least ~~one year~~ 12 full months as of the current June 30 ~~shall be~~ is eligible to receive a full postretirement adjustment. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least one full month, but less than 12 full months as of the current June 30, is eligible to receive a partial postretirement adjustment. Each fund shall report separately the amount of the reserves for those annuitants and benefit recipients who are eligible to receive a full postretirement benefit adjustment ~~and~~. This amount is known as "eligible reserves." Each fund shall also report separately the amount of the reserves for those annuitants and benefit recipients who are not eligible to receive a postretirement adjustment ~~shall be reported separately~~. This amount is known as "noneligible reserves." For an annuitant or benefit recipient who is eligible to receive a partial postretirement adjustment, each fund shall report separately as additional "eligible reserves" an amount that bears the same ratio to the total reserves required for the annuitant or benefit recipient as the number of full months of annuity or benefit receipt as of the current June 30 bears to 12 full months. The remainder of the annuitant's or benefit recipient's reserves shall be separately reported as additional "noneligible reserves." The amount of the "eligible" and "noneligible" required reserves shall be certified to the board by the commission-retained actuary as soon as is practical following the current June 30;

(c) The state board shall determine the amount of investment income required to equal five percent of the total amount of the required reserves as of the preceding June 30 adjusted by five percent of each transfer in or transfer out multiplied by the fraction of a year from the date of transfer to the current June 30. This amount of required investment income shall be subtracted from the actual amount of investment income determined according to clause (1)(a), to determine the amount of excess investment income. If this amount is positive, then a postretirement adjustment may be paid.

(2) The state board shall determine the amount of any postretirement adjustment which is payable using the following procedure:

(a) The state board shall determine the amount of excess investment income by the method indicated in clause (1);

(b) The total "eligible" required reserves as of the first of January next following the end of the fiscal year for the annuitants and benefit recipients eligible to receive ~~the~~ a full or partial postretirement adjustment as determined by clause (1)(b) shall be certified to the state board by the commission-retained actuary. The total "eligible" required reserves shall be determined by the commission-retained actuary on the assumption that all annuitants and benefit

recipients eligible to receive the a full or partial postretirement adjustment will be alive on the January 1 in question;

(c) If the state board determines that the book value of the assets of the fund is less than an amount equal to the total amount of the current June 30 required reserves, with the book value and required reserves to be determined after the adjustments provided for in subdivision 11, then the state board shall allocate five percent of the excess investment income as an asset of the fund. The excess investment income allocated as an asset of the fund shall not exceed the difference between book value and required reserves. The remaining amount shall be termed available for distribution. The book value of assets on any given date shall be the net assets at cost less the excess investment income determined pursuant to clause (1)(c);

(d) The resulting total amount available for distribution shall be increased by 2½ percent, and the result shall be stated as a percentage of the total amount of the required reserves pursuant to clause (2)(b), and if the percentage is equal to or greater than one percent, the amount shall be certified to each participating public pension fund or plan as the amount of the full postretirement adjustment amount. If the percentage is less than one percent, no postretirement adjustment shall be payable in that year and the amount otherwise available for distribution shall be credited to a separate reserve established for this purpose. The reserve shall be invested in the same manner as all other assets of the fund and shall be credited with any investment income as specified in clause (1)(a). Amounts credited to the reserve shall be utilized in determining a postretirement adjustment in the subsequent year. The amount of any full postretirement adjustment certified by the state board as payable to the participating public pension plans or funds shall be carried to five decimal places and stated as a percentage.

(e) A retirement annuity payable in the event of retirement before becoming eligible for social security benefits as provided in section 352.116, subdivision 3; 353.29, subdivision 6; or 354.35 must be treated as the sum of a period certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period certain retirement annuity plus the life retirement annuity shall be the annuity amount payable until age 62 or 65, whichever applies. A red 16:postretirement adjustment granted on the period certain retirement annuity must terminate when the period certain retirement annuity terminates.

Sec. 2. Minnesota Statutes 1988, section 11A.18, subdivision 10, is amended to read:

Subd. 10. [PAYMENT OF POSTRETIREMENT ADJUSTMENT.] Upon receiving the certification of the amount of the full postretirement adjustment from the state board, each participating public

pension fund or plan shall determine the amount of the postretirement adjustment payable to each eligible annuitant and benefit recipient. The dollar amount of the postretirement adjustment payable to each annuitant or benefit recipient shall be calculated by applying the certified postretirement adjustment percentage to the amount of the monthly annuity or benefit payable to each eligible annuitant or benefit recipient eligible for a full adjustment.

The dollar amount of the partial postretirement adjustment payable to each annuitant or benefit recipient eligible for a partial adjustment shall be calculated by first determining a partial percentage amount that bears the same ratio to the certified full adjustment percentage amount as the number of full months of annuity or benefit receipt as of the current June 30 bears to 12 full months. The partial percentage amount determined shall then be applied to the amount of the monthly annuity or benefit payable to each annuitant or benefit recipient eligible to receive a partial postretirement adjustment. The postretirement adjustment adjustments shall commence to be paid on January 1 following the calculations required pursuant to this section and shall thereafter be included in the monthly annuity or benefit paid to the recipient. Notwithstanding section 356.18, any adjustment adjustments pursuant to this section shall be paid automatically unless the intended recipient files a written notice with the applicable participating public pension fund or plan requesting that the adjustment not be paid.

Sec. 3. [EFFECTIVE DATE.]

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

ARTICLE 4

HIGHER EDUCATION SUPPLEMENTAL PLAN

Section 1. Minnesota Statutes 1988, section 136.80, subdivision 1, is amended to read:

Subdivision 1. A The supplemental retirement plan for personnel employed by the state university board and the state board for community colleges who are in the unclassified service of the state commencing July 1 following the completion of the second year of their full time contract is hereby established and shall be governed pursuant to sections 136.81 to 136.85. ~~Any~~ An unclassified employee who is employed by the state university board or the state board for community colleges in subsidized on-the-job training, work experience, or public service employment as an enrollee under the federal comprehensive employment and training act ~~shall~~ may not be included in the supplemental retirement plan provided for in sec-

tions 136.81 to 136.85 ~~from and~~ after March 30, 1978, unless the unclassified employee has as of the later of March 30, 1978, or the date of employment sufficient service credit in the retirement fund providing primary retirement coverage to meet the minimum vesting requirements for a deferred retirement annuity, or the board agrees in writing to make the employer contribution required by section 136.81 on account of that unclassified employee from revenue sources other than funds provided under the federal comprehensive employment and training act, or the unclassified employee agrees in writing to make the employer contribution required by section 136.81 in addition to the member contribution.

Sec. 2. Minnesota Statutes 1988, section 136.81, subdivision 1, is amended to read:

Subdivision 1. [DEDUCTIONS.] ~~There shall be deducted. The state university board and the state board for community colleges shall deduct from the salary of each person described in section 136.80, subdivision 1, a sum equal to five percent of the portion of the person's annual salary paid between above \$6,000 and \$15,000. The deduction is to~~ must be made in the same manner as other retirement deductions are made from the salary of the person only after the first \$6,000 has been paid in a fiscal year. The state employer shall make a contribution to the plan on behalf of every covered person in an amount equal to the deductions made from the salary of the person, but not to exceed \$450 a year unless an amount greater than \$450, but not to exceed \$2,000 a year, is specified in an agreement between a board and the exclusive representative of the persons employed by the board and described in section 136.80, subdivision 1. The ~~moneys so~~ money deducted and the state contribution shall must be deposited to the credit of the state university and community college supplemental retirement plan account of the teachers retirement fund. The account is hereby established and shall must be separate and distinct from other funds, accounts, or assets of the teachers retirement fund. The money required to meet the obligation of the state employer as provided in this subdivision shall must be contributed to the executive director of the teachers retirement association by the state employer.

Any Deductions ~~which~~ are taken from the salary of a person for the supplemental retirement plan in error shall ~~must~~, upon discovery and verification, be refunded to the person. The retirement board shall establish a reserve ~~which shall reflect~~ reflecting any gains or losses realized due to the purchase and redemption of shares representing salary deductions and state employer contributions ~~which were made in error. The balance of the reserve shall must be credited annually to the cancellation reserve established pursuant to under~~ section 136.82, subdivision 1, clause (5).

If any payroll deductions ~~which are required pursuant to under~~ this section are omitted, the deductions shall must be remitted to

the supplemental retirement plan investment account of the teachers retirement association within one year from the end of the fiscal year in which the deductions were due, and, at the time of the receipt of the omitted deductions, the required state contribution shall then must be made.

Sec. 3. Minnesota Statutes 1988, section 356.24, is amended to read:

356.24 [SUPPLEMENTAL PENSION OR DEFERRED COMPENSATION PLANS, RESTRICTIONS UPON GOVERNMENT UNITS.]

(a) It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits, to the individual retirement account plan established by sections 354B.01 to 354B.04;

(3) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee; or

(4) for employees other than personnel employed by the state university board or the community college board and covered by section 136.80, subdivision 1, to the state of Minnesota deferred compensation plan under section 352.96, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee; or

(5) for personnel employed by the state university board or the community college board and covered by section 136.80, subdivision 1, to the supplemental retirement plan under sections 136.80 to 136.85, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year for each employee:

(b) No change in benefits or employer contributions in a supplemental pension plan to which this section applies after May 6, 1971, is effective without prior legislative authorization."

Delete the title and insert:

"A bill for an act relating to retirement; amending provisions governing volunteer firefighter relief associations; authorizing certain public employees retirement association membership; amending provisions governing certain local police and fire relief associations; providing for a partial postretirement adjustment; amending provisions governing the state university and community college supplemental plan; amending Minnesota Statutes 1988, sections 11A.18, subdivisions 9 and 10; 136.80, subdivision 1; 136.81, subdivision 1; 353.64, by adding a subdivision; 356.24; 423A.01, subdivision 2; 424A.01, subdivision 2; 424A.02, subdivisions 1, 2, 7, and 13; 424A.10; Laws of Minnesota 1955, chapter 151, section 13, as amended; Laws of Minnesota 1965, chapter 446, sections 2 and 3; Laws of Minnesota 1982, chapter 574, section 5, as amended; repealing Minnesota Statutes 1988, section 424A.01, subdivision 3a; Laws of Minnesota 1967, chapter 815; Laws of Minnesota 1978, chapter 683; and Laws of Minnesota 1981, chapter 224, sections 2 and 5."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 849, A bill for an act relating to human services; presuming paternity when blood tests are 99 percent positive; extending the time for bringing certain actions; excluding public assistance from income for maintenance and support determinations in divorce; establishing an administrative process to obtain and enforce support orders; appropriating money; amending Minnesota Statutes 1988, sections 256.87, subdivision 1a; 257.55, subdivision 1; 257.57, subdivision 1; 257.62, subdivision 5; 518.54, subdivision 6; 518.551, subdivision 10; 518.611, subdivision 4; and 518.613, subdivisions 1, 2, 4, and by adding a subdivision; repealing Minnesota Statutes 1988, sections 256.87, subdivision 4; and 518.613, subdivision 5.

Reported the same back with the following amendments:

Page 8, line 29, delete "May" and insert "November"

Page 8, line 31, delete "May" and insert "November"

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 878, A bill for an act relating to agriculture; providing drought emergency relief; establishing a program to reimburse farmers for reseeded hay land and certain purchased hay, a damaged water well grant program, and a federal crop insurance grant program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 17.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

HAY FIELDS AND HAY FOR LIVESTOCK

Section 1. [DAMAGED OR DESTROYED HAY FIELDS.]

The commissioner of agriculture shall reimburse up to \$10 per acre the costs to a farmer of reseeded hay land damaged or destroyed by the 1988 drought. To be eligible for reimbursement, a farmer must have raised hay for the farmer's own use during 1988 and must have hay land that was destroyed or damaged to the extent of 50 percent or more by the 1988 drought. A farmer who reseeded destroyed or damaged hay land after August 1, 1988, is eligible for reimbursement under this section. The farmer must apply for reimbursement to the Minnesota extension service, which must review the application, investigate the farmer's circumstances, and certify to the commissioner of agriculture the applicant's eligibility for reimbursement under this section.

Sec. 2. [PURCHASE OF HAY.]

(a) The commissioner of agriculture shall reimburse a farmer for up to \$1,000 of the actual cost of hay the farmer must purchase to feed the farmer's livestock, if the farmer has no hay because of the 1988 drought. To be eligible for reimbursement, the farmer must have owned and been feeding livestock on January 1, 1989, and on the date of application. The farmer must be reimbursed in an amount up to \$1,000 for the purchase of hay for feed at maintenance levels for a four-week period for the number and type of livestock the

farmer owns and feeds as of January 1, 1989, or the date the farmer applies for the reimbursement, whichever is fewer.

(b) The farmer must apply for reimbursement to the Minnesota extension service, which must review the farmer's application, investigate the farmer's circumstances, and certify to the commissioner of agriculture the applicant's eligibility for reimbursement under this section.

Sec. 3. [APPEALS.]

A farmer may appeal a decision of the commissioner of agriculture or the Minnesota extension service under the Minnesota administrative procedure act, Minnesota Statutes, chapter 14.

Sec. 4. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 2

PURCHASE OF FEDERAL CROP INSURANCE

Section 1. [17.752] [FINDING OF PUBLIC PURPOSE.]

The legislature finds that federal crop insurance represents the lowest cost, most economically feasible mechanism for protecting farm families from severe economic stress caused by drought and other natural disasters. The legislature further finds that costs to the state for rural disaster relief are greatly reduced when a majority of farmers carry federal crop insurance. In order to encourage all farmers to carry federal crop insurance, it is a valid public purpose for state funds to be used to make grants for a portion of the premium costs of the crop insurance.

Sec. 2. [17.754] [GRANTS FOR PARTIAL PAYMENT OF FEDERAL CROP INSURANCE.]

Subdivision 1. [ELIGIBLE CROPS.] Crops eligible for partial payment of federal crop insurance are barley, corn, flax, oats, soybeans, sugar beets, canning crops grown under contract, and wheat.

Subd. 2. [CERTIFICATION OF ELIGIBILITY.] An applicant for partial payment of the federal crop insurance premium on an eligible crop must apply to the federal crop insurance corporation for a certificate of eligibility. The federal crop insurance corporation

must certify the eligibility of each applicant and determine the total premium to be paid for crop insurance coverage on all eligible crops.

Subd. 3. [APPLICATION FOR STATE PAYMENT; REPORT.] The federal crop insurance corporation shall apply to the commissioner for payment of the state share of the premium on eligible crops. Before a state payment for crop insurance is authorized, the federal crop insurance corporation must report to the commissioner the following information:

(1) the total cost to the state for crop insurance premiums at the rate authorized in subdivision 5;

(2) the acreage of each eligible crop in each county;

(3) the participation rate for each eligible crop in each county; and

(4) other information the commissioner reasonably requires.

Subd. 4. [COMMISSIONER TO REPORT TO LEGISLATURE.] By June 1, 1989, and June 1 in each succeeding year, the commissioner shall report to the chairs of the house and senate committees on agriculture on the program of partial state payment for federal crop insurance. The report must include county costs and participation rates for each eligible crop and the commissioner's recommendations for changes in the program, if any.

Subd. 5. [COMMISSIONER TO MAKE PAYMENT.] From funds appropriated for this program, the commissioner shall make a payment to the federal crop insurance corporation in an amount equal to ten percent of the total annual farmer paid crop insurance premium on eligible crops covered by the application under subdivision 3.

Sec. 3. [17.756] [RULES.]

The commissioner of agriculture may adopt rules, including emergency rules, for purposes of sections 1 to 3.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment.

ARTICLE 3

CHEESE MARKETING STUDY

Section 1. [INVESTIGATION OF CHEESE MARKETING; RE-

PORT.] (a) The commissioner shall conduct an investigation and economic analysis of cheese marketing practices within the state, the upper midwest region, and the United States. The purpose of the investigation is to evaluate the extent to which dairy farmers and cheese producers in Minnesota are benefited by local and regional institutions and practices through which cheese and cheese products are marketed.

(b) In conducting the investigation and economic analysis of cheese marketing practices and institutions, the commissioner shall, to the greatest practicable extent, solicit the cooperation and participation of dairy farmer producers, dairy processors, farm cooperatives, and agricultural businesses involved in the dairy industry.

(c) Not later than March 1, 1990, the commissioner shall report to the agriculture committees of the senate and the house of representatives the findings from the investigation and economic analysis of cheese marketing institutions and practices. The commissioner may also recommend legislation to improve cheese marketing conditions for Minnesota dairy farmers and cheese producers.

ARTICLE 4

Section 1. [169.801] [TRUCKS PARTICIPATING IN EMERGENCY HAYLIFT OPERATIONS.]

Subdivision 1. [COMPLIANCE.] The commissioners of transportation and public safety, and their agents, shall make every effort to comply with the provisions of this section.

Subd. 2. [EXEMPTION.] A motor vehicle being used to haul hay in an organized haylift operation is exempt from vehicle width limits if:

(1) the vehicle is operated by a person carrying a participation permit issued under subdivision 3;

(2) the load is firmly secured; and

(3) the vehicle and its load pose no undue risk to the operator or other persons.

Subd. 3. [CERTIFICATE OF PARTICIPATION.] The commissioner of agriculture shall provide to each motor vehicle operator participating in an organized haylift operation a certificate of participation including the approximate dates of participation.

Subd. 4. [LIMITATION.] A motor vehicle operator shall not be

eligible for exemption under subdivision 2 except while actually participating in an organized haylift program.

ARTICLE 5

DAMAGED HOMES

Section 1. [PURPOSE.]

Certain types of mineral soils respond in unanticipated ways to extraordinary environmental changes. When some clay soils dry out because of sustained drought, they shrink to a large degree. If foundations, footings, or house basements have been built into these mineral soils, costly repairs are necessitated by the shifting and cracking that results when the clay dries out. The 1988 drought has caused problems for owners of many of these homes in Minnesota. The purpose of this article is to make low-interest loans available to these victims of the drought so that their homes can be repaired.

Sec. 2. [DEFINITIONS.]

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

Subd. 2. [AGENCY.] "Agency" means the Minnesota housing finance agency.

Subd. 3. [MUNICIPALITY.] "Municipality" means a statutory or home rule charter city or town.

Subd. 4. [HOMEOWNER.] "Homeowner" means one or more natural persons, regardless of income, who have at least a one-third interest in one of the following types of ownership in the home to be repaired:

(1) a fee title, excluding remaindermen subject to a life estate;

(2) a mutually binding contract for the purchase of the property where the borrower is rightfully in possession and the purchase price is payable in installments; or

(3) a life estate.

Subd. 5. [HOME.] "Home" means a residential structure containing no more than four units and which is the principal residence of the homeowner or will become the principal residence of the homeowner within 60 days after completion of the repairs and garage.

Sec. 3. [DROUGHT DAMAGE REPAIR LOANS.]

Subdivision 1. [ELIGIBILITY.] A homeowner whose home was damaged as a result of the drought of 1988 so that a serious structural condition has resulted that must be repaired is eligible for a loan under this article, provided the homeowner is deemed to be a reasonable credit risk, as determined in the agency's sole option and discretion.

Subd. 2. [INDEBTEDNESS.] The total indebtedness secured by the home, including the loan under this article, must not exceed 100 percent of the after repair market value of the property, as determined by appraisal before the loan is made.

Subd. 3. [AGENCY'S DUTIES.] The agency shall make or purchase only loans secured with mortgages within available funds to eligible homeowners under subdivision 1. The maximum loan to a homeowner is \$25,000. The period over which the loan may be repaid shall be determined by the agency in its sole option and discretion.

Subd. 4. [LOCAL HOUSING INSPECTOR'S DUTIES.] The building inspector in a municipality, or an agent or contractor of the municipality without a financial interest in the making of repairs on the property, shall investigate the damage to the home of an applicant for a loan under this section to determine if the damage is a result of the drought of 1988. The building inspector, agent, or contractor shall certify his or her findings to the agency on forms prepared by the agency.

Subd. 5. [INTEREST; FEES.] The homeowner shall pay interest in an amount necessary to cover the administrative cost of providing periodic service on the loan. The owner shall also pay the costs of property value appraisals, escrow accounts, recording fees, mortgage registration tax, and credit investigation fees. The agency shall pay other costs related to the loan, including origination fees charged by originating lenders.

Subd. 6. [QUALITY CONTROL.] (a) Before the agency may make or purchase a loan under this article to a homeowner, the homeowner's municipality, or an agent or contractor of the municipality without a financial interest in the making of the repairs, must prepare a work order for only those repairs necessary to restore the home to its predrought condition.

(b) A homeowner may not make the required repairs. Only a contractor selected by the homeowner and competent to undertake the repairs shall be employed.

(c) The contractor must execute a contractor/homeowner warranty

in conformity with that required for rehabilitation loans described in section 462A.05, subdivision 14.

(d) The agency shall require that loan proceeds be deposited in an escrow account from which partial and full payments for completed repairs may be made.

Subd. 7. [ELIGIBLE USES OF PROCEEDS.] (a) Loan proceeds may be used to pay:

(1) the cost of an appraisal;

(2) management of an escrow account related to the loan; and

(3) repair of damage to the home resulting from the drought of 1988.

(b) Loan proceeds may not be used for improvements or repairs in addition to those necessary to restore the property to its predrought condition, or for the repair or purchase of personal property.

Sec. 4. [APPLICATION DEADLINE.]

No application for assistance under sections 1 to 4 is valid if received by the agency after June 30, 1990.

ARTICLE 6

MUNICIPAL WATER SUPPLIES

Section 1. [PURPOSE.]

Severe drought conditions during the spring, summer, and fall of 1988 caused water wells and surface water sources used by many Minnesota municipalities to produce inadequate supplies of water suitable for distribution in the municipal water utility. The purpose of this article is to provide state financial and technical assistance to affected municipalities so that water of sufficient quality and quantity will be available to municipal water utility customers.

Sec. 2. [DEFINITIONS.]

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

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of natural resources.

Subd. 3. [MUNICIPALITY.] "Municipality" means a statutory or home rule charter city or town having a population, according to the most recent census certified as reliable by the state planning

agency, of not more than 50,000 that operates a municipal water utility and relies on a single well or surface water source for 50 percent or more of the annual water supply distributed by the water utility.

Sec. 3. [DUTIES OF THE COMMISSIONER.]

Subdivision 1. [CERTIFICATION OF MUNICIPAL ELIGIBILITY.] Upon written application by a municipality to the commissioner, the commissioner shall, in cooperation with the department of health, conduct an investigation to determine if the drought of 1988 caused the principal well or surface water source used by that municipality's water utility to be inadequate in quantity or quality to meet the needs of customers of the water utility, including a reasonable capacity reserve. If the commissioner determines that the adverse condition exists and was caused by the 1988 drought, the commissioner shall certify that the municipality qualifies for relief under this article.

Subd. 2. [TECHNICAL ASSISTANCE.] (a) From resources available to the commissioner, the commissioner must provide technical assistance to an eligible municipality to evaluate options and alternatives for providing adequate water supplies to water utility customers. Options to be evaluated must include cost-effective opportunities for water conservation.

(b) If a municipality adopts a municipal water supply enhancement plan approved by the commissioner, the commissioner shall make grants from available funds to eligible municipalities for up to 50 percent of the cost of implementing the approved plan. The maximum grant to a municipality is \$50,000.

ARTICLE 7

NOXIOUS WEED CONTROL

Section 1. [18.192] [LOCAL SUSPENSION OF NOXIOUS WEED CONTROL.]

During a drought, a town board may suspend the duty of owners and occupants of land and road maintenance personnel to control noxious weeds if the vegetation is to be harvested for livestock feed under sections 18.191 to 18.272, except under order by the commissioner or the local weed inspector.

ARTICLE 8
APPROPRIATIONS

Section 1. [RESEEDING HAY FIELDS.]

\$3,000,000 is appropriated from the general fund to the commissioner of agriculture for the purposes of article 1, section 1, to be available until June 30, 1991.

Sec. 2. [HAY FOR LIVESTOCK.]

\$4,950,000 is appropriated from the general fund to the commissioner of agriculture for the purposes of article 1, section 2, to be available until June 30, 1991.

Sec. 3. [ADMINISTRATION.]

\$50,000 is appropriated from the general fund to the Minnesota extension service for administration of article 1, to be available until June 30, 1991.

Sec. 4. [FEDERAL CROP INSURANCE.]

\$5,000,000 is appropriated from the general fund to the commissioner of agriculture to make federal crop insurance payments under article 2. This appropriation is available until June 30, 1991. Of this appropriation, up to \$5,000 is available to the commissioner for administrative expenses of the program.

Sec. 5. [AGRICULTURAL INTERPRETIVE CENTER.]

\$604,000 is appropriated from the general fund to the commissioner of agriculture to be disbursed to the Minnesota Agricultural Interpretive Center for operation of Farmamerica in Waseca county. One-half of the sum appropriated shall be disbursed in each of the fiscal years ending June 30, 1990, and June 30, 1991.

Sec. 6. [TREE REPLANTING.]

\$ is appropriated from the general fund to the board of water and soil resources for making grants to local soil and water conservation districts to assist in financing the replanting of trees planted during 1987 and 1988 under the conservation reserve program and lost to the drought.

Sec. 7. [CHEESE MARKETING STUDY.]

\$15,000 is appropriated from the general fund to the commis-

sioner of agriculture for the study of cheese marketing institutions and practices under article 3.

Sec. 8. [EMERGENCY HAYLIFT PROGRAM.]

\$300,000 is appropriated from the general fund to the commissioner of agriculture to be available until March 1, 1990, to continue operation of the emergency haylift operation begun as a response to the 1988 drought. Any amount of this appropriation that remains unencumbered after March 1, 1990, cancels to the general fund.

Sec. 9. [PSEUDORABIES RESEARCH.]

\$500,000 is appropriated from the general fund to the commissioner of agriculture for further research on pseudorabies and the control or eradication of pseudorabies in Minnesota. Of this appropriation, \$250,000 is available for the first year and \$250,000 is available for the second year of the biennium ending June 30, 1991.

Sec. 10. [PSEUDORABIES CONTROL.]

\$1,000,000 is appropriated from the general fund to the board of animal health for the biennium ending June 30, 1991, to be used for continuing and expanding a control program for pseudorabies in swine. The program must be coordinated by board of animal health personnel. This appropriation is in addition to other appropriations to the board of animal health for pseudorabies control.

Sec. 11. [DAMAGED HOME LOANS.]

\$1,500,000 is appropriated from the general fund to the housing finance agency for the biennium ending June 30, 1991, to make loans to homeowners under article 5. Of this appropriation, up to \$100,000 may be used by the agency for administrative expenses and other costs related to the loans, including loan origination fees.

Sec. 12. [MUNICIPAL WATER UTILITY GRANTS.]

\$1,500,000 is appropriated to the commissioner of natural resources for the biennium ending June 30, 1991, to make grants under article 6. Of this amount, up to \$100,000 may be used by the commissioner for administrative expenses.

Sec. 13. [AGRICULTURE INFORMATION CENTERS.]

\$250,000 in fiscal year 1990 is appropriated from the general fund to the commissioner of agriculture for agriculture information centers. This appropriation is available until June 30, 1991.

Sec. 14. [EFFECTIVE DATES.]

Sections 1 to 4 and 8 are effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; providing assistance for hay land restoration and hay for livestock; encouraging widespread purchase of federal crop insurance; directing a study of cheese marketing practices; authorizing state payment for crop insurance; providing a width exemption for motor vehicles used in emergency haylift operations; making low-interest loans available to homeowners to repair drought damage; providing state financial and technical assistance to municipalities for purposes of enhancing municipal water supplies; appropriating money; amending Minnesota Statutes 1988, section 17.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 17, 18, and 169."

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

The report was adopted.

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

H. F. No. 887, A bill for an act relating to human services; authorizing the commissioner to establish case management for people with brain injuries; proposing coding for new law in Minnesota Statutes, chapter 256B; repealing Minnesota Statutes 1988, section 256B.0625, subdivision 21.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [256B.093] [SERVICES FOR PERSONS WITH BRAIN INJURIES.]

Subdivision 1. [STATE COORDINATOR.] The commissioner of human services shall designate a full-time position within the long-term care management division of the department of human services to supervise and coordinate services for persons with brain injuries.

Subd. 2. [ELIGIBILITY.] The commissioner may contract with qualified agencies or persons to provide case management services to medical assistance recipients who are at risk of institutionalization and meet one of the following criteria:

(a) The person has a brain injury.

(b) The person is receiving home care services or is in an institution and has a discharge plan requiring the provision of home care services and meets one of the following criteria:

(1) the person suffers from a brain abnormality or degenerative brain disease resulting in significant destruction of brain tissue and loss of brain function that requires extensive services over an extended period of time;

(2) the person is unable to direct the person's own care;

(3) the person has medical home care costs that exceed thresholds established by the commissioner under Minnesota Rules, parts 9505.0170 to 9505.0475;

(4) the person is eligible for medical assistance under the option for certain disabled children in section 134 of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA);

(5) the person receives home care from two or more providers who are unable to effectively coordinate the services; or

(6) the person has received or will receive home care services for longer than six months.

Subd. 3. [CASE MANAGEMENT DUTIES.] The department shall fund the case management contracts using medical assistance administrative funds. The contractor must:

(1) assess the person's individual needs for services required to prevent institutionalization;

(2) assure that a care plan that meets the person's needs is developed by the appropriate agency or individual;

(3) assist the person in obtaining services necessary to allow the person to remain in the community;

(4) coordinate home care services with other medical assistance services under section 256B.0625;

(5) assure cost effectiveness of medical assistance services;

(6) make recommendations to the commissioner on the approval or denial of the use of medical assistance funds to pay for home care services when home care services exceed thresholds established by the commissioner under Minnesota Rules, parts 9505.0170 to 9505.0475;

(7) assist the person with problems related to the provision of home care services;

(8) assure the quality of home care services; and

(9) reassess the person's need for and level of home care services at a frequency determined by the commissioner.

Subd. 4. [DEFINITIONS.] For purposes of this section, the following definitions apply:

(a) "Brain injury" means a sudden insult or damage to the brain or its coverings, not of a degenerative nature. The insult or damage may produce an altered state of consciousness or a decrease in mental, cognitive, behavioral, or physical functioning resulting in partial or total disability.

(b) "Home care services" means medical assistance home care services defined under section 256B.0625, subdivisions 6, 7, and 19.

Sec. 2. [REPEALER.]

Minnesota Statutes 1988, section 256B.0625, subdivision 21, is repealed.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1989."

Delete the title and insert:

"A bill for an act relating to human services; creating a state coordinator of services for people with brain injuries; authorizing the commissioner to establish case management for people with brain injuries; proposing coding for new law in Minnesota Statutes, chapter 256B; repealing Minnesota Statutes 1988, section 256B.0625, subdivision 21."

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

The report was adopted.

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

H. F. No. 903, A bill for an act relating to human services; establishing policy; changing the role of regional treatment centers; providing for community-based services for certain persons; amend-

ing Minnesota Statutes 1988, sections 245.463, by adding a subdivision; 245.476, by adding a subdivision; 245.94, subdivision 1; 246.18, subdivision 4; 246.36; 246.57, subdivision 1; 251.011, subdivision 4, and by adding a subdivision; 252.291, subdivision 2; 252.31; 252.41, subdivision 9; 252.50; 253.015; 253B.17, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 245; 246; 251; 252; 253; and 256E.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [FINDING.]

The legislature finds that it is beneficial to encourage the placement of persons requiring residential, health care, and treatment services in community-based facilities and in the residential treatment centers. It is the policy of the state to carry out measures that encourage the delivery of these services in a manner that ensures fair and equitable arrangements to protect the interests of the affected residents, family members, employees, providers, and communities.

Sec. 2. [245.073] [TECHNICAL TRAINING ASSISTANCE TO COMMUNITY-BASED PROGRAMS.]

In conjunction with the discharge of persons from regional treatment centers and their admission to state-operated and privately-operated community-based programs, the commissioner may provide technical training and assistance to the community-based programs. The commissioner is authorized to apply for and accept funds from any source including reimbursement charges from the community-based programs for reasonable costs of training. Funds received shall be deposited in the general fund of the state treasury and shall be appropriated annually to the department of human services for training under this subdivision.

Sec. 3. Minnesota Statutes 1988, section 245.463, is amended by adding a subdivision to read:

Subd. 3. [REVIEW OF FUNDING.] The commissioner shall complete a review of funding for mental health services and make recommendations of any changes needed. The commissioner shall submit a report on the review and recommendations to the legislature in 1991.

Sec. 4. Minnesota Statutes 1988, section 245.476, is amended by adding a subdivision to read:

Subd. 4. [REPORT ON PREADMISSION SCREENING.] The

commissioner shall review the statutory preadmission screening requirements for psychiatric hospitalization, both in the regional centers and other hospitals, to determine if changes in preadmission screening are needed. The commissioner shall deliver a report of the review to the legislature by January 31, 1990.

Sec. 5. [245.65] [CHEMICAL DEPENDENCY SERVICES FOR REGIONAL TREATMENT CENTERS.]

Subdivision 1. [PURPOSE.] The regional treatment centers shall provide services designed to end an individual's reliance on chemical use or an individual's chemical abuse and to increase effective and chemically-free functioning. Clinically effective programs shall be provided on a competitive basis and shall be financially supported through revenues rather than a state appropriation.

Subd. 2. [SERVICES OFFERED.] Services provided shall include, but not be limited to, the following:

(1) primary and extended residential care, including residential treatment programs of varied duration intended to deal with an individual's chemical dependency or chemical abuse problems;

(2) follow-up care to persons discharged from regional treatment center programs;

(3) outpatient treatment programs; and

(4) other treatment services, as appropriate and as provided under contract or shared service agreements.

Subd. 3. [PERSONS SERVED.] The regional treatment centers shall provide services primarily to adolescent and adult residents of the state.

Subd. 4. [SYSTEM LOCATIONS.] Programs shall be located in Anoka, Brainerd, Fergus Falls, Moose Lake, St. Peter, and Willmar.

Sec. 6. Minnesota Statutes 1988, section 245.94, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] (a) The ombudsman may prescribe the methods by which complaints to the office are to be made, reviewed, and acted upon. The ombudsman may not levy a complaint fee.

(b) The ombudsman may mediate or advocate on behalf of a client.

(c) The ombudsman may investigate the quality of services provided to clients and determine the extent to which quality assurance mechanisms within state and county government work to

promote the health, safety, and welfare of clients, other than clients in acute care facilities who are receiving services not paid for by public funds.

(d) The ombudsman may also review and evaluate the operation and licensing of state facilities operated under the authority of the commissioner of human services.

(e) At the request of a client, or upon receiving a complaint or other information affording reasonable grounds to believe that the rights of a client who is not capable of requesting assistance have been adversely affected, the ombudsman may gather information about and analyze, on behalf of the client, the actions of an agency, facility, or program.

(f) The ombudsman may examine, on behalf of a client, records of an agency, facility, or program if the records relate to a matter that is within the scope of the ombudsman's authority. If the records are private and the client is capable of providing consent, the ombudsman shall first obtain the client's consent. The ombudsman is not required to obtain consent for access to private data on clients with mental retardation or a related condition.

(g) The ombudsman may, at reasonable times in the course of conducting a review, enter and view premises within the control of an agency, facility, or program.

(h) The ombudsman may attend department of human services review board and special review board proceedings; proceedings regarding the transfer of patients or residents, as defined in section 246.50, subdivisions 4 and 4a, between institutions operated by the department of human services; and, subject to the consent of the affected client, other proceedings affecting the rights of clients. The ombudsman is not required to obtain consent to attend meetings or proceedings and have access to private data on clients with mental retardation or a related condition.

(i) The ombudsman shall have access to data of agencies, facilities, or programs classified as private or confidential as defined in section 13.02, subdivisions 12 and 13, regarding services provided to clients with mental retardation or a related condition.

(j) To avoid duplication and preserve evidence, the ombudsman shall inform relevant licensing or regulatory officials before undertaking a review of an action of the facility or program.

(k) Sections 245.91 to 245.97 are in addition to other provisions of law under which any other remedy or right is provided.

Sec. 7. Minnesota Statutes 1988, section 246.18, subdivision 4, is amended to read:

Subd. 4. [COLLECTIONS DEPOSITED IN MEDICAL ASSISTANCE ACCOUNT.] Except as provided in subdivision 2, all receipts from collection efforts for the regional treatment centers and state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be deposited in the medical assistance account and are appropriated for that purpose. The commissioner shall ensure that the departmental financial reporting systems and internal accounting procedures comply with federal standards for reimbursement for program and administrative expenditures and fulfill the purpose of this paragraph.

Sec. 8. Minnesota Statutes 1988, section 246.36, is amended to read:

246.36 [ACCEPTANCE OF VOLUNTARY, UNCOMPENSATED SERVICES.]

Subdivision 1. [CONTRACTS WITH AGENCIES FOR VOLUNTARY SERVICES.] For the purpose of carrying out a duty, the commissioner of human services shall have authority to accept uncompensated and voluntary services and to enter into contracts or agreements with private or public agencies, or persons, for uncompensated and voluntary services, as the commissioner may deem practicable. The volunteer agencies, organizations, or persons who provide services to residents of state hospitals shall facilities operated under the authority of the commissioner are not be subject to the procurement requirements of chapters 16A and 16B. The agencies, organizations, or persons may purchase supplies, services, and equipment to be used in providing services to residents of state hospitals facilities through the department of administration.

Subd. 2. [REPORT OF VOLUNTARY SERVICES PROVIDED.] All county social service agencies, regional treatment centers, other state facilities, and private agencies entering into a contract or agreement with the commissioner under subdivision 1, shall compile and submit to the commissioner of human services an annual report of the number of volunteers, the services they performed, and the time they spent in voluntary service. The report shall be on a form prepared by the commissioner. The annual report shall be for the services provided during the period January 1 to December 31.

Subd. 3. [EVALUATION OF SERVICES.] The commissioner shall evaluate the effectiveness of the services performed by the volunteers.

Sec. 9. Minnesota Statutes 1988, section 246.57, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZED.] The commissioner of human services may authorize any regional center or state operated nursing home state facility operated under the authority of the commissioner to enter into agreement with other governmental entities and both nonprofit and profit health service organizations for participation in shared service agreements that would be of mutual benefit to the state, other governmental entities and health service organizations involved, and the public. Notwithstanding section 16B.06, subdivision 2, the commissioner of human services may delegate the execution of shared services contracts to the chief executive officers of the regional centers or state operated nursing homes. No additional employees shall be added to the legislatively approved complement for any regional center or state nursing home state facility under the authority of the commissioner as a result of entering into any shared service agreement. However, positions funded by a shared service agreement may be authorized by the commissioner of finance for the duration of the shared service agreement. The charges for the services shall be on an actual cost basis and all receipts shall be deposited in the general fund. The receipts are appropriated to the commissioner of human services for the duration of the shared service agreement to make expenditures under the agreement that are not covered by other appropriations.

Sec. 10. [246.70] [SERVICES TO FAMILIES.]

Subdivision 1. [INFORMATION ABOUT CHANGES.] (a) The commissioner shall publicize the planned changes to the facilities operated under the authority of the commissioner. A parent, other involved family member, or private guardian shall be notified of the changes planned for each regional center. For persons for whom new services shall be developed which require a move, the commissioner shall develop material for each parent, family member, and guardian that contains the following:

- (1) names and telephone numbers of state and county contacts;
- (2) types of services to be developed;
- (3) how the individual planning process works, including how alternative placements will be determined, and how family members can be involved;
- (4) the process to be followed when a parent, other family member, or guardian disagrees with the proposed services; and
- (5) a list of additional resources such as advocates, local volunteer coordinators, and family groups.

(b) At least one staff person in each regional treatment center or nursing home shall be available to provide information about:

- (1) community placements;
- (2) the opportunity for interested family members and guardians to participate in program planning; and
- (3) family support groups.

Subd. 2. [GUARDIANSHIPS.] (a) Pursuant to chapter 252A, public guardianship or conservatorship is considered to be the most restrictive form of guardianship or conservatorship and should be imposed only when no other acceptable alternative is available.

(b) The commissioner shall seek near relatives and other interested persons to assume private guardianship for persons with developmental disabilities who are currently under public guardianship.

(c) If an individual seeks private guardianship or conservatorship, costs may be reimbursable under section 525.703, subdivision 3, paragraph (b).

(d) Within the limits of the appropriations, the commissioner shall offer technical assistance to relatives, interested persons, and counties to pursue these private guardianships.

Sec. 11. Minnesota Statutes 1988, section 251.011, subdivision 4, is amended to read:

Subd. 4. [OAK TERRACE NURSING HOME.] Any portion or unit of Glen Lake Sanitarium not used for the treatment of tuberculosis patients may be used by the commissioner of human services for the care of geriatric patients, under the name of Oak Terrace Nursing Home.

The commissioner of administration may lease any portion or unit of Oak Terrace Nursing Home for the purpose of providing food and shelter for the homeless.

The facility at Oak Terrace shall be closed as soon as a reasonable plan for relocation of its residents can be safely implemented, and employee mitigation measures completed, but no later than July 1, 1992. Relocation of persons shall be carefully planned and take into account any remaining ties the person has to family or community, and available capacity in private and state-operated nursing homes. Relocation shall take into account personal choices and needs of the resident. Relocation shall be implemented according to Minnesota Rules, parts 4655.6810 to 4655.6830 and 9546.0010 to 9546.0060.

Sec. 12. Minnesota Statutes 1988, section 251.011, is amended by adding a subdivision to read:

Subd. 4a. [NURSING HOME BEDS AT REGIONAL CENTERS.] The commissioner shall operate nursing home beds at Brainerd, Faribault, and Fergus Falls regional centers and may operate nursing home beds at or in affiliation with other regional centers as necessary to provide an appropriate level of care for persons served at those centers.

Sec. 13. [251.012] [PROVISION OF RESIDENTIAL SERVICES.]

Subdivision 1. [RESIDENTIAL CARE.] The commissioner shall provide residential care to persons with mental illness and elderly persons who need skilled nursing care and cannot be adequately served in the community because they:

- (1) are medically fragile or clinically challenging; or
- (2) exhibit severe or challenging behaviors.

Persons shall be accepted for admission only after nursing home preadmission screening by the counties.

Subd. 2. [TECHNICAL ASSISTANCE.] Within the limits of its appropriation, the commissioner shall expand the capacity to provide technical assistance to community providers in handling the behavior problems of their patients, and with community placements for younger persons who have heavy nursing needs and behavior problems. Technical assistance may include site visits, consultation with providers, or provider training.

Subd. 3. [AUXILIARY SERVICES.] The nursing homes may enter into agreements according to section 246.57 to provide other services needed in the region that build on the services provided by the regional nursing homes and that are offered in conjunction with a community or community group.

Subd. 4. [RESPITE CARE.] Respite care may be offered when space is available if payment for the cost of care is guaranteed by the person, the person's family or legal representative, or a source other than a direct state appropriation to the nursing home, and if the individual meets the facility's admission criteria.

Sec. 14. Minnesota Statutes 1988, section 252.291, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] The commissioner of human services in coordination with the commissioner of health may approve a newly constructed or newly established publicly or privately operated community intermediate care facility for six or fewer persons with mental retardation or related conditions only when the following circumstances exist:

(a) when the facility is developed in accordance with a request for proposal approved by the commissioner of human services;

(b) when the facility is necessary to serve the needs of identified persons with mental retardation or related conditions who are seriously behaviorally disordered or who are seriously physically or sensorily impaired. At least 50 percent of the capacity of the facility specified in the proposal submitted to the commissioner must be used for persons coming being discharged from regional treatment centers; and

(c) when the commissioner determines that the need for increased service capacity cannot be met by the use of alternative resources or the modification of existing facilities.

Sec. 15. Minnesota Statutes 1988, section 252.31, is amended to read:

252.31 [ADVISORY TASK FORCE.]

The commissioner of human services may appoint an advisory task force for services to persons with mental retardation, related conditions, or physical handicaps. The task force shall advise the commissioner relative to those laws for which the commissioner is responsible to administer and enforce relating to mental retardation or related conditions and physical disabilities. The commissioner also may request the task force for advice on implementing a comprehensive plan of services necessary to provide for the transition of persons with mental retardation or related conditions from regional treatment centers services to community-based programs. The task force shall consist of persons who are providers or consumers of service for persons with mental retardation, related conditions, or physical handicaps, or who are interested citizens. The task force shall expire and the terms, compensation and removal of members shall be as provided in section 15.059.

Sec. 16. Minnesota Statutes 1988, section 252.41, subdivision 9, is amended to read:

Subd. 9. [VENDOR.] "Vendor" means a nonprofit legal entity that:

(1) is licensed under sections ~~245.781~~ 245A.01 to ~~245.812~~ 245A.16 and 252.28, subdivision 2, to provide day training and habilitation services to adults with mental retardation and related conditions; and

(2) does not have a financial interest in the legal entity that provides residential services to the same person or persons to whom it provides day training and habilitation services. This clause does not apply to regional treatment centers, state-operated, community-

based programs operating according to section 252.50 until the year 2000, or vendors licensed prior to April 15, 1983.

Sec. 17. Minnesota Statutes 1988, section 252.50, is amended to read:

252.50 [STATE-OPERATED; COMMUNITY-BASED RESIDENTIAL PROGRAMS.]

Subdivision 1. [~~RESIDENTIAL COMMUNITY-BASED PROGRAMS ESTABLISHED.~~] The commissioner ~~may~~ shall establish a system of ~~noninstitutional, state-operated, community-based residential services programs~~ for persons with mental retardation or related conditions. For purposes of this section, "state-operated, community-based residential facility program" means a residential program administered by the state to provide treatment and habilitation in noninstitutional community settings to persons with mental retardation or related conditions. Employees of the facilities programs must be state employees under chapters 43A and 179A. The establishment of state-operated, community-based residential facilities programs must be within the context of a comprehensive definition of the role of state-operated services in the state. The role of state-operated services must be defined within the context of a comprehensive system of services for persons with mental retardation or related conditions. Services State-operated, community-based programs may include, but are not limited to, community group homes, foster care, supportive living arrangements services, day training and habilitation programs, and respite care arrangements. The commissioner may operate the pilot projects established under Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 6, and may shall, within the limits of available appropriations, establish additional state-operated, community-based services programs for regional treatment center residents persons with mental retardation or related conditions. Day program services for clients living in state-operated, community-based residential facilities must not be provided by a regional treatment center or a state-operated, community-based program. State-operated, community-based programs offering day program services may be provided for persons with mental retardation or related conditions who are living in state-operated, community-based residential programs until July 1, 2000. No later than 1990, the commissioner, together with family members, counties, advocates, employee representatives, and other interested parties shall begin planning so that by July 1, 2000, state-operated community-based programs will be in compliance with section 252.41, subdivision 9.

Subd. 2. [AUTHORIZATION TO BUILD OR PURCHASE.] Within the limits of available appropriations, the commissioner may build, purchase, or lease suitable buildings for state-operated, community-based residential facilities programs. Facilities Programs must be homelike and adaptable to the needs of persons with mental

retardation or related conditions and residential programs must be homelike.

Subd. 3. [ALTERNATIVE FUNDING MECHANISMS.] To the extent possible, the commissioner may amend the medical assistance home and community-based waiver and, as appropriate, develop special waiver procedures for targeting services to persons currently in state regional treatment centers.

Subd. 4. [COUNTIES.] State-operated, community-based residential facilities programs may be developed in conjunction with existing county responsibilities and authorities for persons with mental retardation or related conditions. Assessment, placement, screening, case management responsibilities, and determination of need procedures must be consistent with county responsibilities established under law and rule. Counties may enter into shared service agreements with state-operated programs.

Subd. 5. [LOCATION OF PROGRAMS.] (a) In determining the location of state-operated, community-based programs, the needs of the individual client shall be paramount. The commissioner shall also take into account:

(1) the personal preferences of the persons being served and their families as determined by Minnesota Rules, parts 9525.0015 to 9525.0165;

(2) location of the support services established by the individual service plans of the persons being served;

(3) the appropriate grouping of the persons served;

(4) the availability of qualified staff;

(5) the need for state-operated, community-based programs in the geographical region of the state; and

(6) a reasonable commuting distance from a regional treatment center or the residences of the program staff.

(b) State-operated, community-based programs must be located according to section 252.28.

Subd. 6. [RATES FOR STATE-OPERATED, COMMUNITY-BASED PROGRAMS FOR PERSONS WITH MENTAL RETARDATION.] For purposes of establishing reimbursement rates, state-operated, community-based programs that meet the definition of a facility in Minnesota Rules, part 9553.0020, subpart 19, are subject to Minnesota Rules, parts 9553.0010 to 9553.0080. For purposes of establishing reimbursement rates, state-operated, com-

munity-based programs that meet the definition of vendor in section 252.41, subdivision 9, are subject to the rate setting procedures in sections 252.41 to 252.47 and Minnesota Rules, parts 9525.1200 to 9525.1330. The commissioner is authorized to establish an advisory committee to consider amendments to Minnesota Rules, parts 9525.1200 to 9525.1330 and 9553.0010 to 9553.0080 to enable an increase in the wages of persons employed by private providers governed by those rules to provide those employees with wages comparable to those paid to persons employed in similar state-operated community programs. The commissioner shall report back to the legislature by January 1, 1990, on the progress of the advisory committee in formulating proposals to achieve wage equity between public and private providers.

This subdivision shall not operate to abridge the statutorily created pension rights of state employees or collective bargaining agreements reached pursuant to chapter 179A.

Subd. 7. [CRISIS SERVICES.] Within the limits of the appropriation, state-operated regional technical assistance shall be available in each region to assist counties, residential and day programming staff, and families to prevent or resolve crises that could lead to a shift in placement.

Technical assistance and consultation shall also be available in each region to providers and counties. Staff will be available to provide:

- (1) individual assessments;
- (2) program plan development and implementation assistance;
- (3) analysis of service delivery problems; and
- (4) assistance with transition planning, including technical assistance to counties and providers to develop new services, site such services, and assist with community acceptance.

By 1995, the commissioner shall develop crisis homes to be operated in conjunction with the regional technical assistance services. Crisis homes, not to exceed four beds per home, shall be developed at the regional treatment centers at Cambridge, Fergus Falls, Moose Lake, Willmar, and Faribault. These services will be available within the limits of the appropriation, when assistance at home is not possible or has failed.

Subd. 8. [REGIONAL TREATMENT CENTERS.] (a) The regional treatment centers shall provide services for persons for whom appropriate community services have not yet been identified or developed including:

- (1) persons with developmental disabilities who are mentally ill;
- (2) persons with developmental disabilities with such medical fragility that skilled nursing is needed; and
- (3) persons with severe aggressive behavior who are self-injurious or who place others at risk.

(b) By June 1993, the commissioner shall reduce the population of the regional treatment centers to the following levels:

(1) For persons who are medically fragile, up to 60 beds will be maintained at the Faribault regional center.

(2) For persons who are mentally retarded and mentally ill, up to 35 beds will be maintained at the St. Peter regional treatment center.

(c) The commissioner shall also maintain services for an additional 100 persons at Faribault regional center for whom adequate services could not be planned and implemented by June, 1993. This group of 100 people shall be moved into community placements as appropriate services are developed, with a goal of placing all of them by July 1, 1995.

(d) The commissioner shall maintain two 15-bed residential units at Willmar regional treatment center for persons with developmental disabilities and shall plan to move the remaining residential and habilitation services for persons with developmental disabilities from that facility to the community, by June 30, 1991.

(e) The commissioner shall plan to move residential and habilitation services for persons with developmental disabilities at Moose Lake regional treatment center to community-based services by June 30, 1991.

(f) The commissioner shall plan to move residential and habilitation services for persons with developmental disabilities at the regional centers at Cambridge, Brainerd, and Fergus Falls, to community-based services by June 30, 1992, and by that date, all persons with developmental disabilities at St. Peter regional center who are not dually diagnosed as mentally ill and mentally retarded will be discharged.

(g) The commissioner shall reassess the objectives and dates detailed in this subdivision as part of each biennial budget planning.

(h) No person will be discharged before an appropriate community placement is available.

Subd. 9. [SPIRITUAL CARE SERVICES.] An organized means for providing spiritual care services and follow-up shall be established as part of the comprehensive health care, congruent with the operational philosophy of the department of human services, to clients of state-operated residential group homes and former residents discharged to private facilities, by persons certified for ministry in specialized settings.

Subd. 10. [EVALUATION OF COMMUNITY-BASED SERVICES DEVELOPMENT.] The commissioner shall develop an integrated approach to assessing and improving the quality of community-based services, including state-operated programs for persons with developmental disabilities.

The commissioner shall evaluate the progress of the development and quality of community-based services to determine if further development can proceed. The commissioner shall report results of the evaluation to the legislature by January 31, 1991, and January 31, 1993.

Subd. 11. [RULES AND LICENSURE.] Each state-operated residential and day habilitation service site shall be separately licensed and movement of residents between them shall be governed by applicable rules adopted by the commissioner.

Subd. 12. [DISCHARGE OF PERSONS WITH MENTAL RETARDATION OR A RELATED CONDITION.] (a) Prior to discharge of persons with mental retardation or a related condition, a screening shall be conducted pursuant to section 256B.092, subdivision 8, and a plan developed pursuant to section 256B.092, subdivision 1a. The screening team shall determine that the services outlined in the plan can be made available in the community. For persons who have overriding health care needs or behaviors which cause injury to self or others, or cause damage to property which is an immediate threat to the physical safety of the persons or others, the following additional conditions must be met:

(1) For persons with overriding health care needs, a registered nurse or a licensed physician shall review the proposed community services to assure that the medical needs of the person have been planned for adequately.

(2) For persons with behaviors which cause injury to self or others, or cause damage to property which is an immediate threat to the physical safety of the person or others, a qualified mental retardation professional, as that term is defined in section 256B.092, subdivision 7, shall review the proposed community services to assure that the behavioral needs of the person have been planned for adequately. The qualified mental retardation professional must have one year of experience in the areas of assessment, planning,

implementation, and monitoring of individual habilitation plans which have used behavior intervention techniques.

(3) For purposes of this section, "overriding health care needs" means a medical condition that requires daily clinical monitoring by a licensed nurse.

(b) No person with mental retardation or a related condition may be discharged before an appropriate community placement is available to receive the person.

(c) A person, legal representative, or near relative may object to a proposed discharge by using the procedures in section 252.515.

Sec. 18. [252.51] [COMMUNITY PLANNING.]

Each community where there is a regional treatment center shall establish a group to work with and advise the commissioner and the counties to:

(1) ensure community input in the development of community services for persons with developmental disabilities;

(2) assure consideration of family concern about choice of service settings;

(3) assist counties in recruiting new providers, capitalizing, and siting new day services and residential programs;

(4) work with the surrounding counties to coordinate development of services for persons with developmental disabilities;

(5) facilitate community education concerning services to persons with developmental disabilities;

(6) assist in recruiting potential supported employment opportunities;

(7) assist in developing shared services agreements among providers of service;

(8) coordinate with the development of state-operated services; and

(9) seek to resolve local transportation issues for people with developmental disabilities.

Representatives shall meet at least monthly in fiscal year 1990

and quarterly in the following years to plan and coordinate services. Minutes of each meeting shall be available to the public.

Funds appropriated to the department of human services for this purpose shall be transferred to the city in which the regional treatment center is located upon receipt of evidence from the city that such a group has been constituted and designated. The funds shall be used to defray the expenses of the group.

The membership of each community group must reflect a broad range of community interests, including, at a minimum, families of persons with developmental disabilities, state employee unions, providers, advocates, and counties.

Sec. 19. [252.515] [RIGHTS OF PARENTS AND NEAR RELATIVES.]

(a) For purposes of this section, near relative means spouse, parent, adult sibling, or adult child.

(b) If the person, legal representative, or near relative of the person proposed to be discharged from a regional treatment center objects to the proposed discharge, the individual who objects to the discharge may request a review pursuant to section 256.045, subdivision 4a. The person shall not be transferred from a regional treatment center while a review or appeal is pending.

A resident of a regional treatment center may not be discharged to a community intermediate care facility with more than 15 beds. Effective July 1, 1993, a resident of a regional treatment center may not be discharged to a community intermediate care facility with more than ten beds.

(c) Within 30 days of the request for a review, the local agency shall conduct a conciliation conference and inform the individual who requested the review in writing of the action the local agency is going to take. The conciliation conference shall be conducted in a manner consistent with section 256.045, subdivision 4a.

(d) If the person, legal representative, or near relative of the person proposed to be discharged is not satisfied with the results of the conciliation conference, any of those individuals may submit to the commissioner a written request for a hearing before a state human services referee pursuant to section 256.045, subdivision 4a.

(e) The person, legal representative, or near relative of the person proposed to be discharged may appeal the order to the district court of the county responsible for furnishing assistance by serving a written copy of a notice of appeal upon the commissioner and any adverse party of record within 30 days after the date the commis-

sioner issued the order, and by filing the original notice and proof of service with the court administrator of the district court. Judicial review shall proceed pursuant to section 256.045, subdivisions 7 to 10.

Sec. 20. Minnesota Statutes 1988, section 253.015, is amended to read:

253.015 [LOCATION; MANAGEMENT; COMMITMENT; CHIEF EXECUTIVE OFFICER.]

Subdivision 1. [STATE HOSPITALS FOR PERSONS WITH MENTAL ILLNESS.] The state hospitals located at Anoka, Brainerd, Fergus Falls, Hastings, Moose Lake, Rochester, St. Peter, and Willmar shall constitute the state hospitals for mentally ill persons with mental illness, and shall be maintained under the general management of the commissioner of human services. The commissioner of human services shall determine to what state hospital persons with mental illness shall be committed from each county and notify the probate judge thereof, and of changes made from time to time. The chief executive officer of each hospital for persons with mental illness shall be known as the chief executive officer.

Subd. 2. [REPORT ON NEEDED REGIONAL TREATMENT CENTER SERVICES.] By January 31, 1991, the commissioner shall determine the need for providing services for persons in southeastern Minnesota who are mentally ill at the regional center in Faribault and submit a report to the legislature. The report shall also address the need to provide services to persons with closed head injuries at the Faribault regional center.

Sec. 21. [253.016] [PURPOSE OF REGIONAL TREATMENT CENTERS.]

The primary mission of the regional treatment centers is to provide inpatient psychiatric hospital services to persons with major mental illness. The regional treatment centers are part of a comprehensive mental health system, the focus of which shall be a commitment to community-based living for persons with mental illness. Regional treatment center services should be integrated into an array of services based on assessment of individual needs.

Sec. 22. [253.017] [TREATMENT PROVIDED BY REGIONAL TREATMENT CENTERS.]

Subdivision 1. [ACTIVE PSYCHIATRIC TREATMENT.] The regional treatment centers shall provide active psychiatric treatment according to contemporary professional standards. Treatment must be designed to:

(1) stabilize the individual and the symptoms that required hospital admission;

(2) restore individual functioning to a level permitting return to the community;

(3) strengthen family and community support; and

(4) facilitate discharge, after care, and follow-up as patients return to the community.

Subd. 2. [NEED FOR SERVICES.] The commissioner shall determine the need for the psychiatric services provided by the department based upon individual needs assessments of persons in the regional treatment centers as required by section 245.474, subdivision 2, and evaluation of its programs, programs needed in the region for persons who require hospitalization, and epidemiologic data. Throughout its planning and implementation, the assessment process will be discussed with the state advisory council on mental health in accordance with its duties under section 245.697. Ongoing assessment of this information will be used to plan for and implement change in state-operated programs and facilities for persons who are mentally ill. By January 31, 1990, the commissioner shall submit a proposal for renovation or new construction of the facility at Anoka serving the metropolitan area. By January 31, 1992, the commissioner shall submit a proposal for renovation or new construction of the facilities at Moose Lake and Fergus Falls. Expansion will be considered only after a thorough analysis of need and in conjunction with a comprehensive mental health plan.

Subd. 3. [DISSEMINATION OF ADMISSION AND STAY CRITERIA.] The commissioner shall periodically disseminate criteria for admission and continued stay in a regional treatment center and security hospital. The commissioner shall disseminate the criteria to the courts of the state and counties.

Sec. 23. [253.018] [PERSONS SERVED.]

The regional treatment centers shall primarily serve adults. Programs treating children and adolescents who require the clinical support available in a psychiatric hospital may be maintained on present campuses until adequate state-operated alternatives are developed off campus according to the criteria of section 253.28, subdivision 2.

Sec. 24. [253.28] [STATE-OPERATED, COMMUNITY-BASED PROGRAMS FOR PERSONS WITH MENTAL ILLNESS.]

Subdivision 1. [PROGRAMS FOR PERSONS WITH MENTAL ILLNESS.] The commissioner may establish a system of state-

operated, community-based programs for persons with mental illness. For purposes of this section, "state-operated, community-based program" means a program administered by the state to provide treatment and habilitation in community settings to persons with mental illness. Employees of the programs must be state employees under chapters 43A and 179A. The role of state-operated services must be defined within the context of a comprehensive system of services for persons with mental illness. Services may include, but are not limited to, community residential treatment facilities for children and adults.

Subd. 2. [LOCATION OF PROGRAMS FOR PERSONS WITH MENTAL ILLNESS.] In determining the location of state-operated, community-based programs, the needs of the individual clients shall be paramount. The commissioner shall take into account:

(1) the personal preferences of the persons being served and their families;

(2) location of the support services needed by the persons being served as established by an individual service plan;

(3) the appropriate grouping of the persons served;

(4) the availability of qualified staff;

(5) the need for state-operated, community-based programs in the geographical region of the state; and

(6) a reasonable commuting distance from a regional treatment center or the residences of the program staff.

Subd. 3. [EVALUATION OF COMMUNITY-BASED SERVICES DEVELOPMENT.] The commissioner shall develop an integrated approach to assessing and improving the quality of community-based services including state-operated programs to persons with mental illness. The commissioner shall evaluate the progress of the development and quality of the community-based services to determine if further development can proceed. The commissioner shall report results of the evaluation to the legislature by January 31, 1991, and January 31, 1993.

Sec. 25. [256E.14] [GRANTS FOR CASE MANAGEMENT FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

Subdivision 1. [PAYMENT TO COUNTIES FOR CASE MANAGEMENT.] To assist counties with increased case management and other administrative costs related to discharging persons with mental retardation or related conditions from regional treatment

centers to community services, the commissioner shall provide funds to counties as specified in this section.

(a) By September 30, 1989, the commissioner shall pay to each county a sum equal to 1,000 times the net decrease that occurred between July 1, 1980 and December 31, 1988, in the number of persons with mental retardation or related conditions, from that county, who were residing in a regional treatment center.

(b) On January 1, 1989, and on the first of January in succeeding years, until 1993, the commissioner shall determine, for each county, the number of persons from that county with mental retardation or related conditions who are residing in a regional treatment center. By September 30 of each year, through 1993, the commissioner shall pay to each county the sum of \$500 for each resident described in this paragraph.

(c) Beginning on January 1, 1990, and continuing until January 1, 1993, the commissioner shall conduct an annual census of the number of clients with mental retardation or related conditions from each county who are residing in a regional treatment center. The commissioner shall then determine, for each county, whether there has been a net decrease or increase from the previous January in the number of such persons residing in a regional treatment center.

(d) For a year in which it is determined under paragraph (c) that there has been a net decrease in the number of persons from a given county who have mental retardation or related conditions and who are residing in a regional treatment center, the commissioner shall pay to that county, by September 30 of that year, 1,000 times the net decrease in the number of such persons.

(e) For a year in which it is determined under paragraph (c) that there has been a net increase in the number of persons from a given county who have mental retardation or related conditions and who are residing in a regional treatment center, the amount due to a county for that year under paragraph (b) shall be reduced by a sum equal to 1,000 times the net increase in the number of such persons. If for any given year the amount to be deducted from a county payment exceeds the amount to be paid to the county under paragraph (b), then the difference shall be deducted from future amounts to be paid to the county under paragraphs (b) and (d). If any amount to be deducted from a county payment under paragraph (e) for the years 1990 to 1993 remains uncollected after September 30, 1993, then that amount shall be deducted from funds to be paid to the county under chapter 256E after January 1, 1994.

Subd. 2. [PRORATION OF PAYMENTS.] If the appropriation for any given year is insufficient to provide full funding, then payments under subdivision 1 shall be reduced proportionally. Similarly,

funds remaining at the end of the fiscal year shall be distributed proportionally to the June 30 measurement of net decrease provided in subdivision 1, paragraph (c).

Sec. 26. [AGREEMENT AUTHORIZED.]

The agreement between the commissioner of human services, the state negotiator, and the bargaining representatives of state employees, dated March 10, 1989, concerning the department of human services plan to restructure the regional treatment centers, is ratified, subject to approval by the legislative commission on employee relations."

Delete the title and insert:

"A bill for an act relating to human services; establishing policy; changing the role of regional treatment centers; providing for community-based services for certain persons; amending Minnesota Statutes 1988, sections 245.463, by adding a subdivision; 245.476, by adding a subdivision; 245.94, subdivision 1; 246.18, subdivision 4; 246.36; 246.57, subdivision 1; 251.011, subdivision 4, and by adding a subdivision; 252.291, subdivision 2; 252.31; 252.41, subdivision 9; 252.50; and 253.015; proposing coding for new law in Minnesota Statutes, chapters 245; 246; 251; 252; 253; and 256E."

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

The report was adopted.

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

H. F. No. 932, A bill for an act relating to health; establishing a blood lead level screening program for children; requiring local health boards to conduct environmental inspections; providing subsidized lead abatement services; requiring a report on soil and blood lead; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Page 2, line 5, delete "less than"

Page 2, after line 36, insert:

"Medical laboratories performing blood lead analyses must provide copies of the laboratory report form for all blood levels of at

least ten micrograms per deciliter to the commissioner and to the board of health of the city or county in which the patient resides."

Page 3, line 13, after "blood" insert "lead"

Page 5, line 14, delete "to provide" and insert "of providing"

Page 5, line 23, delete "facilities" and insert "fountains"

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

The report was adopted.

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

H. F. No. 962, A bill for an act relating to health; requiring the physician to make a determination of viability; prohibiting abortions except those necessary to preserve the life or health of the mother; regulating the method of abortion of the viable fetus; requiring the presence of a second physician at the abortion of a viable unborn child; regulating the standard of care for the viable unborn child; according protection of law to the child born alive as a result of abortion; providing a penalty; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Page 4, line 2, after "mother." insert "None of the provisions of the bill shall apply to those cases in which congenital fetal anomalies exist which are incompatible with sustained survival."

Page 4, line 13, after the period insert "A physician's good faith exercise of reasonable medical judgment based on the particular facts of the case before the physician is conclusive evidence that this section has not been violated."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 982, A bill for an act relating to animals; establishing a study commission to report to the legislature on the feasibility of a

pilot program in the metropolitan area for reducing the population of unwanted dogs and cats through low-cost spaying and neutering.

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

The report was adopted.

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

H. F. No. 1008, A bill for an act relating to human services; clarifying and expanding the duties of the ombudsman for older Minnesotans; providing penalties; appropriating money; amending Minnesota Statutes 1988, sections 256.974; 256.9741, subdivisions 3 and 5, and by adding a subdivision; 256.9742; 256.9744, subdivision 1; and 256.975, subdivision 2.

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1040, A bill for an act relating to agriculture; allowing nuisance free, pollution free, aesthetic disposal of solid waste on agricultural land by a person engaged in farming; requiring the pollution control agency to notify the commissioner of agriculture and hold public hearings on rules affecting farming operations; amending Minnesota Statutes 1988, section 116.07, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 17.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 14.115, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] For purposes of this section, "small business" means a business entity, including farming and other agricultural operations and its affiliates, that (a) is independently owned and operated; (b) is not dominant in its field; and (c) employs fewer than 50 full-time employees or has gross annual sales of less than \$4,000,000. For purposes of a specific rule, an agency may define small business to include more employees if necessary to adapt the rule to the needs and problems of small businesses.

Sec. 2. [17.135] [FARM DISPOSAL OF SOLID WASTE.]

A permit is not required from a state agency, except under sections 88.16 and 88.17, for a person who owns or operates land used for farming that buries, or burns and buries, solid waste generated from the person's household or as part of the person's farming operation if the burying is done in a nuisance free, pollution free, and aesthetic manner on the land used for farming. This exception does not apply if there is regularly scheduled pickup of solid waste established by the county.

Sec. 3. Minnesota Statutes 1988, section 115A.46, subdivision 2, is amended to read:

Subd. 2. [CONTENTS.] The plans shall describe existing collection, processing, and disposal systems, including schedules of rates and charges, financing methods, environmental acceptability, and opportunities for improvements in the systems. The plans shall include an estimate of the land disposal capacity in acre-feet which will be needed through the year 2000, on the basis of current and projected waste generation practices. The plans shall require the most feasible and prudent reduction of the need for and practice of land disposal of mixed municipal solid waste. The plans shall address at least waste reduction, separation, and resource recovery, and shall include objectives, immediately and over specified time periods, for reducing the land disposal of mixed municipal solid waste. The plans shall describe methods for identifying the portions of the waste stream such as leaves, grass, clippings, tree and plant residue, and paper for application and mixing into the soil and use in agricultural practices. The plans shall describe specific functions to be performed and activities to be undertaken to achieve the abatement objectives and shall describe the estimated cost, proposed manner of financing, and timing of the functions and activities. The plans shall include a comparison of the costs of the activities to be undertaken, including capital and operating costs, and the effects of the activities on the cost to generators and on persons currently providing solid waste collection, processing, and disposal services. The plans shall include alternatives which could be used to achieve the abatement objectives if the proposed functions and activities are not established. The plans shall designate how public education shall be accomplished. The plans shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the plans shall include criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan. The plans shall establish a siting procedure and development program to assure the orderly location, develop-

ment, and financing of new or expanded solid waste facilities and services sufficient for a prospective ten-year period, including estimated costs and implementation schedules, proposed procedures for operation and maintenance, estimated annual costs and gross revenues, and proposals for the use of facilities after they are no longer needed or usable. The plans shall describe existing and proposed county and municipal ordinances and license and permit requirements relating to solid waste management and shall describe existing and proposed regulation and enforcement procedures.

Sec. 4. Minnesota Statutes 1988, section 115A.48, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The board shall assist and encourage the development of specific facilities, services, and uses needed to provide adequate, stable, and reliable markets for recyclable materials, solid waste suitable for land application, and compost generated in the state. In carrying out this duty the board shall coordinate and cooperate with the solid waste management efforts of other public agencies and political subdivisions.

Sec. 5. Minnesota Statutes 1988, section 115A.48, subdivision 2, is amended to read:

Subd. 2. [FACILITY DEVELOPMENT PROPOSALS.] In order to determine the feasibility and method of developing and operating specific types of facilities and services to use recyclable materials, solid waste suitable for land application, and compost generated in the state, the board shall request proposals from and may make grants to persons seeking to develop or operate the facilities or services. Grants may be made for the purposes in section 115A.156, subdivision 1, clauses (1) to (6). A grant must be matched by money or in-kind services provided by the grantee covering at least 50 percent of the project cost. In requesting proposals under this section the board shall follow the procedures provided in section 115A.158, subdivisions 1 and 2, as far as practicable.

Sec. 6. Minnesota Statutes 1988, section 115A.48, is amended by adding a subdivision to read:

Subd. 4. [LAND APPLICATION OF SOLID WASTE.] The board shall provide technical assistance and advice to political subdivisions on separating portions of the waste stream such as leaves, grass, clippings, tree and plant residue, and paper for application and mixing into the soil and for use in agricultural practices.

Sec. 7. Minnesota Statutes 1988, section 116.07, subdivision 4, is amended to read:

Subd. 4. [RULES AND STANDARDS.] Pursuant and subject to

the provisions of chapter 14, and the provisions hereof, the pollution control agency may adopt, amend and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1969, chapter 1046, for the prevention, abatement, or control of air pollution. Any such rule or standard may be of general application throughout the state, or may be limited as to times, places, circumstances, or conditions in order to make due allowance for variations therein. Without limitation, rules or standards may relate to sources or emissions of air contamination or air pollution, to the quality or composition of such emissions, or to the quality of or composition of the ambient air or outdoor atmosphere or to any other matter relevant to the prevention, abatement, or control of air pollution.

Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the pollution control agency may adopt, amend, and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1969, chapter 1046, for the collection, transportation, storage, processing, and disposal of solid waste and the prevention, abatement, or control of water, air, and land pollution which may be related thereto, and the deposit in or on land of any other material that may tend to cause pollution. The agency shall adopt such rules and standards for sewage sludge, addressing the intrinsic suitability of land, the volume and rate of application of sewage sludge of various degrees of intrinsic hazard, design of facilities, and operation of facilities and sites. The agency shall promulgate emergency rules for sewage sludge pursuant to sections 14.29 to 14.36. Notwithstanding the provisions of sections 14.29 to 14.36, the emergency rules shall be effective until permanent rules are promulgated or March 1, 1982, whichever is earlier. Any such rule or standard may be of general application throughout the state or may be limited as to times, places, circumstances, or conditions in order to make due allowance for variations therein. Without limitation, rules or standards may relate to collection, transportation, processing, disposal, equipment, location, procedures, methods, systems or techniques or to any other matter relevant to the prevention, abatement or control of water, air, and land pollution which may be advised through the control of collection, transportation, processing, and disposal of solid waste and sewage sludge, and the deposit in or on land of any other material that may tend to cause pollution. By January 1, 1983, the rules for the management of sewage sludge shall include an analysis of the sewage sludge determined by the commissioner of agriculture to be necessary to meet the soil amendment labeling requirements of section 17.716.

Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the pollution control agency may adopt, amend and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1971, chapter 727, for the prevention, abatement, or control of noise pollution. Any such rule

or standard may be of general application throughout the state, or may be limited as to times, places, circumstances or conditions in order to make due allowances for variations therein. Without limitation, rules or standards may relate to sources or emissions of noise or noise pollution, to the quality or composition of noises in the natural environment, or to any other matter relevant to the prevention, abatement, or control of noise pollution.

As to any matters subject to this chapter, local units of government may set emission regulations with respect to stationary sources which are more stringent than those set by the pollution control agency.

Pursuant to chapter 14, the pollution control agency may adopt, amend, and rescind rules and standards having the force of law relating to any purpose within the provisions of this chapter for generators of hazardous waste, the management, identification, labeling, classification, storage, collection, treatment, transportation, processing, and disposal of hazardous waste and the location of hazardous waste facilities. A rule or standard may be of general application throughout the state or may be limited as to time, places, circumstances, or conditions. In implementing its hazardous waste rules, the pollution control agency shall give high priority to providing planning and technical assistance to hazardous waste generators. The agency shall assist generators in investigating the availability and feasibility of both interim and long term hazardous waste management methods. The methods shall include waste reduction, waste separation, waste processing, resource recovery, and temporary storage.

The pollution control agency shall give highest priority in the consideration of permits to authorize disposal of diseased shade trees by open burning at designated sites to evidence concerning economic costs of transportation and disposal of diseased shade trees by alternative methods.

In addition to the provisions under section 14.115, before the pollution control agency adopts or repeals rules that affect farming operations, the agency must provide a copy of the proposed rule change and a statement of the effect of the rule change on farming operations to the commissioner of agriculture for review and comment and hold public meetings in agricultural areas of the state.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day after final enactment.

Delete the title and insert:

“A bill for an act relating to agriculture; allowing nuisance free,

pollution free, aesthetic burial of solid waste on agricultural land by a person engaged in farming; requiring solid waste management plans to describe methods for using leaves and other such waste for mixing into the soil; requiring the waste management board to encourage development of markets for solid waste suitable for land application and to provide technical assistance to political subdivisions on use of waste stream solid waste; requiring the pollution control agency to notify the commissioner of agriculture and hold public hearings on rules affecting farming operations; amending Minnesota Statutes 1988, sections 14.115, subdivision 1; 115A.46, subdivision 2; 115A.48, subdivisions 1, 2, and by adding a subdivision; and 116.07, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 17.”

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

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1143, A bill for an act relating to taxation; permitting the city of Rochester to continue levying a general sales tax for flood control costs; amending Laws 1983, chapter 342, article 19, sections 4 and 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Laws 1983, chapter 342, article 19, section 4, is amended to read:

Sec. 4. [ALLOCATION OF REVENUES.]

(a) Revenues received from taxes authorized by sections 1 and 2 shall be used to pay the costs of collecting the taxes, capital and administrative costs of improvements to the city park and recreation system and flood control improvements for which the city voters at a special election held on November 2, 1982, approved the issuance of general obligation bonds, and to pay debt service on the bonds. The total capital and administrative expenditures payable from bond proceeds and revenues received from the taxes authorized by sections 1 and 2, excluding investment earnings thereon, shall not exceed \$16,000,000 for improvements to the city park and recreation system and \$16,000,000 for flood control improvements.

(b) Notwithstanding paragraph (a), if the city council elects to continue imposing the tax after \$16,000,000 has been collected for the park and recreation system and for flood control improvements, the revenues must be used to pay the city's share of the flood control project or for other flood control purposes, including additional construction or restoration, repairs, and maintenance of existing flood control improvements.

Sec. 2. Laws 1983, chapter 342, article 19, section 5, is amended to read:

Sec. 5. [TERMINATION OF TAXES.]

(a) The taxes imposed pursuant to sections 1 and 2 shall terminate on the first day of the second month next succeeding a determination by the city council that sufficient funds have been received from the taxes and bond proceeds to finance capital and administrative costs of \$16,000,000 for improvements to the city park and recreation system and \$16,000,000 for flood control improvements and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the improvements. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city. If the city elects to extend the tax under paragraph (b), the funds must be allocated as provided in section 4, paragraph (b).

(b) Upon termination of the taxes under paragraph (a), the city council may, by resolution, continue to impose the taxes. If the city elects to continue imposing the taxes, the taxes terminate on December 31, 1992.

Sec. 3. [EFFECTIVE DATE.]

This act is effective upon compliance by the city council of the city of Rochester with Minnesota Statutes, section 645.021."

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

The report was adopted.

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

H. F. No. 1258; A bill for an act relating to health; defining the practice of traditional midwifery; providing for parental rights and informed consent disclosure statement; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1988, sections 148.30; 148.31; and 148.32.

Reported the same back with the following amendments:

Page 1, line 11, delete "5" and insert "6"

Page 1, after line 11, insert:

"Subd. 2. [CERTIFIED TRADITIONAL MIDWIFE.] "Certified traditional midwife" means a person who:

(1) publicly professes to be a midwife or who regularly attends women in pregnancy, childbirth, and the postpartum period;

(2) practices traditional midwifery, as defined in subdivision 4; and

(3) meets the practical experience, educational, and other requirements listed in the standards of care and certification guide of the Minnesota midwives guild and who is certified by the Minnesota midwives guild as a certified traditional midwife.

The certified traditional midwife does not diagnose, treat, or care for any disease."

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

Page 1, line 24, delete "preeclampsia" and insert "pre-eclampsia"

Page 1, delete lines 25 and 26

Page 2, delete lines 1 to 4

Page 2, lines 27 and 28, delete "PARENT INFORMED CONSENT DISCLOSURE STATEMENT" and insert "CERTIFIED TRADITIONAL MIDWIFE"

Page 2, line 29, before "Traditional" insert "Certified"

Page 3, line 14, before "INFORMED" insert "PARENT"

Page 3, lines 15 and 18, before "traditional" insert "certified"

Page 3, line 19, before "Traditional" insert "Certified"

Page 3, line 29, before "traditional" insert "certified"

Page 4, after line 9, insert:

"Sec. 6. [148.306] [REVIEW BY THE COMMISSIONER.]

The commissioner of health shall annually review the oversight of certified traditional midwives by the Minnesota midwives guild. At that time, the Minnesota midwives guild shall provide the commissioner with a list of names and addresses of traditional midwives certified by the guild and apprentice midwives registered by the guild. If the commissioner determines that the guild fails to ensure that certified traditional midwives meet the standards listed in the standards of care and certification guide, the commissioner shall study the regulation of traditional midwifery and report recommendations to the legislature."

Page 4, line 10, delete "6" and insert "7"

Amend the title as follows:

Page 1, line 3, after "rights" insert "; requiring an"

Page 1, line 4, delete "and" and after the semicolon insert "requiring an informed consent form; providing for review by the commissioner of health of certification of traditional midwives;"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1295, A bill for an act relating to economic development; establishing a cold weather resource center at International Falls; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 116Q.

Reported the same back with the following amendments:

Page 3, line 6, delete "shall" and insert "may"

Page 3, line 32, delete "research" and insert "resource"

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

The report was adopted.

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

H. F. No. 1296, A bill for an act relating to occupations and

professions; changing licensure requirements for dental assistants; changing the procedure for setting the salary of the director of the board of dentistry; amending Minnesota Statutes 1988, sections 150A.06, subdivision 2a; and 214.04, subdivision 3; repealing Minnesota Statutes 1988, section 150A.06, subdivision 7.

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

The report was adopted.

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

H. F. No. 1336, A bill for an act relating to metropolitan airport planning; requiring various actions, plans, and reports by the metropolitan council and the metropolitan airports commission; expanding the membership of the commission; establishing a state advisory council on metropolitan airport planning; amending Minnesota Statutes 1988, sections 473.604, subdivision 1; and 473.621, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapter 473.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [473.155] [AVIATION PLANNING.]

Subdivision 1. [AVIATION PLANNING ASSESSMENT.] By February 15 of each year, the council shall prepare a long-range assessment of air transportation trends and factors that may affect major airport development in the metropolitan area for a prospective 30-year period. The council shall involve the airports commission in preparing the assessment and shall take into consideration the airport development and operations plans and activities of the commission.

Subd. 2. [AVIATION PLAN.] By February 1, 1990, the council shall amend the aviation chapter of the metropolitan development guide to incorporate policies and strategies that will ensure a comprehensive, coordinated, continuing, thorough, and timely investigation and evaluation of alternatives for major airport development in the metropolitan area for a prospective 30-year period. The alternatives to be examined must include both the airport improvements and enhancements of capacity that may be necessary at the existing airport and the location and development of a new airport.

Subd. 3. [SEARCH AREA.] By January 1, 1992, the council, in consultation with the airports commission, shall designate an area within the metropolitan area as a search area for a major new airport.

Subd. 4. [LEGISLATIVE REPORTS.] (a) Until the activities required by section 3, subdivision 3, and section 4 are completed, the council shall report to the legislature by February 15 of each year on the results of the aviation planning activities of the council under this section. The report must include a summary of expenditures and sources of funding for the activities.

(b) By February 1, 1990, the council shall report to the legislature recommending methods and legislative actions that would be necessary to protect a new airport search area from conflicting development, to protect and control development on land at and around a site for a major new airport, and to inhibit land speculation and reduce incentives for land speculation in the airport and all surrounding areas.

(c) By March 1, 1990, after consulting with the airports commission, the federal aviation administration, industry representatives, and other persons, the council shall report to the legislature on assumptions and methods that will be used by the council to forecast demand related to the need for major airport facilities in the metropolitan area for a prospective 30-year period.

(d) By March 1, 1990, the council shall report to the legislature analyzing and making recommendations on long-range aviation goals for the major airport facility in the metropolitan area for a prospective 30-year period. The report must address goals for safety, environmental impact, and service, including ground access and service levels to other states and countries and to nonmetropolitan areas of the state. In preparing the report, the council shall consider regional growth patterns, economic development, economic impact, regional and statewide investment, and ground transportation.

(e) By February 1, 1991, the council shall report to the legislature on the general availability of suitable land in the metropolitan area for a new airport. If the council finds that sufficient land may not be available in the area, the council shall describe the legal and institutional changes that would be required to extend the search for a suitable site beyond the boundaries of the metropolitan area.

(f) By January 1, 1993, the council shall report to the legislature on policies for the reuse of the existing major airport site should a new major airport be developed.

Sec. 2. Minnesota Statutes 1988, section 473.604, subdivision 1, is amended to read:

Subdivision 1. The commission consists of:

(1) the mayor of each of the cities, or a qualified voter appointed by the mayor, for the term of office as mayor;

(2) a number of members appointed from precincts equal or nearest to but not exceeding half the number of districts which are provided by law for the selection of members of the metropolitan council in section 473.123. Each member shall be a resident of the precinct represented. The members shall be appointed by the governor as follows: a number as near as possible to one-fourth, for a term of one year; a similar number for a term of two years; a similar number for a term of three years; and a similar number for a term of four years, all of which terms shall commence on July 1, 1981. The successors of each member shall be appointed for four-year terms commencing in July of each fourth year after the expiration of the original term. Before making an appointment, the governor shall consult with each member of the legislature from the precinct for which the member is to be appointed, to solicit the legislator's recommendation on the appointment; and

(3) four members appointed from outside of the metropolitan area to reflect fairly the various regions and interests throughout the state that are affected by the operation of the commission's major airport and airport system. Two of these members must be residents of statutory or home rule charter cities, towns, or counties containing an airport designated by the commissioner of transportation as a key airport. The other two must be residents of statutory or home rule charter cities, towns, or counties containing an airport designated by the commissioner of transportation as an intermediate airport. The members must be appointed by the governor as follows: one for a term of one year, one for a term of two years, one for a term of three years, and one for a term of four years. All of the terms start on July 1, 1989. The successors of each member must be appointed to four-year terms commencing on July 1 of each fourth year after the expiration of the original term. Before making an appointment, the governor shall consult each member of the legislature representing the municipality or county from which the member is to be appointed, to solicit the legislator's recommendation on the appointment; and

(4) a chair appointed by the governor for a term of four years. The chair may be removed at the pleasure of the governor.

Sec. 3. [473.616] [COMPREHENSIVE AIRPORT PLANNING.]

Subdivision 1. [WOLD-CHAMBERLAIN PLAN.] (a) By January 1, 1991, the commission shall adopt a long-term comprehensive plan for the international airport at its existing location. The plan must describe:

- (1) aviation demand and air transportation needs;
- (2) airport capacity limits and potential;
- (3) facilities requirements;
- (4) a plan for physical development, including financial estimates and a tentative development schedule;
- (5) airport operational characteristics;
- (6) compatibility with metropolitan and local physical facility systems;
- (7) environmental effects;
- (8) safety; and
- (9) the effect on the neighboring communities.

The plan must satisfy the air transportation needs for a prospective 20-year period. At the same time, the commission shall adopt a concept plan for the airport, including an estimate of facilities requirements, to satisfy the air transportation needs for an additional ten-year period. The plans must be consistent with the development guide of the council. The plans must be updated at least every five years. The plans must be amended as necessary to reflect changes in trends and conditions, facilities requirements, and development plans and schedules. The plans are subject to sections 473.165 and 473.611.

(b) Until January 1, 1996, or until the commission has completed the activities required by subdivision 3 and section 4, whichever occurs first, the commission may construct a new runway or a new, substantially expanded, or relocated terminal facility if the commission determines that construction of the runway or facility is necessary and prudent, considering the economic, financial, environmental, and other costs and benefits of the new runway or facility, the current and long-term future need for major airport facilities, capacity constraints, and the time required to construct airport facilities. The commission shall make its determination by resolution, containing findings of fact and conclusions. Before making its determination, the commission shall hold a public hearing on the question. The hearing may be held separately or in conjunction with any other hearing required on the project, as the commission deems appropriate. The commission may plan, prepare designs and specifications, and conduct environmental review of a facility before the public hearing.

PLAN.] By March 1, 1990, the commission, in consultation with the council, shall complete a study of facilities requirements, airport functioning, and conceptual design for a major new airport. By January 1, 1991, the commission shall complete a conceptual design plan for a major new airport. The conceptual design study and plan must describe and satisfy air transportation needs for a prospective 30-year period and be consistent with the development guide of the council. The conceptual design plan must include an analysis of estimated costs, potential financing methods and sources of public and private funding, and cost allocation issues and options. The council shall use the design study and plan in evaluating areas for locating a new airport under section 1, subdivision 3.

Subd. 3. [NEW AIRPORT; SITE SELECTION; COMPREHENSIVE PLAN.] Within four years following the council's designation of a search area under section 1, the commission shall: (1) select a site for a major new airport in the search area designated by the council; (2) prepare a comprehensive plan and schedule, including financial plans, for the development of a major airport at that site for a prospective 20-year period following a decision to develop a new airport; (3) prepare an estimate of facilities requirements and a concept plan for development of the airport for an additional ten years; and (4) prepare and submit for administrative review the environmental documents that are required for site acquisition.

Subd. 4. [LEGISLATIVE REPORTS.] (a) Until the activities required by subdivision 3 and section 4 are completed, the commission shall report to the legislature by February 15 of each year on the results of the airport planning activities of the commission under this section. The report must include a summary of expenditures and sources of funding for the activities.

(b) By March 1, 1990, after consulting with the council, the federal aviation administration, industry representatives, and other persons, the commission shall report to the legislature on the assumptions and methods that the commission will use in preparing forecasts for airport development and operations purposes and for determining capacity and facility needs.

(c) By March 1, 1990, the commission shall report to the legislature on the integration of major airport facilities in the metropolitan area with state, national, and international air transportation systems and on the commission's planning assumptions and parameters related to such airport development issues as capacity, safety, environmental impact, and air service.

(d) By March 1, 1990, the commission shall report to the legislature on the conceptual design study for a major new airport, prepared under subdivision 2. By January 1, 1991, the commission shall report to the legislature on the conceptual design plan prepared under subdivision 2.

Sec. 4. [473.618] [AIRPORT PLANNING AND DEVELOPMENT REPORT.]

Within 180 days after the completion of the actions required by section 3, subdivision 3, the metropolitan council and the airports commission shall report to the legislature on the long-range planning and development of major airport facilities in the metropolitan area. The report must include the recommendations of the agencies on major airport development in the metropolitan area for a prospective 30-year period and on acquiring a site for a major new airport. The report must include an analysis of the effect of a new airport on present and proposed facilities at the existing airport and on the local, regional, and state economies. The report must contain the recommendations of the agencies on financial planning and financing for a major new airport, including: cost; cost allocation; amortization of major improvements at the existing airport before a transfer of operations; financing methods and sources of public and private funds; lease agreements and user charges at a new airport; and a method of capturing for public uses a portion of the revenue from development around a new airport.

Sec. 5. [473.619] [PLANNING ADMINISTRATION.]

Subdivision 1. [INTERAGENCY AGREEMENT.] The metropolitan council and the airports commission shall enter into an inter-governmental agreement by July 1, 1989. The agreement must establish a process and agency responsibilities for comprehensive and coordinated planning for major airport development, consistent with the requirements of this section and sections 1 to 4. The agreement must establish a joint committee composed of board members of the two agencies to oversee implementation of the agreement.

Subd. 2. [SCOPE OF WORK REPORT.] By September 1, 1989, the metropolitan council and the airports commission shall prepare a scope of work report that describes the general scope and schedule of work and the topics to be addressed in the planning and study tasks required of the agencies under sections 1 to 4.

Subd. 3. [FEDERAL PARTICIPATION.] The metropolitan council and the airports commission shall make use of available federal funding for their activities under sections 1 to 4.

Subd. 4. [CONSULTATION.] The metropolitan council and the airports commission shall prepare the plans and reports under sections 1 to 4 in consultation with each other, the commissioner of transportation, the federal aviation administration, industry representatives, and other interested persons.

Subd. 5. [COMMENCEMENT.] In order to meet the planning deadlines prescribed in sections 1 to 4, the agencies may begin

preparing plans and studies immediately, without waiting for the completion of the interagency agreement or the completion and review of the scope of work report.

Sec. 6. Minnesota Statutes 1988, section 473.621, subdivision 1a, is amended to read:

Subd. 1a. [RELATIONSHIP TO LEGISLATURE.] The commission shall be held accountable to the legislature in its activities, plans, policies, and programs. It shall report each session to appropriate committees of the legislature as to its activities, plans, policies, and programs and shall make other reports and recommendations which the legislature or its committees deem appropriate. The commission shall adopt a long term comprehensive plan for the Minneapolis-St. Paul International Airport. The plan must describe, in the degree of detail that the commission deems appropriate for at least a prospective ten-year period, the following:

- (1) aviation demand;
- (2) airport capacity, including environmental, runway, terminal, and other factors relevant to capacity;
- (3) a plan and financial estimates for physical development;
- (4) airport operational characteristics;
- (5) compatibility with the capacity of metropolitan and local physical facility systems;
- (6) environmental effects; and
- (7) the effect on the neighboring communities.

The plan must be submitted to the legislature by December 31, 1988, and be updated at least every five years thereafter. The plan is subject to sections 473.165 and 473.611.

Sec. 7. [STATE ADVISORY COUNCIL.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A state of Minnesota advisory council on metropolitan airport planning is established to provide a forum at the state level for education, discussion, and advice to the legislature on the reports prepared for the legislature by the metropolitan council and metropolitan airports commission. The creation of this advisory council does not affect the existing reporting relationship of the commission and council to the legislature.

Subd. 2. [AUTHORITY; DUTIES.] (a) The advisory council shall review and comment to the legislature on the scope of work report required by section 5, subdivision 2.

(b) The advisory council shall review and comment to the legislature on the reports to the legislature required by section 1, subdivision 4; section 3, subdivision 4; and section 4.

(c) The advisory council may conduct public meetings on the reports to inform the public and solicit opinion.

(d) The advisory council may request interim briefings on work in progress.

Subd. 3. [MEMBERSHIP.] The members of the advisory council are:

(1) six legislators, three members of the senate and three members of the house of representatives, appointed by the customary appointing authority of each house;

(2) the commissioners of transportation, planning, the pollution control agency, and trade and economic development, or their designees;

(3) two metropolitan council members, appointed by the metropolitan council, at least one from a district directly affected by the international airport;

(4) two members of the metropolitan airports commission, appointed by the airports commission, at least one from a district directly affected by the international airport;

(5) two representatives of the aviation industry, appointed by the metropolitan council;

(6) four persons who are not eligible for selection under other clauses appointed as follows: two persons appointed by the customary appointing authority of each house of the legislature, one from the metropolitan area and the other from elsewhere in the state; and

(7) a representative of the federal aviation administration and persons representing members of Congress from the state, serving ex officio.

Members serve at the pleasure of the appointing authority.

Subd. 4. [CHAIRS.] The legislative appointing authorities shall each designate a legislative appointee to serve as a co-chair of the advisory council.

Subd. 5. [ADMINISTRATION.] On the request of the advisory council, legislative staff offices and the state and metropolitan agencies represented on the advisory council shall provide administrative and staff assistance.

Subd. 6. [TERMINATION.] The advisory council ceases to exist when the actions required by section 3, subdivision 3, and section 4 are completed.

Sec. 8. [COMPLIANCE WITH OTHER LAWS.]

Nothing in sections 1 to 9 relieves the commission or the council of any duties or responsibilities otherwise imposed by law.

Sec. 9. [APPLICATION.]

Sections 1 to 6 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1379, A bill for an act relating to health; establishing notice requirements for emergency medical services personnel who are first responders; providing safeguards for first responders against exposure to infectious diseases; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Page 3, line 27, before "confidentiality" insert "data practices,"

Page 3, line 34, delete "has" and insert "and the facility's agents or employees"

Page 4, line 23, after the period, insert "The right to refuse a blood test under the circumstances described in this section does not apply to a prisoner who is in the custody or under the jurisdiction of the commissioner of corrections."

Page 5, line 9, delete everything after "is"

Page 5, delete lines 10 and 11 and insert ", with respect to patients and employees of persons in the private sector, private and confidential information and, with respect to patients and employees of

state agencies, statewide systems, or political subdivisions, private data."

Page 5, line 24, after "individual" insert ", state agency, statewide system, political subdivision,"

Page 5, line 25, delete "agency" and insert "person" and after "releasing" insert "private data, or confidential or"

Page 5, line 26, before the period, insert "or employee"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1410, A bill for an act relating to local government; the towns of Crystal Bay, Beaver Bay, and Stony River, the cities of Beaver Bay and Silver Bay, and Unorganized Territory No. 1; permitting the establishment of a medical clinic district.

Reported the same back with the following amendments:

Page 7, after line 10, insert:

"Sec. 6. [COOK COUNTY; HOSPITAL DISTRICT.]

Subdivision 1. [CREATION; REFERENDUM.] The board of commissioners of Cook county may by resolution create a Cook county hospital district. The resolution providing for creation of the district must be published in the official newspaper of the county. If within ten days after the publication a petition is filed with the county board that is signed by qualified voters of the county at least equal in number to ten percent of the number of voters voting at the most recent election of county commissioners, requesting a referendum on the resolution, it shall not be effective until it is approved by a majority of qualified voters voting on the question at a special or general election.

Subd. 2. [OPERATION OF DISTRICT.] A hospital district created under this section shall be subject to Minnesota Statutes, sections 397.06 to 397.102, except as provided otherwise in this act.

Subd. 3. [BOARD.] Notwithstanding Minnesota Statutes, section 397.06, the board of the district shall be comprised of one member from each county commissioner district elected by the voters at the first general election in the county after the resolution has become

effective. After the 1992 general election, the term of each board member shall be four years or until a successor has been elected and qualified. Terms shall begin on the first day of January following the election. If members are elected in 1990, their terms shall be two years.

When the district is first created, the county commissioner from each district shall appoint a member of the board to serve until the commencement of the term of a successor. Thereafter when a vacancy occurs, the county commissioner from the district affected shall appoint a member to serve until January 1 following the next general election in the county, when a successor shall be elected for a regular term or the unexpired remainder of the regular term.

Subd. 4. [TAX LEVY.] The tax levied under Minnesota Statutes, section 397.09, shall not exceed \$300,000 in any year, and its proceeds may be used for all purposes of the hospital district.

Sec. 7. [COOK COUNTY; HOSPITAL APPROPRIATION.]

Notwithstanding the limitations of Minnesota Statutes, section 376.08, the board of commissioners of Cook county may appropriate up to \$240,000 from the proceeds of the 1989 general county levy for taxes payable in 1990 for the cost of acquiring, constructing, improving, altering, equipping, maintaining, and operating hospitals within the county.

Page 7, line 11, delete "6" and insert "8"

Page 7, line 13, delete "this act takes" and insert "sections 1 to 5 take"

Page 7, line 14, after the period insert "Sections 6 and 7 take effect the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the board of county commissioners of Cook county."

Delete the title and insert:

"A bill for an act relating to local government; providing procedures for the establishment of certain medical facilities in Cook county."

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

The report was adopted.

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

H. F. No. 1446, A bill for an act relating to retirement; public employees retirement association; clarifying certain provisions; changing administrative requirements; altering member eligibility requirements; changing disability benefit payments; amending Minnesota Statutes 1988, sections 353.01, subdivisions 2a and 2b, and by adding a subdivision; 353.27, subdivision 12; 353.28, subdivisions 5 and 6; 353.29, subdivisions 4 and 7; 353.33, subdivisions 1, 2, 5, 6, and 7; 353.34, subdivision 1; 353.35; 353.64, subdivisions 2 and 3; and 353.656, subdivision 4; repealing Minnesota Statutes 1988, sections 353.01, subdivision 2c; 353.661; and 353.662.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

MSRS

Section 1. Minnesota Statutes 1988, section 43A.44, subdivision 2, is amended to read:

Subd. 2. [BENEFITS.] Employees in shared positions shall be eligible for the following benefits and subject to the following obligations:

(a) (1) Membership in the Minnesota state retirement system, the teachers retirement association or the state patrol retirement fund, whichever is appropriate, except that, notwithstanding any provision of section 352.01, subdivisions 11 and 16; 352B.01, subdivision 3; 354.05, subdivisions 13 and 25; or 354.091, employees shall have allowable service for the purpose of meeting the minimum service requirements for eligibility to a retirement annuity or other retirement benefit credited in full, but shall have benefit accrual service for the purpose of computing a retirement annuity or other retirement benefit credited on a fractional basis either weekly or annually based upon the relationship that the number of hours of service bears to either 40 hours per week or 2,080 hours per year, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time week or a full-time year;

(b) (2) Vacation and sick leave accruals shall be prorated in accordance with the pertinent collective bargaining agreement or plan covering the position;

(c) (3) Employee dental, medical and hospital benefits coverage

shall be available of the same type and coverage afforded to comparable full-time employees. Employees in shared positions who elect such coverage shall pay, by payroll deduction, the difference between the actual cost to the employer and the appropriate shared time percent of the actual cost. The remaining percent shall be paid by the employer. Employee life insurance coverage shall be available to employees in shared positions on the same terms as for comparable full-time employees;

(d) (4) Dependent life insurance coverage shall be available to employees in shared positions on the same terms as for comparable full-time employees. Dependent medical, hospital and dental benefits coverage shall be available to employees in shared positions of the same type and coverage afforded to comparable full-time employees, except that the employer shall contribute the appropriate shared time percent of the dollar amount contributed for comparable full-time employees electing the same program, the remainder to be paid by payroll deduction by the employee electing such coverage;

(e) (5) Employees in shared positions shall be entitled to the prorated holiday provisions of the applicable collective bargaining agreement or plan covering the position;

(f) (6) Employees in shared positions shall accrue seniority time in every relevant category at the same rate accorded to comparable full-time employees. No full-time employee accepting a shared position shall suffer any loss of or gap in seniority time in the relevant categories applicable to the full-time employment; and

(g) (7) Any other benefits of employment for employees in shared positions shall be prorated at a rate of the appropriate shared time percent of those available to comparable full-time employees, whenever the benefits are divisible. Contributions by the employer toward the benefits, if any, shall be equal to the appropriate shared time percent of the full-time benefits. When not divisible, the cost of the full-time benefits normally allocable to the employer shall be allocated, the appropriate shared time percent to the employee in a shared position, by payroll deduction, and the remaining percent to the employer.

Sec. 2. Minnesota Statutes 1988, 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) and (10), 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) and (10), 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) and (10), any salary paid for a fractional part of any calendar month 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 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) 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.

~~(10) Any service by an employee in the Minnesota demonstration job-sharing program under sections 43A.40 to 43A.465 which is less than 40 hours per week or 2,080 hours per year and for which the employee is paid salary from which deductions are made, deposited and credited in the fund, shall be credited on a fractional basis either weekly or annually based on the relationship that the number of hours of service bears to either 40 hours per week or 2,080 hours per year, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time week or a full-time year.~~

The allowable service determined and credited on a fractional basis under clauses (9) and (10) 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.

~~(11)~~ (10) 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 include interest at the rate of six percent per year 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 1988, section 352.021, subdivision 5, is amended to read:

Subd. 5. [CONTINUING COVERAGE.] Any state employee who has made contributions to the retirement fund for a period of one year and who, continuing in state service after that year, becomes

eligible for membership in the state teachers retirement association as a full-time teacher, as defined in section 354.05, subdivision 2, may continue coverage under the system by filing in its office written notice of election to continue. The election to be covered by the system under this subdivision or section 352.01, subdivision 2b, clause (3), must be made on a form approved by the director within 90 days after appointment to the position. If the option is exercised, the employee is not thereafter entitled to membership in the teachers retirement association while employed by the state in a position that entitled the employee to make this election.

Sec. 4. Minnesota Statutes 1988, section 352.03, subdivision 11, is amended to read:

Subd. 11. [LEGAL ADVISER, ATTORNEY GENERAL.] The attorney general shall be the legal adviser of the board and of the director. The board may sue or be sued or petitioned under this section in the name of the board of directors of the system. In actions brought by it or against it, the board shall be represented by the attorney general and, except as provided in subdivision 9, venue of actions shall be in the Ramsey county district court.

Sec. 5. [352.031] [APPEALS PROCEDURE.]

Subdivision 1. [DEFINITIONS.] Unless the language or context clearly indicates that a different meaning is intended, for the purpose of this section, the following terms have the meanings given them.

(a) "Board" means the board of directors of the Minnesota state retirement system.

(b) "Documentation" includes, but is not limited to:

(1) sworn and notarized affidavits made on the personal knowledge of any person;

(2) official letters or documents;

(3) documents from the file of the petitioner; and

(4) other relevant documents that are admissible as evidence in a court of law.

(c) "Executive director" means the executive director of the Minnesota state retirement system.

(d) "Person" includes any state agency or other governmental unit that employs persons covered under statutes listed in subdivision 2.

(e) “Record” means the petition and the documentation that the petitioners submit with the petition; the executive director’s answer to the petition and documentation submitted with it; and any documentation the board allows to be submitted at or after the meeting at which the petition is considered.

Subd. 2. [NOTICE OF TERMINATION OR DENIAL.] If the executive director terminates a benefit, reduces a benefit, or denies an application or a written request of any person claiming a right under chapter 352, other than sections 352.96 and 352.97; chapters 3A, 352B, 352C, and 352D; sections 490.121 to 490.133; or the applicable sections of chapters 355 and 356, the executive director must serve upon that person written notice containing:

(1) the reasons for the termination, reduction, or denial;

(2) notice that the person may petition the board for a review of the termination, reduction, or denial and that the petition for review must be filed within 60 days of the receipt of the written notice;

(3) a statement that failure to petition the board within 60 days will preclude the person from contesting in any other court procedure or administrative hearing, the issues determined by the executive director; and

(4) a copy of this section.

Subd. 3. [PETITION FOR REVIEW.] A person who claims a right under subdivision 2 and whose benefit has been terminated or reduced or whose application or written request has been denied may petition for a review of that decision by the board. A petition under this section must be served upon the executive director personally, or by mail postmarked no later than 60 days after the petitioner received the notice required by subdivision 2. The petition must include the sworn, notarized statement of the reasons the petitioner believes the decision of the executive director should be reversed or modified and may include relevant documentation.

Subd. 4. [ANSWER; RECORD FOR HEARING.] Within a reasonable time after receiving a petition, the executive director must serve the petitioner with an answer to the petition with all relevant documentation and with notice of the time and place of the regular or special board meeting at which the board will consider the petition. The documentation need not duplicate the documentation submitted by the petitioner. Not later than ten days before the board meeting at which the petition will be heard, the executive director must, personally or by mail, deliver a copy of the relevant documentation to each board member. Each board member who participates in the decision on the petition must be familiar with all relevant documentation.

Subd. 5. [HEARING.] The board shall hold a timely hearing on a petition for review. The board shall make its decision on a petition solely on the relevant documentation as submitted and the proceedings of the hearing. At the hearing, the petitioner, the petitioner's attorney, and the 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 or subsequent to the board meeting at which the petition is considered. If the board allows additional documentation into the record at or subsequent to the board meeting, it may make a final determination on the petition at that board meeting only upon the agreement of both the petitioner and the executive director.

Subd. 6. [TERMINATION OF BENEFITS.] If the executive director proposes to terminate a benefit that is being paid to any person, before terminating the benefit, the executive director must, in addition to the other procedures prescribed herein, give the person written or oral notice of the proposed termination. The notice must explain the reason for the proposed termination. The person must be given an opportunity, verbally or in writing, to explain why the benefit should not be terminated: if the executive director is unable to contact the person and the executive director determines that a failure to terminate the benefit might result in unauthorized payment by the association, the executive director may terminate the benefit with only a written notice containing the information required by subdivision 2, mailed to the address to which the benefit was last sent and, if that address is a financial institution, to the last known address of the person.

Subd. 7. [MEDICAL ADVISOR ACTION.] If a person petitions the board to reverse or modify a determination by the executive director finding that the petitioner, for medical reasons, does not or has ceased to qualify for a disability benefit, the board may resubmit the matter to the medical advisor for reconsideration, with or without instructions to obtain further medical examinations. The board may make a determination contrary to the recommendation of the medical advisor only if there is expert medical evidence in the record to support its contrary decision. If there is no medical opinion contrary to the opinion of the medical advisor in the record and the medical advisor asserts that the decision was made in accordance with the disability standard in sections 352.01, subdivision 17; 352B.10; or 490.121, subdivision 13, the board must follow the determination of the medical advisor. The board may make a determination different from the recommendation of the medical advisor on issues that do not involve a medical opinion.

Subd. 8. [BOARD FINDINGS.] After the board has made a decision on a petition, the executive director must prepare findings of fact, the board's reasons for its conclusions, and the board's final order for the signature of the chair or other board member as the board, by resolution, may designate. The executive director shall

serve the findings, conclusions, and order on the petitioner by certified mail.

Subd. 9. [APPEALS.] Within 30 days of receipt of the findings, conclusions, and final order, the petitioner may appeal the board's decision by writ or certiorari to the court of appeals. Failure to appeal to that court within the 30 days precludes the petitioner from later raising, in any court procedure or administrative hearing, those substantive and procedural issues that reasonably should have been raised upon appeal.

Subd. 10. [REFERRAL FOR ADMINISTRATIVE HEARING.] Notwithstanding sections 14.03; 14.06; and 14.57 to 14.69, a challenge to a determination of the executive director must be conducted exclusively under the procedures in this section. The board in its sole discretion may refer a petition brought under this section to the office of administrative hearings for a contested case hearing under sections 14.57 to 14.69.

Sec. 6. Minnesota Statutes 1988, section 352.116, subdivision 3, is amended to read:

Subd. 3. [OPTIONAL ANNUITIES.] The board shall establish an optional retirement annuity in the form of a joint and survivor annuity. The board may also establish an optional annuity in the form of an annuity payable for a period certain and for life thereafter or establish an optional annuity which takes the form of a joint and survivor annuity providing that, if after the joint and survivor annuity becomes payable, the person with the designated remainder interest in the annuity dies before the former member, the annuity amount must be reinstated to a normal single life annuity amount as of the first day of the month after the day the person dies. In addition, the board may also establish an optional annuity that takes the form of an annuity calculated on the basis of the age of the retired employee at retirement and payable for the period before the retired employee becomes eligible for social security old age retirement benefits in a greater amount than the amount of the annuity calculated under subdivision 2 on the basis of the age of the retired employee at retirement but equal so far as possible to the social security old age retirement benefit and the adjusted retirement annuity amount payable immediately after the retired employee becomes eligible for social security old age retirement benefits and payable for the period after the retired employee becomes eligible for social security old age retirement benefits in an amount less than the amount of the annuity calculated under subdivisions 2 and 3. The social security leveling option may be calculated based on broad average social security old age retirement benefits. For each year that the retiring employee is under age 62, up to five percent of the total single life annuity required reserves may be used to accelerate the optional retirement annuity. This greater amount shall be paid until the end of the month in which the retired

employee reaches age 62, at which time the annuity shall be reduced. The optional forms must be actuarially equivalent to the normal single life annuity forms provided in sections 352.115 and 352.116, whichever applies.

Sec. 7. Minnesota Statutes 1988, section 352.22, subdivision 1, is amended to read:

Subdivision 1. [SERVICE TERMINATION.] Any employee who ceases to be a state employee by reason of termination of state service or layoff is entitled to a refund provided in subdivision 2 or a deferred retirement annuity as provided in subdivision 3. Application for a refund may be made 30 or more days after the termination of state service or layoff if the applicant has not again become a state employee required to be covered by the system.

Sec. 8. Minnesota Statutes 1988, section 352.22, subdivision 2a, is amended to read:

Subd. 2a. [AMOUNT OF CERTAIN REFUND REPAYMENTS PROHIBITED.] For any employee who is entitled to a refund under subdivision 1 and who, before July 1, 1978, was a member of the metropolitan transit commission transit operating division employees retirement fund, the refund for contributions made before July 1, 1978, must equal the following amounts:

(a) For any employee contributions made before January 1, 1950, the amount equal to one half of the employee contributions without interest;

(b) For any employee contributions made after December 31, 1949, but before January 1, 1975, the amount of the employee contributions plus simple interest at the rate of two percent per year; and

(c) For any employee contributions made after December 31, 1974, but before July 1, 1978, the amount of the employee contributions plus simple interest at the rate of 3½ percent per year. The refund of contributions made on or after July 1, 1978, must be determined under subdivision 2. Interest must be computed to the first day of the month in which the refund is processed and must be based on fiscal year balances. No refunds of contributions made to the metropolitan transit commission-transit operating division employees retirement fund received before July 1, 1978, or for service rendered before July 1, 1978, may be repaid.

Sec. 9. Minnesota Statutes 1988, section 352.93, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS; DURATION AND AMOUNT.] The annuity

under this section shall begin to accrue as provided in section 352.115, subdivision 8, and must be paid for an additional 84 full calendar months or to the first of the month following the month in which the employee becomes age 65, whichever occurs first, except that payment must not cease before the first of the month following the month in which the employee becomes 62. It must then be reduced to the amount as calculated under section 352.115, except that if this amount, when added to the social security benefit based on state service the employee is eligible to receive at the time, is less than the benefit payable under subdivision 2, the retired employee shall receive an amount that when added to the social security benefit will equal the amount payable under subdivision 2.

When an annuity is reduced under this subdivision, the percentage adjustments, if any, that have been applied to the original annuity under section 11A.18, before the reduction, must be compounded and applied to the reduced annuity. A former correctional employee employed by the state in a position covered by the regular plan or the unclassified employees retirement program between the ages of 58 and 65 shall receive a partial return of correctional contributions at retirement with five percent interest based on the following formula:

Employee contributions contributed as a correctional employee in excess of the contributions the employee would have contributed as a regular employee	X	Years and complete months of regular service between ages 58 and 65 7
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Sec. 10. Minnesota Statutes 1988, section 352B.08, subdivision 3, is amended to read:

Subd. 3. [OPTIONAL ANNUITY FORMS.] In lieu of the single life annuity provided in subdivision 2, the member or former member with ~~ten~~ five years or more of service may elect an optional annuity form. The board of the Minnesota state retirement system shall establish a joint and survivor annuity, payable to a designated beneficiary for life, adjusted to the actuarial equivalent value of the single life annuity. The board shall also establish an additional optional annuity with an actuarial equivalent value of the single life annuity in the form of a joint and survivor annuity which provides that the elected annuity be reinstated to the single life annuity provided in subdivision 2, if after commencing the elected joint and survivor annuity, the designated beneficiary dies before the member, which reinstatement is not retroactive but takes effect for the first full month occurring after the death of the designated beneficiary. The board may also establish other actuarial equivalent value

optional annuity forms. In establishing actuarial equivalent value optional annuity forms, each optional annuity form shall have the same present value as a regular single life annuity using the mortality table adopted by the board and the interest assumption specified in section 356.215, subdivision 4d, and the board shall obtain the written recommendation of the commission-retained actuary. These recommendations shall be a part of the permanent records of the board.

Sec. 11. Minnesota Statutes 1988, section 352B.10, subdivision 5, is amended to read:

Subd. 5. [OPTIONAL ANNUITY.] A disabled member ~~not eligible for~~ may, in lieu of survivorship coverage under section 352B.11, subdivision 2, may choose the normal disability benefit or an optional annuity as provided in section 352B.08, subdivision 2. The choice of an optional annuity must be made before commencement of payment of the disability benefit. It is effective ~~30 days after receipt of this choice or on~~ on the date on which the disability benefit begins to accrue, ~~whichever is later. Upon becoming effective, the optional annuity begins to accrue on the date provided for the disability benefit.~~

Sec. 12. Minnesota Statutes 1988, section 352B.11, subdivision 2, is amended to read:

Subd. 2. [DEATH; PAYMENT TO SPOUSE AND CHILDREN.] If a member serving actively as a member, a member receiving the disability benefit provided by section 352B.10, subdivision 1, or a former member receiving a disability benefit as provided by section 352B.10, subdivision ~~3~~ 2, dies from any cause, the surviving spouse and dependent children are entitled to benefit payments as follows:

(a) A member with at least five years of allowable service ~~or a former member with at least 20 years of allowable service~~ is deemed to have elected a 100 percent joint and survivor annuity payable to a surviving spouse only on or after the date the member or former member became or would have become 55.

(b) The surviving spouse of a member who had credit for less than five years of service shall receive, for life, a monthly annuity equal to 20 percent of that part of the average monthly salary of the member from which deductions were made for retirement. If the surviving spouse remarries, the annuity shall cease as of the date of the remarriage.

(c) The surviving spouse of a member who had credit for at least five years service and who died after attaining 55 years of age, may elect to receive a 100 percent joint and survivor annuity, for life, notwithstanding a subsequent remarriage, in lieu of the annuity prescribed in paragraph (b).

(d) The surviving spouse of any member who had credit for five years or more and who was not 55 years of age at death, shall receive the benefit equal to 20 percent of the average monthly salary as described in clause (b) until the deceased member would have reached the age of 55 years, and beginning the first of the month following that date, may elect to receive the 100 percent joint and survivor annuity. If the surviving spouse remarries before the deceased member's 55th birthdate, benefits or annuities shall cease as of the date of remarriage. Remarriage after the deceased member's 55th birthday shall not affect the payment of the benefit.

(e) Each dependent child shall receive a monthly annuity equal to ten percent of that part of the average monthly salary of the former member from which deductions were made for retirement. A dependent child over 18 and under 22 years of age also may receive the monthly benefit provided in this section, if the child is continuously attending an accredited school as a full-time student during the normal school year as determined by the director. If the child does not continuously attend school but separates from full-time attendance during any part of a school year, the annuity shall cease at the end of the month of separation. In addition, a payment of \$20 per month shall be prorated equally to surviving dependent children when the former member is survived by one or more dependent children. Payments for the benefit of any qualified dependent child must be made to the surviving spouse, or if there is none, to the legal guardian of the child. The maximum monthly benefit must not exceed 40 percent of the average monthly salary for any number of children.

(f) If the member dies under circumstances that entitle the surviving spouse and dependent children to receive benefits under the workers' compensation law, the workers' compensation benefits received by them must not be deducted from the benefits payable under this section.

(g) The surviving spouse of a deceased former member who had credit for five or more years of allowable service, but not the spouse of a former member receiving a disability benefit under section 352B.10, subdivision 3 2, is entitled to receive the 100 percent joint and survivor annuity at the time the deceased member would have reached the age of 55 years, if the surviving spouse has not remarried before that date. If a former member dies who does not qualify for other benefits under this chapter, the surviving spouse or, if none, the children or heirs are entitled to a refund of the accumulated deductions left in the fund plus interest at the rate of five percent per year compounded annually.

Sec. 13. Minnesota Statutes 1988, section 352D.06, subdivision 1, is amended to read:

Subdivision 1. When a participant attains at least age ~~58~~ 55, is

retired from covered service, and applies for a retirement annuity, the cash value of the participant's shares shall be transferred to the Minnesota postretirement investment fund and used to provide an annuity for the retired employee based upon the participant's age when the benefit begins to accrue according to the reserve basis used by the state employees retirement fund in determining pensions and reserves.

Sec. 14. Minnesota Statutes 1988, section 352D.075, subdivision 2, is amended to read:

Subd. 2. If a participant dies leaving a spouse and there is no named beneficiary who survives to receive payment or the spouse is named beneficiary, the spouse may receive:

(1) The value of the participant's total shares;

(2) The value of one-half of the total shares and beginning at age 58 55 or thereafter receive an annuity based on the value of one-half of the total shares, provided that if the spouse dies before receiving any annuity payments the value of said shares shall be paid to the spouse's children in equal shares, but if no such children survive then to the parents of the spouse in equal shares, but if no such children or parents survive, then to the estate of the spouse; or

(3) Beginning at age 58 55 or thereafter receive an annuity based on the value of the total shares, provided that if the spouse dies before receiving any annuity payments the value of said shares shall be paid to the spouse's children in equal shares, but if no such children survive then to the parents of the spouse in equal shares, but if no such children or parents survive, then to the estate of the spouse; and further provided, if said spouse dies after receiving annuity payments but before receiving payments equal to the value of the employee shares, the value of the employee shares remaining shall be paid to the spouse's children in equal shares, but if no such children survive then to the parents of the spouse in equal shares, but if no such children or parents survive, then to the estate of the spouse.

Sec. 15. [DEADLINE EXTENSION IN CERTAIN INSTANCES.]

Notwithstanding any provision of Minnesota Statutes, section 352D.12, to the contrary, a participant on the effective date of this section may transfer prior service contributions or repay any refund under that section by September 30, 1989, or within one year of the person's participation, whichever is later.

Sec. 16. [REPEALER.]

Minnesota Statutes 1988, sections 352.03, subdivision 13; and 352.73, subdivision 3, are repealed.

Sec. 17. [EFFECTIVE DATES.]

Sections 1 to 14 and 16 are effective July 1, 1989. Section 15 is effective the day following final enactment.

ARTICLE 2

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Section 1. Minnesota Statutes 1988, section 136.81, subdivision 1, is amended to read:

Subdivision 1. There shall be deducted from the salary of each person described in section 136.80, subdivision 1, a sum equal to five percent of the portion of the person's annual salary paid between \$6,000 and \$15,000. The deduction is to be made in the same manner as other retirement deductions are made from the salary of the person only after the first \$6,000 has been paid in a fiscal year. The state employer shall make a contribution to the plan on behalf of every covered person in an amount equal to the deductions made from the salary of the person. The moneys so deducted and the state employer contribution shall be deposited to the credit of the state university and community college supplemental retirement plan account of the teachers retirement fund. The account is hereby established and shall be separate and distinct from other funds, accounts, or assets of the teachers retirement fund. The money required to meet the obligation of the state as provided in this subdivision shall be contributed to the executive director of the teachers retirement association by the state. Two percent of the amount of the salary deductions and employer contributions must be credited to the administrative expense reserve account of the supplemental retirement plan and must be used for payment of necessary and reasonable administrative expenses of the supplemental retirement plan as provided in section 354.65.

Any deductions which are taken from the salary of a person for the supplemental retirement plan in error shall upon discovery and verification be refunded to the person. Any related employer contributions must be refunded to the employer. The retirement board executive director shall establish a reserve which shall must reflect any gains or losses realized due to the purchase and redemption of shares representing salary deductions and state employer contributions which were made in error. The balance of the reserve shall remaining after the refund of contributions made in error must be credited annually to the cancellation reserve established pursuant

to section 136.82, subdivision 1, clause (5) administrative expense reserve account.

If any payroll salary deductions which are required pursuant to under this section are omitted, the amount of the omitted salary deductions shall may be remitted by the person to the supplemental retirement plan investment account of the teachers retirement association within one year from the end of the fiscal year in which the deductions were due, and at the time of the receipt of 90 days following the association's written notification to the person of the omission, but not thereafter. If the omitted salary deductions are received from the person, the required state employer contribution shall then must be made paid by the employer within 30 days after the association's written notification to the employer of the amount due.

Sec. 2. Minnesota Statutes 1988, section 136.82, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) The executive director of the teachers retirement fund shall redeem shares in the accounts of the Minnesota supplemental retirement investment fund standing in an employee's share account record under the following circumstances, but always in accordance with the laws and rules governing the Minnesota supplemental retirement investment fund:

(b) The executive director shall redeem shares under this subdivision when requested to do so in writing on forms provided by the executive director by a person having shares to the credit of the employee's share account record if the person is age 55 or older and is no longer employed by the state university board or state board for community colleges. In such case the person must receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the person's shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, at their sole discretion, permit greater withdrawals in any one year.

(c) The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director, by a person having shares to the credit of the employee's share account record if the person has left employment by the state university board or state board for community colleges because of a total and permanent disability as defined in section 354.05, subdivision 14. If the executive director finds that the person is totally and permanently disabled and will as a result be unable to

return to similar employment, the person must receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, at their sole discretion, permit greater withdrawals in any one year. If the person returns to good health, the person owes no restitution to the state or a fund established by its laws for a redemption under this paragraph.

(d) The executive director shall redeem shares under this subdivision in the event of the death of a person having shares to the credit of the employee's share account record and leaving a surviving spouse, when requested to do so in writing, on forms provided by the executive director, by the surviving spouse. The surviving spouse must receive the cash realized on the redemption of the shares. The surviving spouse may direct the redemption of not more than 20 percent of the shares in the deceased spouse's employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, at their sole discretion, permit greater withdrawals in any one year. In that case the surviving spouse must receive the cash realized from the redemption of the shares. Upon the death of the surviving spouse any shares remaining in the employee's share account record must be redeemed by the executive director and the cash realized from the redemption must be distributed to the estate of the surviving spouse.

(e) In the event of the death of a person having shares to the credit of the employee's share account record and leaving no surviving spouse, the executive director shall redeem all shares to the credit of the employee's share account record and pay the cash realized from the redemption to the estate of the deceased person.

(f) The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director, by a person having shares to the credit of the employee's share account record if the person is no longer employed by the state university board or state board for community colleges, but does not qualify under the provisions of paragraphs (b) to (e). In that case, the person is entitled upon application to receive one-half of the cash realized on the redemption of shares must be received by the person and one-half becomes the property must be credited to the administrative expense reserve account of the supplemental

retirement plan account of the teachers retirement fund for payment of necessary and reasonable administrative expenses of the supplemental retirement plan as provided in section 354.65. Annually on July 1 the cancellations of the previous 12 months must be prorated among the employees share accounts in proportion to the value that each account bears to the total value of all share accounts.

Sec. 3. Minnesota Statutes 1988, section 136.82, subdivision 2, is amended to read:

Subd. 2. [REDEMPTION OF SHARES AS AN ANNUITY.] A person who has shares to the credit of the employee's share account record, who is 55 years of age or older and who is no longer employed by the state university board or the state board for community colleges or who is totally and permanently disabled pursuant to subdivision 1, paragraph (2) (c), or who has the status of a surviving spouse of a person who has shares to the credit of the employee's share account pursuant to subdivision 1, paragraph (3) (d), may redeem all or part of the shares to purchase an annuity by depositing the cash realized upon redemption with the executive director of the teachers retirement fund and receive in exchange an annuity for life or an optional annuity as hereinafter provided. The election to purchase an annuity may be made only once by any individual. If an election is made before the date on which the person is entitled to request redemption, the redemption shall not be made prior to the date upon which the person would be entitled to make the request. The annuity purchase rates shall be based on the annuity table of mortality adopted by the board of trustees of the teachers retirement fund for the fund as provided in section 354.07, subdivision 1, using the interest assumption specified in section 356.215, subdivision 4d. The amount of the annuity for life shall be that amount which has a present value equal to the cash realized on the redemption of the shares as of the first day of the month next following the date of the election to purchase an annuity. The board of trustees of the teachers retirement fund shall establish an optional joint and survivor annuity, an optional annuity payable for a period certain and for life thereafter, and an optional guaranteed refund annuity paying the annuitant a fixed amount for life with the guarantee that in the event of death the balance of the cash realized from the redemption of shares is payable to the designated beneficiary. The optional forms of annuity shall be actuarially equivalent to the single life annuity as defined in section 354.05, subdivision 7. In establishing these optional forms, the board of trustees shall obtain the written recommendation of the actuary retained by the legislative commission on pensions and retirement, and these recommendations shall be a part of the permanent records of the board of trustees.

Sec. 4. Minnesota Statutes 1988, section 354.05, subdivision 35, is amended to read:

Subd. 35. [SALARY.] (a) “Salary” means the compensation paid to a teacher excluding, 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, as amended, for employee selected fringe benefits, tax sheltered annuities, deferred compensation, or any combination of these items.

(b) “Salary” does not mean:

(1) lump sum annual or leave payments;

(2) lump sum sick leave payments and all;

(3) payments in lieu of any employer paid group insurance coverage, including the difference between single and family premium rates, that may be paid to a member with single coverage.
“Salary” does not mean;

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

(5) any form of severance payments;

(6) workers’ compensation payments; or

(7) disability insurance payments including self-insured disability payments.

Subd. 35a. [SEVERANCE PAYMENTS.] Severance payments include, but are not limited to:

(a) (1) payments to an employee to terminate employment;

(b) (2) payments, or that portion of payments, that are not clearly for the performance of services by the employee to the employer; and

(c) (3) payments to an administrator or former administrator serving as an advisor to a successor or as a consultant to the employer under an agreement to terminate employment within two years or less of the execution of the agreement for compensation that is significantly different than the most recent contract salary; and

(4) payments under a procedure that allows the employee to designate the time of payment if the payments are made during the period of formula service credit used to compute a benefit or annuity under section 354.44, subdivision 6 or 7; 354.46, subdivision 1 or 2; or 354.48, subdivision 3.

Sec. 5. Minnesota Statutes 1988, section 354.05, subdivision 37, is amended to read:

Subd. 37. [TERMINATION OF TEACHING SERVICE.] "Termination of teaching service" means the withdrawal of a member from active teaching service by resignation or the termination of the member's teaching contract by the employer. A member is not considered to have terminated teaching service, if before the effective date of the termination or retirement, the member has entered into a contract to resume teaching service with an employing unit covered by the provisions of this chapter.

Sec. 6. Minnesota Statutes 1988, section 354.07, subdivision 3, is amended to read:

Subd. 3. The attorney general shall be legal advisor to the board and the executive director. The board may sue or be sued or petitioned under section 7 in the name of the board of trustees of the teachers retirement fund and. In all actions brought by or against it the board shall be represented by the attorney general. Except as provided in section 7, subdivision 9, venue of all actions is in the Ramsey county district court.

Sec. 7. [354.071] [APPEALS PROCEDURE.]

Subdivision 1. [DEFINITIONS.] Unless the language or context clearly indicates that a different meaning is intended, for the purpose of this section, the following terms have the meanings given.

(a) "Documentation" includes but is not limited to:

(1) sworn and notarized affidavits made on the personal knowledge of any person;

(2) official letters or documents;

(3) documents from the file of the petitioner; and

(4) other relevant documents that are admissible as evidence in a court of law.

(b) "Executive director" means the executive director of the teachers retirement association.

(c) "Person" includes any state institution, school district, or other governmental unit that employs persons covered under statutes listed in subdivision 2.

(d) "Record" means the petition and the documentation that the petitioners submit with the petition, the executive director's answer to the petition and documentation submitted with it, and any

documentation the board allows to be submitted at or after the meeting at which the petition is considered.

Subd. 2. [NOTICE OF TERMINATION OR DENIAL.] If the executive director terminates a benefit, reduces a benefit, or denies an application or a written request of any person claiming a right under this chapter or the applicable sections of chapters 136, 355, and 356, the executive director must serve upon that person a written notice. The notice must contain:

(1) the reasons for the termination, reduction, or denial;

(2) notice that the person may petition the board for a review of the termination, reduction, or denial and that the petition for review must be filed within 60 days of the receipt of the written notice;

(3) a statement that failure to petition the board within 60 days will preclude the person from contesting in any other court procedure or administrative hearing, the issues determined by the executive director; and

(4) a copy of this section.

Subd. 3. [PETITION FOR REVIEW.] A person who claims a right under subdivision 2 and whose benefit has been terminated or reduced, or whose application or written request has been denied may petition for a review of that decision by the board. A petition under this section must be served upon the executive director personally, or by mail postmarked no later than 60 days after the petitioner received the notice required by subdivision 2. The petition must include the sworn, notarized statement of the reasons the petitioner believes the decision of the executive director should be reversed or modified and may include relevant documentation.

Subd. 4. [ANSWER; RECORD FOR HEARING.] Within a reasonable time after receiving a petition, the executive director must serve the petitioner with an answer to the petition with all relevant documentation and with notice of the time and place of the regular or special board meeting at which the board will consider the petition. The documentation need not duplicate the documentation submitted by the petitioner. Not later than ten days before the board meeting at which the petition will be heard and at the time the petition is considered by the board, the executive director must, personally or by mail, deliver a copy of the relevant documentation to each board member. Each board member who participates in the decision on the petition must be familiar with all relevant documentation.

Subd. 5. [HEARING.] The board shall hold a timely hearing on a petition for review. The board shall make its decision on a petition

solely on the relevant documentation as submitted and the proceedings of the hearing. At the hearing the petitioner, the petitioner's attorney, and the 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 or subsequent to the board meeting at which the petition is considered. If the board allows additional documentation into the record at or subsequent to the board meeting, it may make a final determination on the petition at that board meeting only upon the agreement of both the petitioner and the executive director.

Subd. 6. [TERMINATION OF BENEFITS.] If the executive director proposes to terminate a benefit that is being paid to any person, before terminating the benefit the executive director must, in addition to the other procedures prescribed herein, give the person written or oral notice of the proposed termination. The notice must explain the reason for the proposed termination. The person must be given an opportunity, verbally or in writing, to explain why the benefit should not be terminated. If the executive director is unable to contact the person and the executive director determines that a failure to terminate the benefit might result in unauthorized payment by the association, the executive director may terminate the benefit with only a written notice containing the information required by subdivision 2, mailed to the address to which the benefit was last sent and, if that address is a financial institution, to the last known address of the person.

Subd. 7. [MEDICAL ADVISOR ACTION.] If a person petitions the board to reverse or modify a determination by the executive director finding that the petitioner, for medical reasons, does not or has ceased to qualify for a disability benefit, the board may resubmit the matter to the medical advisor for reconsideration, with or without instructions to obtain further medical examinations. The board may make a determination contrary to the recommendation of the medical advisor only if there is expert medical evidence in the record to support its contrary decision. If there is no medical opinion contrary to the opinion of the medical advisor in the record and the medical advisor asserts that the decision was made in accordance with the disability standard in section 354.05, subdivision 14, the board must follow the determination of the medical advisor. The board may make a determination different from the recommendation of the medical advisor on issues that do not involve a medical opinion.

Subd. 8. [BOARD FINDINGS.] After the board has made a decision on a petition, the executive director must prepare findings of fact, the board's reasons for its conclusions, and the board's final order for the signature of the chair or other board member as the board, by resolution, may designate. The executive director must serve the findings, conclusions, and order on the petitioner by certified mail.

Subd. 9. [APPEALS.] Within 30 days of receipt of the findings, conclusions, and final order, the petitioner may appeal the board's decision by writ of certiorari to the court of appeals. Failure to appeal to that court within the 30 days precludes the petitioner from later raising, in any court procedure or administrative hearing, those substantive and procedural issues that reasonably should have been raised upon appeal.

Subd. 10. [REFERRAL FOR ADMINISTRATIVE HEARING.] Notwithstanding sections 14.03, 14.06, and 14.57 to 14.69, a challenge to a determination of the executive director must be conducted exclusively under the procedures in this section. The board in its sole discretion may refer a petition brought under this section to the office of administrative hearings for a contested case hearing under sections 14.57 to 14.69.

Sec. 8. Minnesota Statutes 1988, 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 constitute a year under sections 354.05 to 354.10, provided such year is not less than the legal minimum school year of this state. No person shall be allowed credit for more than one year of teaching service for any fiscal year. Commencing July 1, ~~1969~~ 1961 (1) if a teacher teaches only a fractional part of a day, credit shall 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 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 be given for such fractional part of the year as the term of service rendered bears to 170 days. Teaching service performed prior to July 1, ~~1969~~ 1961 shall be computed pursuant to the law in effect at the time it was rendered.

In no event shall any teacher 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. 9. Minnesota Statutes 1988, section 354.092, is amended to read:

354.092 [SABBATICAL LEAVE.]

A member who is granted a sabbatical leave may receive allow-

able service credit not exceeding three years in any ten consecutive years toward a retirement annuity by paying into the fund employee contributions during the period of leave. The employee contribution shall be based upon the appropriate rate of contributions and the salary received during the year immediately preceding the leave. This payment shall be made by the end of the fiscal year following the fiscal year in which the leave of absence terminated, and shall be without interest. A member shall not accrue more than three years allowable service by reason of this section unless the allowable service credit was paid for by the member prior to July 1, 1962. A sabbatical leave for the purpose of this section shall be compensated by a minimum of one-third of the salary the member received for a comparable period during the prior fiscal year. Before the end of the fiscal year during which any sabbatical leave begins, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. Deductions for employee contributions at the applicable rate specified in section 354.42 must be made by the employing unit from salary paid to the member for a sabbatical leave. The member may also make direct payment of employee contributions at the appropriate rates specified in section 354.42 based upon the difference between the salary received for the sabbatical leave and the salary received for a comparable period during the year immediately preceding the leave. This direct payment must be made by the end of the fiscal year following the fiscal year in which the leave of absence terminated and must be without interest. If the employee contributions during the period of the leave made under this section are less than the employee contributions based on the salary received made for a comparable period during the year immediately preceding the leave, the allowable and formula service credit of the member shall be prorated according to section 354.05, subdivision 25, clause (3), except that if the member is paid full salary for any sabbatical leave of absence, either past or prospective, the allowable and formula service credit shall not be prorated. A member may not receive more than three years of allowable service credit in any ten consecutive years under this section unless the allowable service credit was paid for by the member before July 1, 1962. For sabbatical leaves taken that begin after June 30, 1986, the required employer contribution, including the amortization amount contributions specified in section 354.42, subdivisions 3 and 5, shall must be paid by the employing unit within 30 days after the association's written notification by the association to the employing unit of the amount due.

Sec. 10. Minnesota Statutes 1988, 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 such the annuity or benefit. Upon completion of the proper forms as provided by the

board 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 a spouse. The board shall prescribe the conditions which shall govern these procedures.

Sec. 11. Minnesota Statutes 1988, section 354.35, is amended to read:

354.35 [RETIREMENT BEFORE BECOMING ELIGIBLE FOR SOCIAL SECURITY OPTIONAL ACCELERATED RETIREMENT ANNUITY BEFORE AGE 65.]

Any coordinated member who retires before becoming eligible for social security retirement benefits age 65, may elect to receive an optional accelerated retirement annuity from the association which provides for different annuity amounts over different periods of retirement. The election of this optional accelerated retirement annuity shall be exercised by making an application to the board on a form provided by the board. The optional accelerated retirement annuity shall take the form of an annuity payable for the period before the member attains the age of 65 years in a greater amount than the amount of the annuity calculated under section 354.44 on the basis of the age of the member at retirement but equal insofar as possible to the social security old age retirement benefit and the adjusted retirement annuity amount payable immediately after the annuitant becomes eligible for social security old age retirement benefits in an amount less than the amount of the annuity calculated under section 354.44 on the basis of the age of the member at retirement. The social security leveling option may be calculated based on broad average social security old age retirement benefits. the optional accelerated retirement annuity shall must be the actuarial equivalent of the member's annuity computed on the basis of the member's age at retirement. The greater amount shall must be paid until the member retiree reaches the age of 65 and at which that time the payment from the association shall must be reduced. For each year the retiree is under age 65, up to five percent of the total life annuity required reserves may be used to accelerate the optional retirement annuity under this section. The method of computing the optional accelerated retirement annuity provided in this section shall be established by the board of trustees. In establishing the method of computing the optional accelerated retirement annuity, the board of trustees shall must obtain the written recommendation approval of the commission-retained actuary. The recommendations shall written approval must be a part of the permanent records of the board of trustees.

Sec. 12. Minnesota Statutes 1988, section 354.42, subdivision 7, is amended to read:

Subd. 7. [ERRONEOUS SALARY DEDUCTIONS OR DIRECT PAYMENTS.] (4) (a) Any deductions taken from the salary of an employee for the retirement fund in error shall, be refunded to the employee upon discovery and verification by the school district or institution employing unit making the deduction, be refunded to the employee and the corresponding employer contribution and additional employer contribution amounts attributable to the erroneous salary deduction must be refunded to the employing unit.

(2) In the event (b) If salary deductions and employer contributions were erroneously transmitted to the retirement fund and should have been transmitted to another public pension fund enumerated in section 356.30, subdivision 3, the retirement fund must transfer these salary deductions and employer contributions to the appropriate public pension fund without interest.

(c) If 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 has been returned to the funds of the school district or institution employing unit making the payment, a refundment refund of the sum so amount deducted, or any portion of it as that is required to adjust the salary deductions, shall be made to the school district or institution provided application for it is made on a form furnished by the retirement board employing unit.

(d) Any erroneous direct payments of member paid contributions or erroneous salary deductions that were not refunded in the regular processing of an employing unit's annual summary report shall be refunded to the member with interest computed using the rate and method specified in section 354.49, subdivision 2.

Sec. 13. Minnesota Statutes 1988, section 354.44, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FOR RETIREMENT.] Retirement may Application for retirement must be made upon application of by the member or of by someone acting authorized to act in the member's behalf. Application must be made on a form prescribed by the executive director.

Sec. 14. Minnesota Statutes 1988, section 354.44, subdivision 5, is amended to read:

Subd. 5. [RESUMPTION OF TEACHING SERVICE AFTER RETIREMENT.] Any person who retired under any provision of any retirement law applicable to schools and institutions covered by the provisions of this chapter and has thereafter resumed teaching in any school or institution employer unit to which this chapter applies shall is eligible to continue to receive payments in accordance with the annuity except that annuity payments must be reduced during any the calendar year immediately following any calendar year in

which the person's income from the teaching service is in an amount equal to or greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services pursuant to the provisions of under United States Code, title 42, section 403. The amount of the reduction must be one-half of the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of income. For the purpose of this subdivision, income from teaching service shall include includes, but is not limited to:

(a) all income for services performed as a consultant or an independent contractor for an employer unit covered by the provisions of this chapter; and

(b) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in an employer unit with approximately the same number of pupils and at the same level as the position occupied by the person who resumes teaching service.

In the event that the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person shall be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits. The amount in excess of the applicable reemployment income maximum specified in this subdivision shall be deducted from the annuity payable for the year immediately following the year in which the excess amount was earned. After a person has reached the age of 70, the person shall receive the annuity in full regardless of the amount of income.

Sec. 15. Minnesota Statutes 1988, section 354.44, is amended by adding a subdivision 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 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 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.

Sec. 16. Minnesota Statutes 1988, section 354.44, subdivision 8, is amended to read:

Subd. 8. [ANNUITY PAYMENT; EVIDENCE OF RECEIPT.] Payment of An annuity or benefit for a given month shall must be paid during the first week of that month. Evidence of receipt of the check issued or acknowledgment of the amount electronically transferred in payment of an annuity or benefit shall be submitted by may be required from the payee or a banking institution on a form prescribed by the executive director. The evidence of receipt form shall may be submitted required periodically at times specified by the board. In the event the required evidence of receipt form is not submitted required, future annuities or benefits shall must be withheld until the form is submitted.

Sec. 17. Minnesota Statutes 1988, section 354.47, subdivision 2, is amended to read:

Subd. 2. [BENEFITS OF \$500 \$1,500 OR LESS.] If a member or a former member dies without having a surviving designated a beneficiary, or if the beneficiary should die before making application for the refundment and the amount to the credit of such deceased member or former member, and the amount of the benefit the decedent is \$500 \$1,500 or less, the retirement board of trustees may 90 days after the date of death of the member or former member, in the absence of probate proceedings, make payment to the surviving spouse of the deceased member or former members, or, if none to the next of kin under the laws of descent of the state of Minnesota and such decedent. This payment shall be a bar to recovery of this payment from the association by any other person or persons. Any accrued retirement allowance or annuity which shall

have accrued at the time of death of an annuitant, disability, or survivor benefit, may be paid in like the same manner.

Sec. 18. Minnesota Statutes 1988, section 354.48, subdivision 1, is amended to read:

Subdivision 1. [AGE, SERVICE AND SALARY REQUIREMENTS.] Any A member who became is totally and permanently disabled after and has at least five years of credited allowable service shall be at the time that the total and permanent disability begins is entitled to a disability benefit based on this allowable service in an amount provided in subdivision 3. If such the disabled person's member's teaching service has terminated at any time, at least three of the required five years of allowable service must have been rendered after last becoming a member. Any member whose average salary is less than \$75 per month shall is not be entitled to disability benefits.

Sec. 19. Minnesota Statutes 1988, section 354.48, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS.] Any 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 months month period following the termination of teaching service but not thereafter. This benefit shall begin to accrue accrues from the day following the commencement of disability or the day following the date on last day for which salary ceases is paid, whichever is later, but shall may not begin to accrue more than 90 days prior to before the date the application is filed with the board. If salary is being received for either annual or sick leave during the period, payments shall accrue from the date day following the last day for which this salary ceases is paid.

Sec. 20. Minnesota Statutes 1988, section 354.65, is amended to read:

354.65 [ADMINISTRATIVE EXPENSES.]

Necessary and reasonable administrative expenses incurred by the teachers retirement association shall must be prorated and allocated to the teachers retirement fund, and the organization's participation in both the Minnesota variable annuity investment fund, the Minnesota postretirement investment fund and the Minnesota supplemental investment retirement fund in accordance with policies and procedures established by the board of trustees of the teachers retirement association.

Sec. 21. [354A.095] [MATERNITY LEAVE.]

A basic or coordinated member of the St. Paul teachers' retirement fund association and old or new coordinated members of the Duluth teachers' retirement fund association, who is granted parental or maternity leave of absence by the employing authority, is entitled to obtain service credit not to exceed one year for the period of leave upon payment to the applicable fund by the end of the fiscal year in which the leave of absence terminated. The amount of the payment must include the total required employee and employer contributions for the period of leave prescribed in section 354A.12. Payment must be based on the member's average monthly salary upon return to teaching service, and is payable without interest. Payment must be accompanied by a certified or otherwise adequate copy of the resolution or action of the employing authority granting or approving the leave.

Sec. 22. Minnesota Statutes 1988, section 354A.31, subdivision 3, is amended to read:

Subd. 3. [RESUMPTION OF TEACHING AFTER COMMENCEMENT OF A RETIREMENT ANNUITY.] Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 and who has resumed teaching service for the school district in which the teachers retirement fund association exists shall be is entitled to continue to receive retirement annuity payments except that for any person under the age of 72 years during any quarter in which the person's compensation for the teaching service is in an amount equal to or greater than the quarterly 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 the event that the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person shall be equal to the quarterly maximum earnings allowable for the minimum age for the receipt of social security benefits. The amount in excess of the applicable reemployment income maximum specified in this subdivision shall be deducted from the retirement annuity payment payable for the quarter immediately following the quarter in which the excess amount was earned. Any person to whom this subdivision applies who has reached the age of at least 72 years shall be entitled to continue to receive retirement annuity payments in full that annuity payments must be reduced during the calendar year immediately following the calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services under the provisions of United States Code, title 42, section 403. The amount of the reduction must be one-half the amount in excess of the applicable

reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

Sec. 23. Minnesota Statutes 1988, section 356.30, subdivision 2, is amended to read:

Subd. 2. [REPAYMENT OF REFUNDS.] Any A person who is employed has service credit in a position covered by one of the funds enumerated in subdivision 3 and who is employed or was formerly employed in a position covered by one of these funds but also has received a refund from any other of such these funds, may repay such the refund to the respective fund under such terms and conditions as that are consistent with the laws governing such the other fund, except that the person need not be a currently contributing member of the fund to which the refund is repaid at the time the repayment is made. Unless otherwise provided by statute, the repayment of a refund under this subdivision may only be made within six months following termination of employment from a position covered by one of the funds enumerated in subdivision 3 or before the date of retirement from that fund, whichever is earlier.

Sec. 24. Minnesota Statutes 1988, section 356.371, subdivision 3, is amended to read:

Subd. 3. [REQUIREMENT OF NOTICE TO MEMBER'S SPOUSE.] If a public pension fund provides optional retirement annuity forms which include a joint and survivor optional retirement annuity form potentially applicable to the surviving spouse of a member, the chief administrative officer of the public pension fund shall send a copy of the written statement required by subdivision 2 to the spouse of the member prior to before the member's election of an optional retirement annuity.

Following the election of an optional retirement annuity form by the member, a copy of the completed retirement annuity application

shall and retirement annuity beneficiary form must be sent by certified mail by the public pension fund to the spouse of the retiring member. A signed acknowledgment must be required from the spouse confirming receipt of a copy of the completed retirement annuity application and retirement annuity beneficiary form. If the required signed acknowledgment is not received from the spouse within 30 days, the public pension fund must send another copy of the completed retirement annuity application and retirement annuity beneficiary form to the spouse by certified mail.

Sec. 25. Minnesota Statutes 1988, section 356.80, subdivision 1, is amended to read:

Subdivision 1. [INFORMATION FOR A PENDING MARRIAGE DISSOLUTION.] (a) Upon written request by a person with access to the data under subdivision 3 who cites this statute, a public or private pension plan administrator must provide the court and the parties to a marriage dissolution action involving a plan member or former plan member with information regarding pension benefits or rights of the plan member or former plan member. The pension plan shall provide this information upon request of the court or a party to the action without requiring a signed authorization from the plan member or former plan member.

(b) The information must include the pension benefits or rights of the plan member or former plan member as of the first day of the month following the date of the request, or as of the end of the previous fiscal year for the plan, and as of the date of valuation of marital assets under section 518.58, if the person requesting the information specifies that date. The information must include the accrued service credit of the person, the credited salary of the person for the most current five-year period, a summary of the benefit plan, and any other information relevant to the calculation of the present value of the benefits or rights.

Sec. 26. Minnesota Statutes 1988, section 356.80, subdivision 3, is amended to read:

Subd. 3. [ACCESS TO DATA.] Notwithstanding any provision of chapter 13 to the contrary, an administrator may release private or confidential data on individuals to the court, the parties to a marriage dissolution, their attorneys, and an actuary appointed under section 518.582, to the extent necessary to comply with this section, but only if the administrator has received a copy of the legal petition showing that an action for marriage dissolution has commenced and a copy of the affidavit of service showing that the petition has been served on the responding party to the action.

Sec. 27. [356.81] [REPAYMENT OF REFUNDS.]

Repayment of a refund and interest on that refund permitted

under laws governing any public pension plan in Minnesota may be made with funds distributed from a plan qualified under the federal Internal Revenue Code of 1986, as amended through December 31, 1988, section 401(a) or an annuity qualified under the federal Internal Revenue Code, section 403(a). Repayment may also be made with funds distributed from an individual retirement account used solely to receive a nontaxable rollover from that type of a plan or annuity. The repaid refund must be separately accounted for as coordinated member contributions not previously taxed. Before accepting any transfers to which this subdivision applies, the executive secretary may require the coordinated member to demonstrate that the amounts to be transferred are eligible for a tax-free rollover and qualify for that treatment under the federal Internal Revenue Code.

Sec. 28. [ST. PAUL TEACHERS BYLAW AMENDMENT.]

Authorization is granted in accordance with Minnesota Statutes, section 354A.12, subdivision 4, for the St. Paul teachers' retirement fund association to amend its bylaws as follows:

Paragraph (4) of section 2 of article IV of the bylaws may be amended to provide that repayment of a refund and interest on that refund may be made with funds distributed from a plan qualified under the federal Internal Revenue Code, section 401(a), an annuity qualified under the federal Internal Revenue Code, section 403(a), or from an individual retirement account used solely to receive a nontaxable rollover from that type of a plan or annuity. The conditions for acceptance of the repayment are governed by section 27.

Sec. 29. [REPEALER.]

Minnesota Statutes 1988, sections 136.88, subdivision 3; 354.41, subdivision 3; 354.531; 354.532; 354.55, subdivision 5; and 354.56, are repealed.

Sec. 30. [EFFECTIVE DATE.]

Sections 2 to 13 and 15 to 29 are effective the day following final enactment. Section 1 is effective July 1, 1989. Section 14 is effective January 1, 1989.

ARTICLE 3

PERA

Section 1. Minnesota Statutes 1988, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

- (1) elected or appointed officers and employees of elected officers;
- (2) district court reporters;
- (3) officers and employees of the public employees retirement association;
- (4) employees of the league of Minnesota cities;
- (5) employees of the association of metropolitan municipalities;
- (6) officers and employees of public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions;
- ~~(6)~~ (7) employees of a school district who receive separate salaries for driving their own buses;
- ~~(7)~~ (8) employees of the association of Minnesota counties;
- ~~(8)~~ (9) employees of the metropolitan intercounty association;
- ~~(9)~~ (10) employees of the Minnesota municipal utilities association;
- (10) (11) employees of the Minnesota association of townships when the board of the association, at its option, certifies to the executive director that its employees are to be included for purposes of retirement coverage, in which case coverage of all employees of the association is permanent;
- (12) employees of the metropolitan airports commission if employment initially commenced after June 30, 1979;
- ~~(11)~~ (13) employees of the Minneapolis employees retirement fund; if employment initially commenced after June 30, 1979;
- ~~(12)~~ (14) employees of the range association of municipalities and schools;
- ~~(13)~~ (15) employees of the soil and water conservation districts;
- ~~(14)~~ (16) employees of a county historical society who are county employees;

~~(15)~~ (17) employees of a county historical society located in the county whom the county, at its option, certifies to the executive director to be county employees for purposes of retirement coverage under this chapter, which status must be accorded to all similarly situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society and is not excluded under subdivision 2b;

~~(16)~~ (18) employees of an economic development authority created under sections 458C.01 to 458C.23;

~~(17)~~ (19) employees of the department of military affairs of the state of Minnesota who are full-time firefighters; and

(20) employees who became members before July 1, 1988, based on the total salary of positions held in more than one governmental subdivision.

Sec. 2. Minnesota Statutes 1988, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] (a) The following persons are excluded from the meaning of "public employee":

(1) persons who are employed for professional services where the service is incidental to regular professional duties, determined on the basis that compensation for the service amounts to no more than 25 percent of the person's total annual gross earnings for all professional duties;

(2) election officers;

(3) independent contractors and their employees;

(4) patient and inmate help personnel who perform services in ~~governmental subdivision~~ charitable, penal, and or correctional institutions of a governmental subdivision;

(5) members of boards, commissions, bands, and others who serve ~~the~~ a governmental subdivision intermittently;

(6) employees whose employment is not expected to continue for a period longer than six consecutive months, unless it involves employment for a probationary period that is part of a permanent position. Immediately following the expiration of a six-month period of employment, if the employee continues in public service and earns more than \$425 from one governmental subdivision in any one calendar month, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee in accordance with section 353.27, subdivision 4.

Membership eligibility of an employee who holds concurrent temporary employment of six months or less and part-time positions in one governmental subdivision must be determined by the salary of each position. Membership eligibility of an employee who holds nontemporary positions in one governmental subdivision must be determined by the total salary of all positions;

(7) part-time employees who receive monthly compensation from a one governmental subdivision not exceeding \$425, and part-time employees and elected officials whose annual compensation from a one governmental subdivision is stipulated in advance, in writing, to be not more than \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$5,100 per employment period for employment expected to be of less than a full year's duration, except that members continue their membership until termination of public service; Membership eligibility of an employee who holds concurrent part-time positions under this clause must be determined by the total salary of all such positions in one governmental subdivision. If compensation from one governmental subdivision to an employee under this paragraph exceeds \$5,100 per calendar year or school year after being stipulated in advance not to exceed that amount, the stipulation is no longer valid and contributions must be made on behalf of the employee in accordance with section 353.27, subdivision 12, from the month in which the employee's earnings first exceeded \$425;

(8) persons who first occupy an elected office after July 1, 1988, the compensation for which does not exceed \$425 per month;

(9) emergency employees who are employed by reason of work caused by fire, flood, storm, or similar disaster;

(10) employees who by virtue of their employment as an officer or employee of a in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the state employees retirement system; the teachers retirement fund; the state patrol retirement fund; the Duluth teachers retirement fund association; the Minneapolis teachers retirement fund association; the St. Paul teachers retirement fund association; the Minneapolis employees retirement fund; the Minnesota state retirement system correctional officers retirement plan; or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees police and fire fund and for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10, other than as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement association; Minnesota state retirement system, the teachers retirement association, the Duluth teachers

retirement fund association, the Minneapolis teachers retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees police and fire fund, or any police or firefighters relief association that has consolidated with the public employees retirement association but whose members have not elected coverage by the public employees police and fire fund as provided in sections 353A.01 to 353A.10. This clause must not be construed to prevent a person from being a member of and contributing to the public employees retirement association and also belonging to and contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time shall become a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association by a teacher as defined in section 354.05, subdivision 2;

(11) police matrons who are employed in a police department of a city who are transferred to the jurisdiction of a joint city and county detention and corrections authority;

(12) persons who are excluded from coverage under the federal old age, survivors, disability, and health insurance program for the performance of service as specified in United States Code, title 42, section 410(a) (8) (A), as amended through January 1, 1987;

(13) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university and who are not employed full time by a governmental subdivision;

(14) resident physicians, medical interns, and pharmacist residents and interns who are serving in a degree or residency program in public hospitals and students who are serving in an internship or residency program sponsored by an accredited educational institution;

(15) appointed or elected officers, who are paid entirely on a fee basis, and who were not members on June 30, 1971;

(16) persons holding who hold a part-time adult supplementary technical institute license who render part-time teaching service in a technical institute if the service is incidental to the person's regular nonteaching occupation, the applicable technical institute stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year, and the part-time teaching service actually does not exceed 300 hours in a fiscal year; and;

(17) persons exempt from licensure under section 125.031;

(18) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel; and

(19) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment activities other than those as a volunteer firefighter.

(b) Immediately following the expiration of a six-month period of employment by an employee covered by paragraph (a), clause (6), if the employee continues in public service and earns more than \$425 from a governmental subdivision in any one calendar month, the department head shall report the employee for membership and cause employee contributions to be made on behalf of the employee in accordance with section 353.27, subdivision 4, and the employee remains a member until termination of public service. This paragraph may not be construed to exclude an employee from membership whose employment is expected to continue for more than six months but who is serving a probationary period.

(c) If compensation from a governmental subdivision to an employee covered by paragraph (a), clause (7), exceeds \$5,100 per calendar year or school year after being stipulated in advance, the stipulation is no longer valid and contributions must be made on behalf of the employee in accordance with section 353.27, subdivision 12, from the month in which the employee first exceeded \$425.

(d) Paragraph (a), clause (10), does not prevent a person from being a member of and contributing to the public employees retirement association and also belonging to or contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2, by virtue of other service occurring during the same period of time shall become a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association in accordance with section 354.05, subdivision 2.

Sec. 3. Minnesota Statutes 1988, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] "Salary" means the periodical 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. Fees paid to district court reporters are not considered a salary. Lump sum annual or lump sum sick leave payments, severance payments, and all 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, are not deemed to be salary. Before the time that all sick leave has been used, amounts paid to an employee under a disability insurance policy or program where the employer paid the premiums are considered salary, and, after all sick leave has been used, the payment is not considered salary. Workers' compensation payments are not considered salary. Except as provided in sections 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 considered salary. For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees police and fire fund and who has elected coverage by the public employees police and fire fund benefit plan as provided in 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. 4. Minnesota Statutes 1988, section 353.01, is amended by adding a subdivision to read:

Subd. 11a. [TERMINATION OF PUBLIC SERVICE.] An officer or employee who terminates employment but within 30 days returns to employment in the same governmental subdivision or begins employment in another position otherwise excluded from membership is considered a member from the beginning of the reemployment unless the total period covered by all periods of employment is less than six months or the amount earned does not exceed the dollar limitations in subdivision 2b, clause (7).

Sec. 5. Minnesota Statutes 1988, section 353.01, is amended by adding a subdivision to read:

Subd. 35. [VOLUNTEER AMBULANCE SERVICE PERSONNEL.] Volunteer ambulance service personnel for purposes of this chapter are 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.

Sec. 6. Minnesota Statutes 1988, section 353.01, is amended by adding a subdivision to read:

Subd. 36. [VOLUNTEER FIREFIGHTER.] For purposes of this chapter, a person is considered a volunteer firefighter for all service for which the person receives credit in an association or fund operating under chapter 424A.

Sec. 7. Minnesota Statutes 1988, section 353.27, subdivision 12, is amended to read:

Subd. 12. [OMITTED SALARY DEDUCTIONS; OBLIGATIONS.] In the case of omission of required deductions from salary of an employee, past due for 60 days or less, the head of the department shall deduct from the employee's next salary payment and remit to the executive director the amount of the employee contribution delinquency, with the department head shall immediately, upon discovery, report the employee for membership and require employee deductions be made in accordance with subdivision 4. Omitted employee deductions due for the 60-day period preceding enrollment must be deducted from the employee's next salary payment and remitted to the association. The employer shall pay any remaining omitted employee deductions past due and any omitted employer contributions, plus cumulative interest at the rate of six percent a year, compounded annually, from the date or dates each delinquent omitted employee contribution was first payable. The interest must be paid by the employer. Omitted required deductions past due for a period in excess of 60 days are the sole obligation of the governmental subdivision from the time the deductions were first payable, together with interest as specified in this subdivision. Any amount so due, together with employer and additional employer contributions at the rates and in the amounts specified in subdivisions 3 and 3a, with interest at the rate of six percent compounded annually from the date they were first payable, from the employer must be paid from the proceeds of a tax levy made under section 353.28 or from other funds available to the employer. Unless otherwise indicated, An employer shall not hold an employee liable for omitted employee deductions due for more than the 60-day period preceding enrollment nor attempt to recover from the employee those employee deductions paid by the employer. Neither an employer nor an employee is responsible to pay omitted employee deductions when an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at the rate of six percent compounded annually from the date the contributions were first payable. This subdivision has both retroactive and prospective application, and the govern-

mental subdivision is liable retroactively and prospectively for all amounts due under it. No action for the recovery of omitted employee and employer contributions or interest on contributions may be commenced and no payment of omitted contributions may be made or accepted unless the association has already commenced action for recovery of omitted contributions. The association may not commence action for the recovery of omitted employee deductions and employer contributions after the expiration of three calendar years after the calendar year in which the contributions and deductions were omitted. No payment may be made or accepted unless the association has already commenced action for recovery of omitted deductions. An action for the recovery of omitted contributions or interest commences five calendar days after on the date of the mailing of any written correspondence from the association requesting information from the governmental unit that may lead to a recovery of omitted contributions subdivision upon which to determine whether or not omitted deductions occurred.

Sec. 8. Minnesota Statutes 1988, section 353.28, subdivision 5, is amended to read:

Subd. 5. Any amount which becomes due and payable pursuant to this section or section 353.27, subdivision 4, shall bear compound interest at the rate of six percent per year from the date due for the next five calendar days, and compound interest at the rate of ten percent per year for amounts past due in excess of five calendar days until the date payment is actually received in the office of the association, with a minimum charge of \$10. Interest for past due payments of excess police state aid under section 69.031, subdivision 5, must be charged at a rate of six percent compounded annually.

Sec. 9. Minnesota Statutes 1988, section 353.28, subdivision 6, is amended to read:

Subd. 6. If the governmental subdivision fails to pay amounts due under this chapter or fails to make payments of excess police state aid to the public employees police and fire fund under section 69.031, subdivision 5, the executive director shall certify those amounts to the governmental subdivision for payment. If the governmental subdivision fails to remit the sum so due in a timely fashion, the executive director shall certify amounts to the county auditor for collection. The county auditor shall collect such amounts out of the revenue of the governmental subdivision, or shall add them to the levy of the governmental subdivision and make payment directly to the association. This tax shall be levied, collected and apportioned in the manner other taxes are levied, collected and apportioned.

Sec. 10. Minnesota Statutes 1988, section 353.29, subdivision 4, is amended to read:

Subd. 4. [APPLICATION FOR ANNUITY.] Application for a retirement annuity may be made by a member or by a person authorized to act on behalf of the member. Every application for retirement shall be made in writing on a form prescribed by the executive director and shall be substantiated in writing by written proof of the member's age of the member and identity. No application for a retirement annuity may be considered complete until all necessary supporting documents are received by the executive director.

Sec. 11. Minnesota Statutes 1988, section 353.29, subdivision 7, is amended to read:

Subd. 7. [ANNUITIES; ACCRUAL.] Except as to elected public officials, all retirement annuities granted under the provisions of this chapter shall commence with the first day of the first calendar month next succeeding the date of termination of public service and shall be paid in equal monthly installments, but no payment shall accrue beyond the end of the month, in which entitlement to such annuity has terminated. If the annuitant dies prior to negotiating the check for the month in which death occurs, payment will be made to the surviving spouse or if none to the designated beneficiary or if none to the estate. Any annuity granted to an elective public official shall accrue on the day following expiration of the public office held or right thereto, and the annuity for that month shall be prorated accordingly. No annuity, once granted, shall be increased, decreased, or revoked except as provided in this chapter. No annuity payment shall be made retroactive for more than three months prior to that month in which application therefor shall be filed with the association a complete application is received by the executive director as provided in subdivision 4.

Sec. 12. Minnesota Statutes 1988, section 353.33, subdivision 1, is amended to read:

Subdivision 1. [AGE, SERVICE, AND SALARY REQUIREMENTS.] Any member who becomes totally and permanently disabled before age 65 and after five years of allowable service shall be entitled to a disability benefit in an amount provided in subdivision 3. If such the disabled person's public service has terminated at any time, at least three of the required five years of allowable service must have been rendered after last becoming a member. Any member whose average salary is less than \$75 per month shall not be entitled to a disability benefit. No repayment of a refund otherwise authorized pursuant to section 353.34 and A repayment of a refund may be made before the effective date of disability benefits under subdivision 2. No purchase of prior service or payment made in lieu of salary deductions otherwise authorized pursuant to section 353.01, subdivision 16, 353.017, subdivision 4, or 353.36, subdivision 2, may be made after the occurrence of the disability for which an application pursuant to this section is filed.

Sec. 13. Minnesota Statutes 1988, section 353.33, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS; ACCRUAL OF BENEFITS.] Every claim or demand for a total and permanent disability benefit shall be initiated by written application in the manner and form prescribed by the executive director, filed in the office of the retirement association, showing compliance with the statutory conditions qualifying the applicant for a total and permanent disability benefit and filed with the executive director. A member or former member who became totally and permanently disabled during a period of membership may file application for total and permanent disability benefits within three years next following termination of public service, but not thereafter. This benefit shall begin to accrue the day following the commencement of disability, 90 days preceding the filing of the application, or, if annual or sick leave is paid for more than the said 90 day period, from the date salary ceased whichever is later. No payment shall accrue beyond the end of the month in which entitlement has terminated. If the disabilitant dies prior to negotiating the check for the month in which death occurs, payment will be made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate. An applicant for total and permanent disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for total and permanent disability benefits. The retirement annuity application is void upon the determination of the entitlement for disability benefits by the executive director. If disability benefits are denied, the retirement annuity application must be initiated and processed.

Sec. 14. Minnesota Statutes 1988, section 353.33, subdivision 5, is amended to read:

Subd. 5. [BENEFITS PAID UNDER WORKERS' COMPENSATION LAW.] Disability benefits paid shall be reimbursed and future benefits shall be reduced by coordinated with any amounts received or receivable, including under workers' compensation law, such as temporary total, permanent total, temporary partial or, permanent partial, or economic recovery compensation benefits, in either periodic or lump sum payments from the employer under applicable workers' compensation laws, after deduction of amount of attorney fees, authorized under applicable workers' compensation laws, paid by a disabilitant. If the total of the single life annuity actuarial equivalent disability benefit and the workers' compensation benefit exceeds: (1) the salary the disabled member received as of the date of the disability or (2) the salary currently payable for the same employment position or an employment position substantially similar to the one the person held as of the date of the disability, whichever is greater, the disability benefit must be reduced to that amount which, when added to the workers' compensation benefits,

does not exceed the greater of the salaries described in clauses (1) and (2).

Sec. 15. Minnesota Statutes 1988, section 353.33, subdivision 6, is amended to read:

Subd. 6. [CONTINUING ELIGIBILITY FOR BENEFITS.] The eligibility for continuation of disability benefits shall be determined by the association, which has authority to require periodic examinations and evaluations of disabled members as frequently as deemed necessary. Disability benefits are contingent upon a disabled person's participation in a vocational rehabilitation program if the executive director determines that the disabled person may be able to return to a gainful occupation. If a member is found to be no longer totally and permanently disabled and is reinstated to the payroll, payments shall be made for no more than 60 days.

Sec. 16. Minnesota Statutes 1988, section 353.33, subdivision 7, is amended to read:

Subd. 7. [PARTIAL REEMPLOYMENT.] If, following a work or nonwork-related injury or illness, a disabled person resumes a gainful occupation from which earnings are less than the salary at the date of disability or the salary currently paid for similar positions, the board shall continue the disability benefit in an amount that, when added to the earnings and workers' compensation benefit, does not exceed the salary at the date of disability or the salary currently paid for similar positions, whichever is higher, provided the disability benefit does not exceed the disability benefit originally allowed, plus any postretirement adjustments payable after December 31, 1988, in accordance with section 11A.18, subdivision 10. No deductions for the retirement fund may be taken from the salary of a disabled person who is receiving a disability benefit as provided in this subdivision.

Sec. 17. Minnesota Statutes 1988, section 353.34, subdivision 1, is amended to read:

Subdivision 1. [REFUND OR DEFERRED ANNUITY.] Any member who ceases to be a public employee by reason of termination of public service, or who is on a continuous layoff for more than 120 calendar days, shall be entitled to a refund of accumulated deductions as provided in subdivision 2, or to a deferred annuity as provided in subdivision 3. An active member of a fund enumerated in section 356.30, subdivision 3, clause (7), (8), or (14), who terminates public service in any of those funds and becomes a member of another fund enumerated in those clauses may receive a refund of employee contributions plus five percent interest compounded annually from the fund in which the member terminated service. Application for a refund may not be made prior to date of termination of public service, or the expiration of 120 days of layoff, and a

refund shall be paid within 120 days following receipt of application, provided applicant has not again become a public employee required to be covered by the association.

Sec. 18. Minnesota Statutes 1988, section 353.35, is amended to read:

353.35 [CONSEQUENCES OF REFUND; REPAYMENT, RIGHTS RESTORED.]

When any former member accepts a refund, all existing service credits and all rights and benefits to which the person was entitled prior to the acceptance of such the refund shall terminate and shall not again be restored until the person acquires not less than 18 months allowable service credit subsequent to after taking the last refund and repays all refunds taken and interest received under section 353.34, subdivisions 1 and 2, plus interest at six percent per annum compounded annually. If more than one refund has been taken, all refunds must be repaid by the person may repay all refunds or only the refund for the fund in which the person had most recently been a member, with interest at six percent per annum compounded annually. All refunds must be repaid within three months of the last date of termination of public service.

Sec. 19. Minnesota Statutes 1988, section 353.64, subdivision 1, is amended to read:

Subdivision 1. [POLICE AND FIRE FUND MEMBERSHIP.] Any person who prior to July 1, 1961, was a member of the police and fire fund, by virtue of being a police officer or firefighter, shall as long as the person remains in either position, be deemed to continue membership in the fund. Any person who was employed by a governmental subdivision as a police officer and was a member of the police and fire fund on July 1, 1978, by virtue of being a police officer as defined by this section on that date shall be entitled, if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, to continue membership in the fund whether or not that person has the power of arrest by warrant after that date. Any person who was employed by a governmental subdivision as a police officer or a firefighter, whichever applies, was an active member of the local police or salaried firefighters relief association located in that governmental subdivision by virtue of that employment as of the effective date of the consolidation as authorized by sections 353A.01 to 353A.10, and has elected coverage by the public employees police and fire fund benefit plan, shall be considered to be a member of the police and fire fund after that date if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date. Any other employee serving on a full-time basis as a police officer or firefighter on or after July 1, 1961, shall become a member of the public employees

police and fire fund. Any employee serving on less than a full-time basis as a police officer shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a police officer. Any employee serving on less than a full-time basis as a firefighter, ~~other than a volunteer firefighter~~, shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a firefighter. Any police officer or firefighter, ~~other than a volunteer firefighter~~, employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire fund and any police officer or firefighter of a relief association that has consolidated with the association for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10 other than a volunteer firefighters relief association to which sections 69.771 to 69.776 apply shall not be a member of this fund.

Sec. 20. Minnesota Statutes 1988, section 353.64, subdivision 2, is amended to read:

Subd. 2. Before a governing body may declare a position to be that of a police officer, the duties of the person so employed ~~shall~~ must, as a minimum, include services employment as an officer of a designated police department or sheriff's office or person in charge of a designated police department or sheriff's office whose primary job it is to enforce the law, who is licensed by the Minnesota board of peace officer standards and training under sections 626.84 to 626.855, who is engaged in the hazards of protecting the safety and property of others, and who has the power to arrest by warrant. A police officer who is periodically assigned to employment duties not within the scope of this subdivision may contribute to the public employees police and fire fund for all service, if a resolution declaring that the primary position held by the person is that of a police officer, is adopted by the governing body of the department, and is promptly submitted to the executive director.

Sec. 21. Minnesota Statutes 1988, section 353.64, subdivision 3, is amended to read:

Subd. 3. Before a governing body may declare a position to be that of a firefighter, the duties of the person so employed ~~shall~~ must, as a minimum, include services as an employee of a designated fire company or person in charge of a designated fire company or

companies who is engaged in the hazards of fire fighting. A firefighter who is periodically assigned to employment duties outside the scope of firefighting may contribute to the public employees police and fire fund for all service, if a resolution declaring that the primary position held by the person is that of a firefighter, is adopted by the governing body of the company or companies, and is promptly submitted to the executive director.

Sec. 22. Minnesota Statutes 1988, section 353.656, subdivision 4, is amended to read:

Subd. 4. No member shall receive any disability benefit payment when there remains to the member's credit unused annual leave or sick leave or under any other circumstances; when, during the period of disability, there has been no impairment of salary and. Should ~~such~~ the member resume a gainful occupation with earnings less than the salary earned at the date of disability or the salary currently paid for similar positions, the association shall continue the disability benefit in an amount which when added to ~~such~~ workers' compensation benefits and actual earnings does not exceed the salary earned at the date of disability or the salary currently paid for similar positions, whichever is higher, provided. In no event may the disability benefit in ~~such case does not~~ exceed the disability benefit originally allowed. In the event that the total amount is higher, the executive director shall reduce the disability benefit by the amount of the excess.

Sec. 23. [353.86] [VOLUNTEER AMBULANCE SERVICE PERSONNEL; PARTICIPATION; ELECTION; LIMITATION; AND COMPENSATION.]

Subdivision 1. [PARTICIPATION.] Volunteer ambulance service personnel, as defined in section 353.01, subdivision 35, who are or become members of and participants in the public employees retirement fund or the public employees police and fire fund and make contributions to either of those funds based on compensation for service other than volunteer ambulance service may elect to participate in that same fund with respect to compensation received for volunteer ambulance service, provided that the volunteer ambulance service is not credited to another public or private pension plan including the public employees retirement plan established by chapter 353D and provided further that the volunteer ambulance service is rendered for the same governmental unit for which the nonvolunteer ambulance service is rendered.

Subd. 2. [ELECTION.] Volunteer ambulance service personnel to whom subdivision 1 applies may exercise the election authorized under subdivision 1 within the earlier of the one-year period beginning on July 1, 1989, and extending through June 30, 1990, or the one-year period commencing on the first day of the first month following the start of employment in a position covered by the public

employees retirement fund or the public employees police and fire fund. The election must be exercised by filing a written notice on a form prescribed by the executive director of the association.

Subd. 3. [LIMITATION.] Volunteer ambulance service personnel to whom subdivision 1 applies who exercise their option in accordance with subdivision 2 and their governmental employers are not required to pay omitted deductions and contributions under section 353.27, subdivision 12, for volunteer ambulance service rendered before July 1, 1989.

Subd. 4. [COMPENSATION.] Notwithstanding section 353.01, subdivision 10, compensation received for service rendered by volunteer ambulance service personnel to whom subdivision 1 applies who exercise their option in accordance with subdivision 2 shall be considered salary.

Sec. 24. [353.87] [VOLUNTEER FIREFIGHTERS; PARTICIPATION; LIMITATION; AND REFUND.]

Subdivision 1. [PARTICIPATION.] Except as provided in subdivision 2, a volunteer firefighter, as defined in section 353.01, subdivision 36, who, on June 30, 1989, was a member of, and a participant in, the public employees retirement fund or the public employees police and fire fund and was making contributions to either of those funds based, at least in part, on compensation for services performed as a volunteer firefighter shall continue as a member of, and a participant in, the public employees retirement fund or the public employees police and fire fund and compensation for services performed as a volunteer firefighter shall be considered salary.

Subd. 2. [OPTION.] A volunteer firefighter to whom subdivision 1 applies has the option to terminate membership and future participation in the public employees retirement fund or the public employees police and fire fund upon filing of a written notice of intention to terminate participation. Notice must be given on a form prescribed by the executive director of the association and must be filed in the offices of the association not later than June 30, 1990.

Subd. 3. [LIMITATION.] No volunteer firefighter to whom subdivision 1 applies or the governmental employer of the volunteer firefighter is required to make back contributions to the public employees retirement association for volunteer firefighter services rendered before July 1, 1989, notwithstanding the provisions of section 353.27, subdivision 12.

Subd. 4. [REFUND.] Upon timely filing of a valid notice of termination of participation in accordance with subdivision 2, a volunteer firefighter to whom subdivision 1 applies must be given a refund of all past employee contributions made on account of

volunteer firefighter service with five percent interest compounded annually.

Subd. 5. [FURTHER OPTION.] A volunteer firefighter, as defined in section 353.01, subdivision 36, who is or becomes a member of, and a participant in, the public employees retirement fund or the public employees police and fire fund and makes contributions to either of those funds based on compensation for services other than services as a volunteer firefighter shall have the option of making contributions to the same fund for service performed as a volunteer firefighter with compensation received for those volunteer firefighter services considered salary, provided that the volunteer firefighter is not a participant in, or covered under, a local volunteer firefighter plan and notwithstanding the fact that the volunteer firefighter service is performed for one governmental unit and the nonvolunteer firefighter service is performed for another governmental unit.

Sec. 25. Laws of Minnesota 1985, chapter 11, section 12, subdivision 3, is amended to read:

Subdivision 3. [ELECTION PROCEDURES.] The board shall accept filings for one elected position on the board in November 1985 and shall conduct an election for that position in January 1986. The board shall accept filings for two elected positions on the board in November 1986 and shall conduct an election for those positions in January 1987. Notwithstanding the four-year term of office specified in section 353.03, subdivision 1, the term of office for the January 1986 elected position extends through January 1991, so that all three elected positions are four-year terms which begin and end at the same time. Thereafter, the board shall follow the election procedures described in Minnesota Statutes, section 353.03, subdivision 1, as necessary to fill the positions of elected trustees.

Sec. 26. [REPEALER.]

Minnesota Statutes 1988, sections 353.01, subdivision 2c; 353.661; and 353.662, are repealed.

Sec. 27. [EFFECTIVE DATE.]

(a) Sections 1 to 26 are effective July 1, 1989.

(b) The past due excess police state aid interest charge provided for in section 8 is retroactive to July 1, 1989."

Delete the title and insert:

"A bill for an act relating to retirement; making various administrative changes in laws governing operation of statewide retire-

ment associations; amending Minnesota Statutes 1988, sections 43A.44, subdivision 2; 136.81, subdivision 1; 136.82, subdivisions 1 and 2; 352.01, subdivision 11; 352.021, subdivision 5; 352.03, subdivision 11; 352.116, subdivision 3; 352.22, subdivisions 1 and 2a; 352.93, subdivision 3; 352B.08, subdivision 3; 352B.10, subdivision 5; 352B.11, subdivision 2; 352D.06, subdivision 1; 352D.075, subdivision 2; 353.01, subdivisions 2a, 2b, 10, and by adding subdivisions; 353.27, subdivision 12; 353.28, subdivisions 5 and 6; 353.29, subdivisions 4 and 7; 353.33, subdivisions 1, 2, 5, 6, and 7; 353.34, subdivision 1; 353.35; 353.64, subdivisions 1, 2, and 3; 353.656, subdivision 4; 354.05, subdivisions 35 and 37; 354.07, subdivision 3; 354.091; 354.092; 354.10, subdivision 2; 354.35; 354.42, subdivision 7; 354.44, subdivisions 3, 5, 8, and by adding a subdivision; 354.47, subdivision 2; 354.48, subdivisions 1 and 2; 354.65; 354A.31, subdivision 3; 356.30, subdivision 2; 356.371, subdivision 3; and 356.80, subdivisions 1 and 3; Laws of Minnesota 1985, chapter 11, section 12, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 352; 353; 354; 354A; and 356; repealing Minnesota Statutes 1988, sections 136.88, subdivision 3; 352.03, subdivision 13; 352.73, subdivision 3; 353.01, subdivision 2c; 353.661; 353.662; 354.41, subdivision 3; 354.531; 354.532; 354.55, subdivision 5; and 354.56."

With the recommendation that when so amended the bill pass.

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1448, A bill for an act relating to Hennepin county; permitting the issuance of obligations by the county board of Hennepin county for a public safety building.

Reported the same back with the following amendments:

Page 1, line 9, delete "\$130,000,000" and insert "\$30,000,000"

Page 1, line 10, delete "the" and insert "land" and delete the first "and" and insert "planning, design, and other preliminary work for the"

Page 1, after line 18, insert:

"Sec. 2. [REPORTS TO THE LEGISLATURE.]

The board of county commissioners of Hennepin county, the judges of the fourth judicial district, the Hennepin county attorney, and the Hennepin county sheriff shall each prepare a report to the

legislature on ways and means to improve the administration of the criminal justice system in the fourth judicial district. The reports shall specifically identify ways to make the criminal justice system more timely and cost effective. The reports shall also identify any state mandates that unduly increase the cost of the criminal justice system. The reports shall be submitted to the legislature on or before January 15, 1990."

Renumber the remaining section

Amend the title as follows:

Page 1, line 4, before the period insert "; requiring reports to the legislature"

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1463, A bill for an act relating to agriculture; requiring dairy products processed or manufactured with milk from cows that have been administered bovine somatotropin to be labeled if sold or offered for sale; restricting use of bovine somatotropin; authorizing dispensing and administering of bovine somatotropin only by licensed veterinarians; prescribing penalties; amending Minnesota Statutes 1988, sections 151.01, subdivision 28; 151.15, subdivision 3; and 151.25; proposing coding for new law in Minnesota Statutes, chapter 32.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [PROHIBITIONS.]

Subdivision 1. [SALE OF BST LIMITED.] A person may not sell, purchase, or administer bovine somatotropin in this state except for research purposes.

Subd. 2. [SALE OF BST DAIRY PRODUCTS PROHIBITED.] A person may not sell or offer for sale in this state milk or dairy products produced by cows to which BST has been administered.

Sec. 2. [REPEALER.]

This act is repealed July 1, 1990.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective June 1, 1989."

Delete the title and insert:

"A bill for an act relating to agriculture; restricting use, purchase, or sale of bovine somatotropin."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1562, A bill for an act relating to human services; providing for cost-based reimbursement for outpatient services provided by pediatric specialty hospitals to children under age 18 under the medical assistance and general assistance medical care programs; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256B.

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

S. F. No. 169, A bill for an act relating to motor vehicles; allowing custodial parent of handicapped minor to obtain special license plates for the handicapped; amending Minnesota Statutes 1988, section 168.021, subdivisions 1 and 3.

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

The report was adopted.

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

S. F. No. 206, A bill for an act relating to state government; administrative procedures; regulating exempt rules; making certain technical changes; amending Minnesota Statutes 1988, sections

14.40; and 97A.051, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 3; repealing Minnesota Statutes 1988, sections 97A.051, subdivision 3; 144A.10, subdivision 6a; 174.031, subdivision 2; 254B.03, subdivision 6; 254B.04, subdivision 2; 257.357; and 574.262, subdivision 3; Laws 1985, chapter 4, section 8; and Laws 1987, chapter 337, section 128.

Reported the same back with the following amendments:

Page 2, after line 17, insert:

"Subd. 4. [NONAPPLICATION.] Except as provided in subdivision 1, paragraph (b), this section does not apply to section 14.02, subdivision 4, clauses (a) to (h)."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

S. F. No. 218, A bill for an act relating to health; amending the bill of rights for patients and residents of health facilities; requiring health facilities to notify family members of the admission of a patient or resident under certain circumstances; amending Minnesota Statutes 1988, section 144.651, subdivision 10.

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

S. F. No. 618, A bill for an act relating to education; exempting employment by a school district from certain requirements relating to employment of rehabilitated criminal offenders; amending Minnesota Statutes 1988, section 364.09.

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

The report was adopted.

Skoglund from the Committee on Insurance to which was referred:

S. F. No. 701, A bill for an act relating to insurance; requiring coverage for child health supervision and prenatal services; clarifying certain definitions; amending Minnesota Statutes 1988, section 62A.047.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 62A.047, is amended to read:

62A.047 [CHILDREN'S HEALTH SUPERVISION SERVICES AND PRENATAL CARE SERVICES.]

No A policy of individual or group health and accident insurance regulated under this chapter, or individual or group subscriber contract regulated under chapter 62C, health maintenance contract regulated under chapter 62D, or health benefit certificate regulated under chapter 64B, shall be issued, renewed, or continued, delivered, issued for delivery, or executed in this state, or approved for issuance or renewal in this state by the commissioner of commerce unless to provide coverage to a Minnesota resident, must provide coverage for child health supervision services and prenatal care services. The policy or, contract, or certificate must specifically exempts exempt reasonable and customary charges for child health supervision services and perinatal prenatal care services from a deductible, copayment, or other coinsurance or dollar limitation requirement. For individual policies, this section does not prohibit the use of waiting periods or preexisting condition limitations for these services. Minimum benefits may be limited to one visit payable to one provider for all of the services provided at each visit cited in this section subject to the schedule set forth in this section. Nothing in this section shall apply applies to a commercial health insurance policy issued as a companion to a health maintenance organization contract, a policy designed primarily to provide coverage payable on a per diem, fixed indemnity, or nonexpense incurred basis, or a policy that provides only accident coverage.

"Child health supervision services" means pediatric preventive services, appropriate immunizations, developmental assessments, and laboratory services appropriate to the age of a child from birth to age six as defined by Standards of Child Health Care issued by the American Academy of Pediatrics. Reimbursement must be made for at least five child health supervision visits from birth to 12 months, three child health supervision visits from 12 months to 24 months, once a year from three years old 24 months to six years old 72 months.

"Perinatal Prenatal care services" means the comprehensive package of medical and psychosocial support provided throughout the pregnancy, labor, delivery, and postpartum period including risk assessment, serial surveillance, prenatal education, and use of specialized skills and technology, when needed, observation of the mother and infant, preparation for discharge, and follow-up during the postpartum period as defined by Standards for Obstetric-Gynecologic Services issued by the American College of Obstetricians and Gynecologists.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective for policies issued or renewed on or after August 1, 1989."

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 146, 390, 643, 839, 962, 982, 1258, 1336, 1379, 1446 and 1463 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1241, 169, 206, 618 and 701 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Rest and Wagenius introduced:

H. F. No. 1721, A bill for an act relating to crime; expanding the crime of first degree murder to include certain deaths caused by domestic abuse; imposing penalties; amending Minnesota Statutes 1988, section 609.185.

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

Carruthers, Pugh, Pappas and Weaver introduced:

H. F. No. 1722, A bill for an act relating to courts; authorizing use of alternative dispute resolution statewide; authorizing the court to order binding alternative dispute resolution with a right to appeal; amending Minnesota Statutes 1988, section 484.74, subdivisions 1, 2, 3, and by adding a subdivision; repealing Minnesota Statutes 1988, section 484.74, subdivision 4.

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

Onnen introduced:

H. F. No. 1723, A bill for an act relating to state government; creating a temporary legislative tax study commission; establishing a maximum effective rate of tax on certain types of property; providing reimbursement to local taxing jurisdictions; appropriating money; amending Minnesota Statutes 1988, sections 275.08, by adding a subdivision; and 276.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 275.

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

Welle and Cooper introduced:

H. F. No. 1724, A bill for an act relating to Kandiyohi county; permitting the county to merge the offices of county treasurer and county auditor.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Price; Segal; Anderson, G.; Greenfield and Anderson, R., introduced:

H. F. No. 1725, A bill for an act relating to appropriations; appropriating money for a developmental disabilities community outreach program.

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

Rest and Long introduced:

H. F. No. 1726, A bill for an act relating to public finance;

providing conditions and requirements for the issuance and use of public debt; amending Minnesota Statutes 1988, sections 298.2211, subdivision 4; 400.101; 430.06, by adding a subdivision; 469.015, subdivision 4; 469.152; 469.153, subdivision 2; 469.154, subdivisions 3 and 5; 469.155, subdivisions 2, 3, and 5; 471.56, subdivision 5; 473.541, subdivision 3, and by adding a subdivision; 473.811, subdivision 2; 475.51, by adding subdivisions; 475.54, subdivision 4, and by adding a subdivision; 475.55, subdivision 6, and by adding a subdivision; 475.60, subdivisions 1, 2, and 3; 475.66, subdivision 1; and 475.79; proposing coding for new law in Minnesota Statutes, chapters 469 and 473.

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

Segal and Price introduced:

H. F. No. 1727, A bill for an act relating to higher education; creating a resource center on developmental disabilities; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 137.

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

Greenfield, Orenstein, Dorn, Sviggum and Skoglund introduced:

H. F. No. 1728, A bill for an act relating to human services; creating a technology assistance review panel; requiring a study of the feasibility of developing a shared risk pool for technology-assisted persons; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256.

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 the passage by the Senate of the following House File, herewith returned:

H. F. No. 424, A bill for an act relating to commerce; unclaimed property; providing for the ownership of metal dies and molds;

amending Minnesota Statutes 1988, section 345.20, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 553, A bill for an act relating to Olmsted county; exempting the county from operation of a public morgue.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 29, A bill for an act relating to examiners of title; increasing number of deputy examiners of title in second and fourth judicial districts; amending Minnesota Statutes 1988, section 508.12, subdivision 3.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. 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 Senate Files, herewith transmitted:

S. F. Nos. 535, 851, 1016, 321, 624, 1106, 1270, 119, 695 and 1082.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 665, 738, 827, 280, 391, 184 and 829.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 535, A bill for an act relating to real property; abolishing certain residual marital interests in real property; clarifying that the 40-year limitation on actions affecting title to real estate applies to an action based on an option to repurchase or other restrictions on a surface estate; providing for certain certifications; changing effective dates for provisions relating to validation of foreclosure sales; amending Minnesota Statutes 1988, sections 541.023, subdivision 2; 548.181, subdivisions 1, 3, and by adding a subdivision; and 582.27; proposing coding for new law in Minnesota Statutes, chapter 519.

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

S. F. No. 851, A bill for an act relating to driving while intoxicated; making it a crime for certain repeat offenders to refuse to submit to chemical testing under the implied consent law; imposing penalties; amending Minnesota Statutes 1988, sections 169.121, subdivisions 1, 1a, 3, and 3b; and 169.123, subdivision 2.

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

S. F. No. 1016, A bill for an act relating to animals; authorizing a county board to regulate dogs and cats within the county without adopting a system of licensure; proposing coding for new law in Minnesota Statutes, chapter 347.

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

S. F. No. 321, A bill for an act relating to public nuisances; expanding the nuisance law to include prior convictions for certain drug and liquor offenses; amending Minnesota Statutes 1988, section 617.81, subdivision 2.

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

S. F. No. 624, A bill for an act relating to civil actions; removing certain limitations on parental liability for thefts by minors; amending Minnesota Statutes 1988, section 332.51, subdivision 3.

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

S. F. No. 1106, A bill for an act relating to adoption; changing the minimum age at which an adopted person may request original birth certificate information; changing time periods during which birth parents may consent to disclosure; authorizing disclosure of information on the consenting parent when only one birth parent consents; amending Minnesota Statutes 1988, section 259.49, subdivisions 1, 2, and 4.

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

S. F. No. 1270, A bill for an act relating to unemployment compensation; making various technical corrections; amending Minnesota Statutes 1988, sections 268.04, subdivisions 12 and 25; 268.06, subdivisions 1, 8a, and 28; 268.07, subdivisions 2 and 3; 268.09, subdivision 1; 268.10, subdivisions 1 and 2; 268.12, subdivision 12; 268.16, subdivision 4; 268.162, subdivision 1; 268.163, subdivision 1; and 268.165, subdivisions 1 and 2.

The bill was read for the first time.

Beard moved that S. F. No. 1270 and H. F. No. 1460, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 119, A bill for an act relating to local government; authorizing towns to establish subordinate service districts; proposing coding for new law as Minnesota Statutes, chapter 365B.

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

S. F. No. 695, A bill for an act relating to education; requiring school boards to report certain teacher discharges and resignations to the board of teaching; providing for immunity from liability; amending Minnesota Statutes 1988, section 125.09, by adding subdivisions.

The bill was read for the first time.

McEachern moved that S. F. No. 695 and H. F. No. 643, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1082, A bill for an act relating to administrative procedure; clarifying the applicability of the requirement that agencies

consider the impact of proposed rules on small business; amending Minnesota Statutes 1988, section 14.115, subdivision 7.

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

S. F. No. 665, A bill for an act relating to motor vehicles; allowing second set of handicapped license plates to be issued to physically handicapped person who is furnished a vehicle as part of employment; allowing commissioner of public safety to waive requirement of physician's statement as evidence of physical handicap in certain circumstances; amending Minnesota Statutes 1988, sections 168.021, subdivision 1; and 169.345, subdivisions 2a and 3.

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

S. F. No. 738, A bill for an act relating to traffic regulations; providing for special permits for vehicles transporting pole-length pulpwood; setting a fee; amending Minnesota Statutes 1988, section 169.86, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 169.

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

S. F. No. 827, A bill for an act relating to public safety; increasing membership on advisory council for the children's trust fund; amending Minnesota Statutes 1988, section 299A.23, subdivision 2.

The bill was read for the first time.

Williams moved that S. F. No. 827 and H. F. No. 833, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 280, A bill for an act relating to natural resources; suspension of certain trespass laws to allow taking of fox during certain periods; amending Minnesota Statutes 1988, section 97B.001, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 391, A bill for an act relating to civil actions; excluding certain structures from the limitation period provided by the uni-

form commercial code; amending Minnesota Statutes 1988, section 336.2-725.

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

S. F. No. 184, A bill for an act relating to charitable organizations; regulating charitable solicitations and professional fund raisers; excluding certain religious organizations from registration; requiring a bond for professional fund raisers who have access to contributions; modifying disclosure requirements; authorizing the district court to redress violations of law; amending Minnesota Statutes 1988, sections 309.515, subdivision 2; 309.531, subdivision 2; 309.556; and 309.57, subdivision 1.

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

S. F. No. 829, A bill for an act relating to insurance; prohibiting insurers from maintaining subrogation actions against insureds; proposing coding for new law in Minnesota Statutes, chapter 60A.

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

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Wynia, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately preceding General Orders for today, Thursday, April 20, 1989:

H. F. No. 996; S. F. No. 1051; and H. F. Nos. 166, 557, 1665, 1338, 786, 1460, 1408, 472, 811, 831, 1472, 1530, 1440, 1323, 1355, 930, 1354, 1027, 1107, 1139, 1016, 1339, 1113 and 693.

CALENDAR

S. F. No. 361, A bill for an act relating to insurance; no-fault auto; clarifying eligibility for economic loss benefits; amending Minnesota Statutes 1988, sections 65B.51, subdivision 2; and 65B.64, subdivisions 2 and 3.

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

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Kostohryz	Olson, K.	Schafer
Anderson, G.	Frederick	Krueger	Omman	Seaberg
Anderson, R.	Frerichs	Lasley	Onnen	Segal
Battaglia	Girard	Lieder	Orenstein	Simoneau
Bauerly	Greenfield	Limmer	Ostrom	Skoglund
Beard	Gruenes	Long	Otis	Solberg
Begich	Gutknecht	Lynch	Ozment	Sparby
Bennett	Hartle	Macklin	Pappas	Stanius
Bertram	Hasskamp	Marsh	Pauly	Steenasma
Bishop	Haukoos	McDonald	Pellow	Swiggum
Blatz	Heap	McEachern	Pelowski	Swenson
Boo	Henry	McGuire	Peterson	Tompkins
Brown	Hugoson	McLaughlin	Poppenhagen	Trimble
Burger	Jacobs	McPherson	Price	Tunheim
Carlson, D.	Janezich	Milbert	Pugh	Uphus
Carlson, L.	Jaros	Miller	Quinn	Valento
Carruthers	Jefferson	Munger	Redalen	Vellenga
Clark	Johnson, A.	Murphy	Reding	Wagenius
Conway	Johnson, R.	Nelson, C.	Rest	Waltman
Cooper	Johnson, V.	Nelson, K.	Rice	Weaver
Dauner	Kahn	Neuenschwander	Richter	Welle
Dawkins	Kalis	O'Connor	Rodosovich	Wenzel
Dempsey	Kelly	Ogren	Rukavina	Williams
Dille	Kelso	Olsen, S.	Runbeck	Winter
Dorn	Knickerbocker	Olson, E.	Sarna	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

S. F. No. 104, A bill for an act relating to agriculture; making changes in the rural finance authority loan program; amending Minnesota Statutes 1988, sections 41B.02, subdivisions 12, 15, and 18; 41B.03, subdivision 3, and by adding a subdivision; 41B.039, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 41B; repealing Minnesota Statutes 1988, sections 41B.03, subdivision 4; and 41B.039, subdivisions 3, 4, and 5.

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

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bertram	Carruthers	Dorn	Hartle
Anderson, G.	Bishop	Clark	Forsythe	Hasskamp
Anderson, R.	Blatz	Conway	Frederick	Haukoos
Battaglia	Boo	Cooper	Frerichs	Heap
Bauerly	Brown	Dauner	Girard	Henry
Beard	Burger	Dawkins	Greenfield	Hugoson
Begich	Carlson, D.	Dempsey	Gruenes	Jacobs
Bennett	Carlson, L.	Dille	Gutknecht	Janezich

Jaros	Macklin	Olson, E.	Redalen	Steensma
Jefferson	Marsh	Olson, K.	Reding	Sviggum
Jennings	McDonald	Omman	Rest	Swenson
Johnson, A.	McEachern	Onnen	Rice	Tompkins
Johnson, R.	McGuire	Orenstein	Richter	Trimble
Johnson, V.	McLaughlin	Osthoff	Rodosovich	Tunheim
Kalis	McPherson	Ostrom	Rukavina	Uphus
Kelly	Milbert	Otis	Runbeck	Valento
Kelso	Miller	Ozment	Sarna	Vellenga
Kinkel	Morrison	Pappas	Schafer	Wagenius
Knickerbocker	Munger	Pauly	Scheid	Waltman
Kostohryz	Murphy	Pellow	Seaberg	Weaver
Krueger	Nelson, C.	Polowski	Segal	Welle
Lasley	Nelson, K.	Peterson	Simoneau	Wenzel
Lieder	Neuenschwander	Poppenhagen	Skoglund	Williams
Limmer	O'Connor	Price	Solberg	Winter
Long	Ogren	Pugh	Sparby	Wynia
Lynch	Olsen, S.	Quinn	Stanisus	

The bill was passed and its title agreed to.

SPECIAL ORDERS

H. F. No. 996 was reported to the House.

Skoglund moved to amend H. F. No. 996, the first engrossment, as follows:

Page 1, line 26, before the comma insert "in a public school"

Page 2, line 5, delete "(c)" and insert "(d)"

Page 2, line 9, after "includes" insert ", but is not limited to,"

Page 2, line 10, before the period insert ", the developmental immaturity of the child, or significant family stress"

Page 2, after line 22, insert:

"(d) A pupil under the age of seven who is withdrawn from enrollment in the public school is no longer subject to the compulsory attendance provisions of this chapter."

The motion prevailed and the amendment was adopted.

Olsen, S., moved to amend H. F. No. 996, the first engrossment, as amended, as follows:

Page 2, line 15, after "copy" insert "and a statement saying that they have read and understood the enrollment policy" and after "receipt" insert "and the signed statement"

The motion prevailed and the amendment was adopted.

Orenstein was excused between the hours of 3:00 p.m. and 3:40 p.m.

Schafer and Richter moved to amend H. F. No. 996, the first engrossment, as amended, as follows:

Page 2, delete lines 9 and 10, and insert "parent or guardian who must inform the school board in writing. At the time of withdrawal, the child is no longer subject to the compulsory attendance requirements of section 127.20."

Schafer moved to amend the Schafer and Richter amendment to H. F. No. 996, the first engrossment, as amended, as follows:

Delete the last sentence

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Schafer and Richter amendment to H. F. No. 996, the first engrossment, as amended. The motion did not prevail and the amendment was not adopted.

Boo moved to amend H. F. No. 996, the first engrossment, as amended, as follows:

Page 1, line 26, after "enrolled" insert "and deemed a habitual truant as defined in section 260.132"

The motion did not prevail and the amendment was not adopted.

The Speaker called Anderson, G., to the Chair.

H. F. No. 996, A bill for an act relating to education; allowing a school board to compel attendance of enrolled pupils under the age of seven; making conforming changes; amending Minnesota Statutes 1988, sections 120.101, subdivision 5, and by adding a subdivision; and 127.20.

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 112 yeas and 8 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Knickerbocker	Omann	Simoneau
Anderson, G.	Frerichs	Kostohryz	Onnen	Skoglund
Anderson, R.	Girard	Krueger	Osthoff	Solberg
Battaglia	Greenfield	Lasley	Ostrom	Stanius
Bauerly	Gruenes	Lieder	Otis	Steenasma
Beard	Gutknecht	Long	Ozment	Sviggum
Begich	Hartle	Lynch	Pappas	Swenson
Bennett	Hasskamp	Marsh	Pauly	Trimble
Bertram	Haukoos	McDonald	Pellow	Tunheim
Bishop	Heap	McEachern	Pelowski	Uphus
Blatz	Henry	McGuire	Peterson	Valento
Brown	Hugoson	McPherson	Price	Vellenga
Burger	Janezich	Milbert	Pugh	Wagenius
Carlson, D.	Jaros	Morrison	Redalen	Waftman
Carlson, L.	Jefferson	Munger	Reding	Weaver
Carruthers	Jennings	Murphy	Rest	Welle
Clark	Johnson, A.	Nelson, C.	Rice	Wenzel
Conway	Johnson, R.	Nelson, K.	Rodosovich	Williams
Cooper	Johnson, V.	Neuenschwander	Rukavina	Winter
Dauner	Kalis	O'Connor	Runbeck	Wynia
Dawkins	Kelly	Olsen, S.	Sarna	
Dempsey	Kelso	Olson, E.	Seaberg	
Dorn	Kinkel	Olson, K.	Segal	

Those who voted in the negative were:

Boo	Macklin	Poppenhagen	Schafer
Limmer	Miller	Richter	Tompkins

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

S. F. No. 1051, A resolution memorializing the Congress of the United States to reject pending legislation that would authorize the use of Minnesota waters for the transportation of coal and would grant the right of eminent domain of coal slurry pipelines.

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 99 yeas and 28 nays as follows:

Those who voted in the affirmative were:

Abrams	Conway	Jennings	Long	O'Connor
Anderson, G.	Cooper	Johnson, A.	Macklin	Ogren
Battaglia	Dauner	Johnson, R.	Marsh	Olsen, S.
Bauerly	Dawkins	Kahn	McEachern	Olson, E.
Beard	Dorn	Kalis	McGuire	Olson, K.
Begich	Gruenes	Kelly	McLaughlin	Omann
Bennett	Hartle	Kelso	McPherson	Orenstein
Bertram	Hasskamp	Kinkel	Milbert	Osthoff
Brown	Heap	Knickerbocker	Munger	Ostrom
Carlson, D.	Jacobs	Kostohryz	Murphy	Otis
Carlson, L.	Janezich	Krueger	Nelson, C.	Ozment
Carruthers	Jaros	Lasley	Nelson, K.	Pauly
Clark	Jefferson	Lieder	Neuenschwander	Pellow

Pelowski	Rice	Segal	Trimble	Weaver
Peterson	Rodosovich	Simoneau	Tunheim	Welle
Price	Rukavina	Skoglund	Uphus	Wenzel
Pugh	Runbeck	Solberg	Valento	Williams
Quinn	Sarna	Sparby	Vellenga	Winter
Reding	Scheid	Stanius	Wagenius	Wynia
Rest	Seaberg	Steensma	Waltman	

Those who voted in the negative were:

Anderson, R.	Dille	Henry	Miller	Schafer
Bishop	Frederick	Hugoson	Morrison	Sviggum
Blatz	Frerichs	Johnson, V.	Onnen	Swenson
Boo	Girard	Limmer	Poppenhagen	Tompkins
Burger	Gutknecht	Lynch	Redalen	
Dempsey	Haukoos	McDonald	Richter	

The bill was passed and its title agreed to.

Simoneau was excused for the remainder of today's session.

H. F. No. 166 was reported to the House.

Lasley moved to amend H. F. No. 166, the second engrossment, as follows:

Page 4, after line 15, insert:

"Sec. 8. Minnesota Statutes 1988, section 169.14, is amended by adding a subdivision to read:

Subd. 11. [CHARGES.] When a person is charged with violating a speed limit specified by executive order issued under the authority granted in section 169.141, the law enforcement officer shall specify the unlawful speed in the uniform traffic ticket issued to the violator. If the unlawful speed specified in the uniform traffic ticket is more than 65 miles per hour, the prosecuting attorney may not reduce the charged speed below 66 miles per hour unless the prosecuting attorney has probable cause to believe that the unlawful speed was, in fact, less than 66 miles per hour."

Renumber the sections in sequence

Correct internal references accordingly

Amend the title as follows:

Page 1, line 7, after the semicolon insert "limiting the reduction of speeding charges in certain cases;"

Page 1, line 22; after the second semicolon insert "169.14, by adding a subdivision;"

A roll call was requested and properly seconded.

POINT OF ORDER

Abrams raised a point of order pursuant to rule 3.9 that the Lasley amendment was not in order. Speaker pro tempore Anderson, G., ruled the point of order not well taken and the amendment in order.

The question recurred on the Lasley amendment and the roll was called. There were 23 yeas and 101 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lasley	Nelson, K.	Skoglund
Clark	Jaros	Marsh	Orenstein	Vellenga
Dauner	Kahn	McGuire	Price	Wagenius
Forsythe	Kalis	Murphy	Rodosovich	
Greenfield	Kostohryz	Nelson, C.	Scheid	

Those who voted in the negative were:

Abrams	Frederick	Krueger	Osthoff	Seaberg
Battaglia	Frerichs	Limmer	Ostrom	Segal
Bauerly	Girard	Long	Otis	Solberg
Beard	Gutknecht	Lynch	Ozment	Sparby
Begich	Hartle	Macklin	Pauly	Stanius
Bennett	Hasskamp	McDonald	Pellow	Steenma
Bertram	Haukoos	McEachern	Pelowski	Sviggum
Bishop	Heap	McLaughlin	Peterson	Swenson
Blatz	Henry	McPherson	Poppenhagen	Tompkins
Boo	Hugoson	Milbert	Pugh	Trimble
Brown	Jacobs	Miller	Quinn	Tunheim
Burger	Janezich	Morrison	Redalen	Uphus
Carlson, D.	Jefferson	Neuenschwander	Reding	Valento
Carlson, L.	Jennings	O'Connor	Rest	Waltman
Carruthers	Johnson, A.	Ogren	Rice	Weaver
Conway	Johnson, R.	Olsen, S.	Richter	Welle
Cooper	Johnson, V.	Olson, E.	Rukavina	Wenzel
Dempsey	Kelso	Olson, K.	Runbeck	Williams
Dille	Kinkel	Omam	Sarna	Winter
Dorn	Knickerbocker	Onnen	Schafer	Wynia
				Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

H. F. No. 166, A bill for an act relating to state agencies; providing that certain information submitted to department of transportation is public data; providing for development of internal auditing standards; classifying certain internal auditing data as other than public; defining terms; providing for limousine registration; exempting certain special transportation service providers holding current

certificate of compliance from motor carrier regulations; delineating requirements of carriers to display certain information; providing for permits of special passenger carriers and household goods carriers; providing for operation under motor carrier permit on death of holder; providing for amount of insurance, bond, or other security required of motor carriers; giving commissioner of transportation subpoena power for certain enforcement purposes; providing for suspension of registration of interstate authority for failure to maintain insurance; amending Minnesota Statutes 1988, sections 13.72, by adding subdivisions; 16A.055, subdivision 1; 168.011, subdivision 35; 168.128, subdivision 2; 174.30, subdivision 6; 221.011, subdivisions 16, 20, and by adding a subdivision; 221.031, subdivision 6; 221.111; 221.121, subdivision 6a; 221.141, subdivision 1b, and by adding a subdivision; and 221.60, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 13; 65B; and 221.

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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kostohryz	Olson, K.	Sarna
Anderson, G.	Girard	Krueger	Omann	Schafer
Battaglia	Greenfield	Lasley	Onnen	Scheid
Bauerly	Gruenes	Lieder	Orenstein	Seaberg
Beard	Gutknecht	Limmer	Osthoff	Skoglund
Begich	Hartle	Long	Ostrom	Solberg
Bennett	Hasskamp	Lynch	Otis	Sparby
Bertram	Haukoos	Macklin	Ozment	Stanius
Bishop	Heap	Marsh	Pappas	Steensma
Blatz	Henry	McDonald	Pauly	Swiggum
Boo	Hugoson	McGuire	Pellow	Swenson
Brown	Jacobs	McLaughlin	Pelowski	Tompkins
Burger	Janezich	McPherson	Peterson	Trimble
Carlson, D.	Jaros	Milbert	Poppenhagen	Tunheim
Carlson, L.	Jefferson	Miller	Price	Uphus
Carruthers	Jennings	Morrison	Pugh	Valento
Clark	Johnson, A.	Munger	Quinn	Vellenga
Conway	Johnson, R.	Murphy	Redalen	Wagenius
Cooper	Johnson, V.	Nelson, C.	Reding	Waltman
Dawkins	Kahn	Nelson, K.	Rest	Weaver
Dempsey	Kalis	Neuenschwander	Rice	Welle
Dille	Kelly	O'Connor	Richter	Wenzel
Dorn	Kelso	Ogren	Rodosovich	Williams
Forsythe	Kinkel	Olsen, S.	Rukavina	Winter
Frederick	Knickerbocker	Olson, E.	Runbeck	Wynia

The bill was passed and its title agreed to.

H. F. No. 557 was reported to the House.

Johnson, R., moved to amend H. F. No. 557, the first engrossment, as follows:

Page 3, lines 6 to 19, delete the new language

The motion prevailed and the amendment was adopted.

H. F. No. 557, A bill for an act relating to retirement; providing additional resources for the public employees insurance plan; amending Minnesota Statutes 1988, sections 43A.316, subdivision 9; 69.031, subdivision 5; and 353.65, subdivisions 1 and 6, and by adding a subdivision.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Omann	Schafer
Anderson, G.	Girard	Lasley	Onnen	Scheid
Battaglia	Greenfield	Lieder	Orenstein	Seaberg
Bauerly	Greenes	Limmer	Osthoff	Skoglund
Beard	Hartle	Long	Ostrom	Solberg
Begich	Hasskamp	Lynch	Otis	Sparby
Bennett	Haukoos	Macklin	Ozment	Stanius
Bertram	Heap	Marsh	Pappas	Steenma
Bishop	Henry	McDonald	Pauly	Sviggum
Blatz	Hugoson	McEachern	Pellow	Swenson
Boo	Jacobs	McGuire	Pelowski	Tompkins
Brown	Janezich	McLaughlin	Peterson	Trimble
Burger	Jaros	McPherson	Poppenhagen	Tunheim
Carlson, D.	Jefferson	Milbert	Price	Uphus
Carlson, L.	Jennings	Morrison	Pugh	Valento
Carruthers	Johnson, A.	Munger	Quinn	Vellenga
Conway	Johnson, R.	Murphy	Redalen	Wagenius
Cooper	Johnson, V.	Nelson, C.	Reding	Waltman
Dauner	Kahn	Nelson, K.	Rest	Weaver
Dawkins	Kalis	Neuenschwander	Rice	Welle
Dempsey	Kelly	O'Connor	Richter	Wenzel
Dille	Kelso	Ogren	Rodosovich	Williams
Dorn	Kinkel	Olsen, S.	Rukavina	Winter
Forsythe	Knickerbocker	Olsen, E.	Runbeck	Wynia
Frederick	Kostohryz	Olson, K.	Sarna	Spk. Vanasek

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

H. F. No. 1665, A bill for an act relating to commerce; creating a lien for public improvements and expenditures made for the benefit of certain corporations; proposing coding for new law in Minnesota Statutes, chapter 514.

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

The question was taken on the passage of the bill and the roll was called. There were 115 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Kostohryz	Omann	Schafer
Anderson, G.	Greenfield	Krueger	Onnen	Scheid
Anderson, R.	Gruenes	Lasley	Orenstein	Seaberg
Battaglia	Hartle	Lieder	Osthoff	Skoglund
Bauerly	Hasskamp	Limmer	Ostrom	Solberg
Beard	Haukoos	Long	Otis	Sparby
Begich	Heap	Lynch	Ozment	Stanius
Bennett	Henry	Macklin	Pappas	Steensma
Bertram	Hugoson	Marsh	Pauly	Sviggum
Blatz	Jacobs	McEachern	Pellow	Swenson
Boo	Janezich	McLaughlin	Pelowski	Tompkins
Brown	Jaros	Milbert	Peterson	Tunheim
Carlson, D.	Jefferson	Morrison	Poppenhagen	Uphus
Carlson, L.	Jennings	Munger	Price	Valento
Conway	Johnson, A.	Murphy	Pugh	Vellenga
Cooper	Johnson, R.	Nelson, C.	Quinn	Wagenius
Dauner	Johnson, V.	Nelson, K.	Rest	Waltman
Dawkins	Kahn	Neuenschwander	Rice	Welle
Dille	Kalis	O'Connor	Richter	Wenzel
Dorn	Kelly	Ogren	Rodosovich	Williams
Forsythe	Kelso	Olsen, S.	Rukavina	Winter
Frederick	Kinkel	Olson, E.	Runbeck	Wynia
Frerichs	Knickerbocker	Olson, K.	Sarna	Spk. Vanasek

Those who voted in the negative were:

Bishop	Dempsey	McDonald	Miller	Weaver
Burger	Gutknecht	McPherson	Redalen	

The bill was passed and its title agreed to.

Sarna was excused for the remainder of today's session.

H. F. No. 1338, A bill for an act relating to motor vehicles; restricting access to registration information concerning passenger automobile lessees; amending Minnesota Statutes 1988, section 168.345.

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

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

Those who voted in the affirmative were:

Abrams	Anderson, G.	Anderson, R.	Battaglia	Bauerly
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Bead	Gruenes	Lieder	Orenstein	Segal
Begich	Gutknecht	Limmer	Osthoff	Skoglund
Bennett	Hartle	Long	Ostrom	Solberg
Bertram	Hasskamp	Lynch	Otis	Sparby
Bishop	Haukoos	Macklin	Ozment	Stanius
Blatz	Heap	Marsh	Pappas	Steensma
Boo	Henry	McDonald	Pauly	Swiggum
Brown	Hugoson	McEachern	Pellow	Swenson
Burger	Jacobs	McGuire	Pelowski	Tompkins
Carlson, D.	Janezich	McLaughlin	Peterson	Trimble
Carlson, L.	Jaros	McPherson	Poppenhagen	Tunheim
Carruthers	Jefferson	Milbert	Price	Uphus
Clark	Jennings	Miller	Pugh	Valento
Conway	Johnson, A.	Morrison	Quinn	Vellenga
Cooper	Johnson, R.	Munger	Redalen	Wagenius
Dauner	Johnson, V.	Murphy	Reding	Waltman
Dawkins	Kahn	Nelson, C.	Rest	Weaver
Dempsey	Kalis	Nelson, K.	Rice	Welle
Dille	Kelly	Neuenschwander	Richter	Wenzel
Dorn	Kelso	O'Connor	Rodosovich	Williams
Forsythe	Kinkel	Ogren	Rukavina	Winter
Frederick	Knickerbocker	Olsen, S.	Runbeck	Wynia
Frerichs	Kostohryz	Olson, E.	Schafer	Spk. Vanasek
Girard	Krueger	Olson, K.	Scheid	
Greenfield	Lasley	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 786, A bill for an act relating to employment; requiring the hiring of local workers and the payment of wages equal to those of railroad workers on certain railroad projects assisted with state money; amending Minnesota Statutes 1988, section 222.50, subdivision 5.

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

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Cooper	Janezich	Long	Ogren
Anderson, G.	Dauner	Jaros	Lynch	Olsen, S.
Anderson, R.	Dawkins	Jefferson	Macklin	Olson, E.
Battaglia	Dille	Jennings	Marsh	Olson, K.
Bauerly	Dorn	Johnson, A.	McDonald	Omann
Bead	Forsythe	Johnson, R.	McEachern	Onnen
Begich	Frederick	Johnson, V.	McGuire	Orenstein
Bennett	Frerichs	Kahn	McLaughlin	Osthoff
Bertram	Girard	Kalis	McPherson	Ostrom
Bishop	Greenfield	Kelly	Milbert	Otis
Blatz	Gruenes	Kelso	Miller	Ozment
Boo	Gutknecht	Kinkel	Morrison	Pappas
Burger	Hartle	Knickerbocker	Munger	Pauly
Carlson, D.	Hasskamp	Kostohryz	Murphy	Pellow
Carlson, L.	Heap	Krueger	Nelson, C.	Pelowski
Carruthers	Henry	Lasley	Nelson, K.	Peterson
Clark	Hugoson	Lieder	Neuenschwander	Poppenhagen
Conway	Jacobs	Limmer	O'Connor	Price

Pugh	Rodosovich	Skoglund	Tompkins	Waltman
Quinn	Rukavina	Solberg	Trimble	Weaver
Redalen	Runbeck	Sparby	Tunheim	Welle
Reding	Schafer	Stanius	Uphus	Wenzel
Rest	Scheid	Steensma	Valento	Williams
Rice	Seaberg	Swiggum	Vellenga	Winter
Richter	Segal	Swenson	Wagenius	Wynia

Those who voted in the negative were:

Dempsey Haukoos

The bill was passed and its title agreed to.

H. F. No. 1408 was reported to the House.

There being no objection, H. F. No. 1408 was temporarily laid over on Special Orders.

H. F. No. 472, A bill for an act relating to transportation; motor carriers; increasing maximum length of certain semitrailers; defining mobile cranes and providing for their maximum length; requiring a highway cost allocation study; amending Minnesota Statutes 1988, sections 169.01, by adding a subdivision; 169.81, subdivision 2; and 169.86, subdivision 5.

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

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Dempsey	Johnson, R.	Milbert	Pelowski
Anderson, G.	Dille	Johnson, V.	Miller	Peterson
Anderson, R.	Dorn	Kahn	Morrison	Poppenhagen
Battaglia	Forsythe	Kalis	Munger	Price
Bauerly	Frederick	Kelly	Murphy	Pugh
Beard	Frerichs	Kelso	Nelson, C.	Quinn
Begich	Girard	Kinkel	Nelson, K.	Redalen
Bennett	Greenfield	Knickerbocker	Neuenschwander	Reding
Bertram	Grüenes	Kostohryz	O'Connor	Rest
Bishop	Gutknecht	Krueger	Ogren	Rice
Blatz	Hartle	Lasley	Olsen, S.	Richter
Boo	Hasskamp	Lieder	Olson, E.	Rodosovich
Brown	Haukoos	Limmer	Olson, K.	Rukavina
Burger	Heap	Long	Omann	Runbeck
Carlson, D.	Henry	Lynch	Onnen	Schafer
Carlson, L.	Hugoson	Macklin	Orenstein	Scheid
Carruthers	Jacobs	Marsh	Ostrom	Seaberg
Clark	Janezich	McDonald	Otis	Segal
Conway	Jaros	McEachern	Ozment	Skoglund
Cooper	Jefferson	McGuire	Pappas	Solberg
Dauner	Jennings	McLaughlin	Pauly	Sparby
Dawkins	Johnson, A.	McPherson	Pellow	Stanius

Steensma
Sviggum
Swenson
Tompkins

Trimble
Tunheim
Uphus
Valento

Vellenga
Wagenius
Waltman
Weaver

Welle
Wenzel
Williams
Winter

Wynia
Spk. Vanasek

Those who voted in the negative were:

Osthoff

The bill was passed and its title agreed to.

H. F. No. 1408 which was temporarily laid over earlier today was again reported to the House.

Carruthers moved that H. F. No. 1408 be continued on Special Orders. The motion prevailed.

H. F. No. 811 was reported to the House.

Sparby moved that H. F. No. 811 be temporarily laid over on Special Orders. The motion prevailed.

H. F. No. 831 was reported to the House.

Olson, K.; Kahn; Johnson, A.; Williams; Scheid; McGuire; Olsen, S.; Forsythe; Morrison; Vellenga; Runbeck; Henry; Long; Segal; Rest; McPherson; Wagenius; Blatz; Lynch; Kelso; Pappas; Tompkins; Pauly and Clark moved to amend H. F. No. 831, the first engrossment, as follows:

Page 1, line 13, after "February" insert "except as provided in subdivision 1a"

Page 1, after line 19, insert:

"Sec. 2. Minnesota Statutes 1988, section 97C.395, is amended by adding a subdivision to read:

Subd. 1a. [EXPERIMENTAL PRAIRIE LAKE ZONE OPEN SEASON.] (a) The open season for walleye, sauger, and northern pike in the prairie lake zone for the open seasons in 1990 and 1991 begins the first Saturday in May.

(b) The prairie lake zone means the area south of U.S. highway marked No. 12 plus the entire area within Hennepin, Anoka, Ramsey, and Washington counties."

Amend the title as follows:

Page 1, line 4, after "1" insert ", and by adding a subdivision"

A roll call was requested and properly seconded.

The question was taken on the Olson, K., et al amendment and the roll was called. There were 61 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Girard	Kalis	Olsen, S.	Scheid
Bishop	Greenfield	Long	Olson, K.	Skoglund
Blatz	Gutknecht	Lynch	Omann	Steensma
Brown	Hartle	Macklin	Ostrom	Sviggum
Carlson, L.	Henry	McGuire	Pappas	Tompkins
Clark	Hugoson	McLaughlin	Pauly	Valento
Conway	Jaros	McPherson	Pelowski	Vellenga
Dawkins	Jefferson	Milbert	Quinn	Wagenius
Dempsey	Jennings	Miller	Redalen	Waltman
Dille	Johnson, A.	Morrison	Rest	Wenzel
Forsythe	Johnson, V.	Nelson, K.	Rumbeck	Williams
Frerichs	Kahn	O'Connor	Schafer	Winter
				Wynia

Those who voted in the negative were:

Abrams	Dauner	Knickerbocker	Olson, E.	Rodosovich
Anderson, R.	Dorn	Kostohryz	Onnen	Rukavina
Battaglia	Frederick	Krueger	Orenstein	Seaberg
Bauerly	Gruenes	Lasley	Osthoff	Solberg
Beard	Hasskamp	Lieder	Otis	Sparby
Begich	Haukoos	Limmer	Ozment	Stanius
Bennett	Heap	Marsh	Pellow	Swenson
Bertram	Jacobs	McDonald	Peterson	Trimble
Boo	Janezich	McEachern	Poppenhagen	Tunheim
Burger	Johnson, R.	Munger	Price	Uphus
Carlson, D.	Kelly	Murphy	Pugh	Weaver
Carruthers	Kelso	Nelson, C.	Reding	Welle
Cooper	Kinkel	Ogren	Richter	

The motion did not prevail and the amendment was not adopted.

Gruenes and Stanius moved to amend H. F. No. 831, the first engrossment, as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 1988, section 97A.445, is amended by adding a subdivision to read:

Subd. 4. [ANGLING; TAKE A MOM FISHING WEEKEND.] Any mother who is a resident of Minnesota may take fish by angling without a license during the Saturday and Sunday of the angling season that coincides with Mother's Day. The commissioner shall publicize the Saturday and Sunday as "Take a Mom Fishing Weekend."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 831, A bill for an act relating to game and fish; Mom Fishing Weekend; season opening date for certain game fish; amending Minnesota Statutes 1988, sections 97A.445, by adding a subdivision; and 97C.395, 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 105 yeas and 22 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Kostohryz	Orenstein	Seaberg
Anderson, R.	Frerichs	Krueger	Osthoﬀ	Skoglund
Battaglia	Girard	Lasley	Ostrom	Solberg
Bauerly	Gruenes	Lieder	Otis	Sparby
Beard	Gutknecht	Macklin	Ozment	Stanias
Begich	Hartle	Marsh	Pauly	Steensma
Bennett	Hasskamp	McDonald	Pellow	Swiggum
Bertram	Haukoos	McEachern	Pelowski	Swenson
Boo	Heap	McGuire	Peterson	Tompkins
Brown	Henry	McLaughlin	Poppenhagen	Trimble
Burger	Hugoson	McPherson	Price	Tunheim
Carlson, D.	Jacobs	Milbert	Pugh	Uphus
Carlson, L.	Janezich	Miller	Quinn	Valento
Carruthers	Jaros	Murphy	Redalen	Wagenius
Conway	Jefferson	Nelson, C.	Reding	Waltman
Cooper	Jennings	Neuenschwander	Rest	Weaver
Dauner	Johnson, R.	O'Connor	Rice	Welle
Dawkins	Johnson, V.	Ogren	Richter	Wenzel
Dempsey	Kelly	Olson, E.	Rodosovich	Winter
Dille	Kelso	Olson, K.	Rukavina	Wynia
Dorn	Kinkel	Omann	Schafer	Spk. Vanasek

Those who voted in the negative were:

Abrams	Johnson, A.	Lynch	Onnen	Vellenga
Bishop	Kahn	Morrison	Pappas	Williams
Blatz	Knickerbocker	Munger	Rumbeck	
Clark	Limmer	Nelson, K.	Scheid	
Frederick	Long	Olsen, S.	Segal	

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

Pappas was excused for the remainder of today's session.

H. F. No. 811 which was temporarily laid over earlier today was again reported to the House.

H. F. No. 811, A bill for an act relating to natural resources; changing certain provisions relating to the taking of turtles; amending Minnesota Statutes 1988, sections 97A.475, subdivision 41; 97C.605, subdivisions 2 and 3; and 97C.611; repealing Minnesota Statutes 1988, section 97C.615.

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 9 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Krueger	Onnen	Skoglund
Anderson, G.	Greenfield	Lieder	Orenstein	Solberg
Anderson, R.	Gruenes	Limmer	Osthoff	Sparby
Battaglia	Gutknecht	Long	Ostrom	Stanius
Bauerly	Hartle	Lynch	Otis	Steenasma
Begich	Hasskamp	Macklin	Ozment	Sviggum
Bennett	Haukoos	Marsh	Pauly	Swenson
Bertram	Heap	McEachern	Pellow	Tompkins
Bishop	Henry	McGuire	Pelowski	Trimble
Blatz	Jacobs	McLaughlin	Peterson	Tunheim
Boo	Janezich	McPherson	Price	Uphus
Brown	Jaros	Milbert	Pugh	Valento
Burger	Jefferson	Morrison	Quinn	Vellenga
Carlson, L.	Jennings	Munger	Redalen	Wagenius
Carruthers	Johnson, A.	Nelson, C.	Reding	Waltman
Clark	Johnson, R.	Nelson, K.	Rest	Weaver
Conway	Kahn	Neuenschwander	Rice	Welle
Cooper	Kalis	O'Connor	Rodosovich	Wenzel
Dawkins	Kelly	Ogren	Rukavina	Williams
Dempsey	Kelso	Olsen, S.	Runbeck	Winter
Dorn	Kinkel	Olson, E.	Schafer	Wynia
Frederick	Knickerbocker	Olson, K.	Scheid	Spk. Vanasek
Frerichs	Kostohryz	Omann	Seaberg	

Those who voted in the negative were:

Beard	Dauner	Hugoson	Miller	Richter
Carlson, D.	Forsythe	Johnson, V.	Poppenhagen	

The bill was passed and its title agreed to.

H. F. No. 1472 was reported to the House.

Redalen and Wenzel moved to amend H. F. No. 1472, the first engrossment, as follows:

Page 3, line 27, delete "\$16.08 per hundredweight" and insert "the

maximum allowable level under any federal milk marketing order in the United States"

Page 3, line 28, delete "the \$16.08" and insert "that"

The motion prevailed and the amendment was adopted.

H. F. No. 1472, A resolution memorializing the President and Congress to assure fair treatment for Minnesota dairy farmers.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Knickerbocker	Olsen, S.	Scheid
Anderson, G.	Frederick	Kostohryz	Olson, E.	Seaberg
Anderson, R.	Frerichs	Krueger	Olson, K.	Segal
Battaglia	Girard	Lasley	Omann	Skoglund
Bauerly	Greenfield	Lieder	Orenstein	Solberg
Beard	Gruenes	Limmer	Osthoff	Sparby
Begich	Gutknecht	Long	Ostrom	Stanius
Bennett	Hartle	Lynch	Otis	Steensma
Bertram	Hasskamp	Macklin	Ozment	Svigum
Bishop	Haukoos	Marsh	Pauly	Swenson
Blatz	Heap	McDonald	Pellow	Tompkins
Boo	Henry	McEachern	Pelowski	Trimble
Brown	Hugoson	McGuire	Peterson	Tunheim
Burger	Jacobs	McLaughlin	Poppenhagen	Uphus
Carlson, D.	Janezich	McPherson	Price	Valento
Carlson, L.	Jaros	Milbert	Pugh	Vellenga
Carruthers	Jefferson	Miller	Quinn	Wagenius
Clark	Jennings	Morrison	Redalen	Waltman
Conway	Johnson, R.	Munger	Reding	Weaver
Cooper	Johnson, V.	Murphy	Rice	Welle
Dauner	Kahn	Nelson, C.	Richter	Wenzel
Dawkins	Kalis	Nelson, K.	Rodosovich	Williams
Dempsey	Kelly	Neuenschwander	Rukavina	Winter
Dille	Kelso	O'Connor	Runbeck	Wymia
Dorn	Kinkel	Ogren	Schafer	Spk. Vanasek

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

H. F. No. 1530, A bill for an act relating to commerce; regulating business relations between manufacturers of heavy and utility equipment and independent retail dealers of those products; proposing coding for new law in Minnesota Statutes, chapter 325E.

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 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Kostohryz	Olson, E.	Scheid
Anderson, G.	Frederick	Krueger	Olson, K.	Seaberg
Anderson, R.	Girard	Lasley	Omann	Segal
Battaglia	Greenfield	Lieder	Onnen	Skoglund
Bauerly	Gruenes	Limmer	Orenstein	Solberg
Beard	Gutknecht	Long	Osthoff	Sparby
Begich	Hartle	Lynch	Ostrom	Stanius
Bennett	Hasskamp	Macklin	Otis	Steenma
Bertram	Haukoos	Marsh	Ozment	Sviggum
Bishop	Heap	McDonald	Pauly	Swenson
Blatz	Henry	McEachern	Pellow	Tompkins
Boo	Hugoson	McGuire	Pelowski	Trimble
Brown	Jacobs	McLaughlin	Peterson	Tunheim
Burger	Janezich	McPherson	Poppenhagen	Uphus
Carlson, D.	Jaros	Milbert	Price	Valento
Carlson, L.	Jefferson	Miller	Pugh	Vellenga
Carruthers	Jennings	Morrison	Quinn	Waltman
Clark	Johnson, R.	Munger	Redalen	Weaver
Conway	Johnson, V.	Murphy	Reding	Welle
Cooper	Kahn	Nelson, C.	Rest	Wenzel
Dauner	Kalis	Nelson, K.	Richter	Williams
Dawkins	Kelly	Neuenschwander	Rodosovich	Winter
Dempsey	Kelso	O'Connor	Rukavina	Wynia
Dille	Kinkel	Ogren	Runbeck	Spk. Vanasek
Dorn	Knickerbocker	Olsen, S.	Schafer	

The bill was passed and its title agreed to.

H. F. No. 1440 was reported to the House.

Greenfield moved to amend H. F. No. 1440, as follows:

Page 2, after line 33, insert:

“Subd. 7. [TEMPORARY EXEMPTION.] Political subdivisions currently providing group insurance coverage and benefits through a contract awarded by a competitive bid process under section 471.616 are exempt from the requirements of this section for the period during which the existing contract remains in force. Upon expiration of the existing contract, a political subdivision must adhere to the request for proposal process outlined in this section.”

Page 2, after line 35, insert:

“Sec. 4. [EFFECTIVE DATE.]

This act is effective the day following enactment.”

The motion prevailed and the amendment was adopted.

H. F. No. 1440, A bill for an act relating to local government; requiring political subdivisions to request proposals for group insurance coverage; amending Minnesota Statutes 1988, section 43A.316, subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 1988, section 471.616.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kostohryz	Olson, K.	Seaberg
Anderson, G.	Frerichs	Krueger	Omann	Segal
Anderson, R.	Girard	Lasley	Onnen	Skoglund
Battaglia	Greenfield	Lieder	Orenstein	Solberg
Bauerly	Gruenes	Limmer	Osthoff	Stanius
Beard	Gutknecht	Long	Ostrom	Steensma
Begich	Hartle	Lynch	Otis	Sviggum
Bennett	Hasskamp	Macklin	Ozment	Swenson
Bertram	Haukoos	Marsh	Pauly	Tompkins
Bishop	Heap	McDonald	Pellow	Trimble
Blatz	Henry	McEachern	Pelowski	Tunheim
Boo	Hugoson	McGuire	Peterson	Uphus
Brown	Jacobs	McLaughlin	Poppenhagen	Valento
Burger	Janezich	McPherson	Price	Vellenga
Carlson, D.	Jaros	Milbert	Pugh	Wagenius
Carlson, L.	Jefferson	Miller	Quinn	Waltman
Carruthers	Jennings	Morrison	Redalen	Weaver
Clark	Johnson, A.	Munger	Reding	Welle
Conway	Johnson, R.	Murphy	Rest	Wenzel
Cooper	Johnson, V.	Nelson, C.	Rice	Williams
Dauner	Kahn	Nelson, K.	Richter	Winter
Dawkins	Kalis	Neuenschwander	Rodosovich	Wynia
Dempsey	Kelly	O'Connor	Rukavina	Spk. Vanasek
Dille	Kelsó	Ogren	Runbeck	
Dorn	Kinkel	Olsen, S.	Schafer	
Forsythe	Knickerbocker	Olsen, E.	Scheid	

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

H. F. No. 1323 was reported to the House.

Carlson, L., moved that H. F. No. 1323 be continued on Special Orders. The motion prevailed.

The Speaker resumed the Chair.

H. F. No. 1355, A bill for an act relating to probate; modifying provisions for the award of sentimental property and family allowances; amending Minnesota Statutes 1988, sections 525.151; and 525.152.

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

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

Those who voted in the affirmative were:

Abrams	Frederick	Kostohryz	Olson, K.	Seaberg
Anderson, G.	Frerichs	Krueger	Omnn	Segal
Anderson, R.	Girard	Lasley	Onnen	Skoglund
Battaglia	Greenfield	Lieder	Orenstein	Solberg
Bauerly	Gruenes	Limmer	Osthoff	Sparby
Beard	Gutknecht	Long	Ostrom	Stanius
Begich	Hartle	Lynch	Otis	Steensma
Bennett	Hasskamp	Macklin	Ozment	Swiggum
Bertram	Haukoos	Marsh	Pauly	Swenson
Bishop	Heap	McDonald	Pellow	Tompkins
Blatz	Henry	McEachern	Pelowski	Trimble
Boo	Hugoson	McGuire	Peterson	Tunheim
Brown	Jacobs	McLaughlin	Poppenhagen	Uphus
Burger	Janezich	McPherson	Price	Valento
Carlson, D.	Jaros	Milbert	Pugh	Vellenga
Carlson, L.	Jefferson	Miller	Quinn	Wagenius
Carruthers	Jennings	Morrison	Redalen	Waltman
Clark	Johnson, A.	Munger	Reding	Weaver
Conway	Johnson, R.	Murphy	Rest	Welle
Cooper	Johnson, V.	Nelson, C.	Rice	Wenzel
Dauner	Kahn	Nelson, K.	Richter	Williams
Dawkins	Kalis	Neuenschwander	Rodosovich	Winter
Dempsey	Kelly	O'Connor	Rukavina	Wynia
Dille	Kelso	Ogren	Runbeck	Spk. Vanasek
Dorn	Kinkel	Olsen, S.	Schafer	
Forsythe	Knickerbocker	Olson, E.	Scheid	

The bill was passed and its title agreed to.

Wynia moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Jennings moved that his name be stricken and the name of Limmer be added as chief author on H. F. No. 337. The motion prevailed.

Pugh moved that the name of Conway be stricken and the name of

Carruthers be added as an author on H. F. No. 1425. The motion prevailed.

Carlson, D., moved that the name of Bennett be added as an author on H. F. No. 1685. The motion prevailed.

Jefferson moved that the name of Clark be added as an author on H. F. No. 1715. The motion prevailed.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 2:30 p.m., Monday, April 24, 1989. The motion prevailed.

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Monday, April 24, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

THIRTY-SIXTH DAY

SAINT PAUL, MINNESOTA, FRIDAY, APRIL 21, 1989

The Senate met on Friday, April 21, 1989, which was the Thirty-sixth Legislative Day of the Seventy-sixth Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

THIRTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 24, 1989

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

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

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

The roll was called and the following members were present:

Abrams	Ferichs	Krueger	Omann	Schreiber
Anderson, G.	Girard	Lasley	Onnen	Seaberg
Anderson, R.	Greenfield	Lieder	Orenstein	Segal
Battaglia	Gruenes	Limmer	Osthoff	Skoglund
Bauerly	Hartle	Long	Ostrom	Solberg
Beard	Hasskamp	Lynch	Otis	Sparby
Begich	Haukoos	Macklin	Ozment	Stanius
Bennett	Heap	Marsh	Pappas	Steensma
Bertram	Henry	McDonald	Pauly	Sviggum
Bishop	Himle	McEachern	Pellow	Tjornhom
Blatz	Hugoson	McGuire	Pelowski	Tompkins
Boo	Jacobs	McLaughlin	Peterson	Trimble
Brown	Janezich	McPherson	Poppenhagen	Tunheim
Burger	Jaros	Milbert	Price	Uphus
Carlson, D.	Jefferson	Miller	Pugh	Valento
Carlson, L.	Jennings	Morrison	Redalen	Vellenga
Carruthers	Johnson, A.	Munger	Reding	Wagenius
Clark	Johnson, R.	Murphy	Rest	Waltman
Conway	Johnson, V.	Nelson, C.	Rice	Weaver
Cooper	Kahn	Nelson, K.	Richter	Welle
Dauner	Kalis	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kelly	O'Connor	Rukavina	Williams
Dempsey	Kelso	Ogren	Runbeck	Winter
Dorn	Kinkel	Olsen, S.	Sarna	Wynia
Forsythe	Knickerbocker	Olsen, E.	Schafer	Spk. Vanasek
Frederick	Kostohryz	Olson, K.	Scheid	

A quorum was present.

Gutknecht, Quinn and Swenson were excused.

Dille was excused until 3:10 p.m. Simoneau was excused until 5:00 p.m.

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 390, 982, 146, 643, 839, 962, 1258, 1336, 1379, 1446, 1463, 996, 557, 831, 1472 and 1440 and S. F. Nos. 535, 851, 1016, 321, 624, 1106, 1270, 119, 695, 1082, 665, 738, 827, 280, 391, 184, 829, 206 and 701 have been placed in the members' files.

S. F. No. 827 and H. F. No. 833, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Williams moved that S. F. No. 827 be substituted for H. F. No. 833 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1270 and H. F. No. 1460, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Beard moved that S. F. No. 1270 be substituted for H. F. No. 1460 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 695 and H. F. No. 643, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McEachern moved that the rules be so far suspended that S. F. No. 695 be substituted for H. F. No. 643 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 260, A bill for an act relating to employment; providing

for employee review of personnel records; regulating use of personnel records; requiring removal or correction of false information; limiting records of nonemployment activities; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 181.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [181.960] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of sections 1 to 7, the following terms have the meanings given in this section.

Subd. 2. [EMPLOYEE.] “Employee” means a person who performs services for hire for an employer, provided that the services have been performed predominately within this state, and includes current and former employees. The term does not include an independent contractor.

Subd. 3. [EMPLOYER.] “Employer” means a person who has 20 or more employees. The term does not include a state agency, state-wide system, political subdivision, or advisory board or commission that is subject to chapter 13.

Subd. 4. [PERSONNEL RECORD.] “Personnel record,” to the extent maintained by an employer, means: any application for employment; wage or salary history; notices of commendation, warning, or discipline; authorization for a deduction or withholding of pay; fringe benefit information; leave records; and employment history with the employer, including salary history, job titles, dates of changes, attendance records, performance evaluations, and retirement record. The term does not include:

(1) written references respecting the employee, including letters of reference supplied to an employer by another person;

(2) information relating to the investigation of a violation of a criminal or civil statute by an employee or an investigation of employee conduct for which the employer may be liable;

(3) education records, pursuant to section 513(a) of title 5 of the Family Educational Rights and Privacy Act of 1974, United States

Code, title 20, section 1232g, that are maintained by an educational institution and directly related to a student;

(4) results of employer testing, except that the employee may see a cumulative total test score for a section of the test or for the entire test;

(5) information relating to the employer's salary system and staff planning, including comments, judgments, recommendations, or ratings concerning expansion, downsizing, reorganization, job restructuring, future compensation plans, promotion plans, and job assignments;

(6) written comments or data of a personal nature about a person other than the employee, if disclosure of the information would constitute an intrusion upon the other person's privacy;

(7) information kept by the employee's supervisor or an executive, administrative, or professional employee, provided the information has been kept in the possession of the maker of the record;

(8) privileged information or information that is not discoverable in a workers' compensation, grievance arbitration, administrative, judicial, or quasi-judicial proceeding;

(9) any portion of a written statement by a co-worker of the employee that concerns the job performance or job-related misconduct of the employee that discloses the identity of the co-worker by name, inference, or otherwise; and

(10) medical reports and records, including reports and records that are available to the employee from a health care services provider under section 144.335.

Sec. 2. [181.961] [REVIEW OF PERSONNEL RECORD BY EMPLOYEE.]

Subdivision 1. [RIGHT TO REVIEW; FREQUENCY.] Upon written request by an employee, the employer shall provide the employee with an opportunity to review the employee's personnel record. An employer is not required to provide an employee with an opportunity to review the employee's personnel record if the employee has reviewed the personnel record during the previous six months.

Subd. 2. [TIME; LOCATION; CONDITION.] The employer shall comply with a written request under subdivision 1 no later than seven working days after receipt of the request if the personnel record is located in this state, or no later than 14 working days after receipt of the request if the personnel record is located outside this

state. The personnel record or an accurate copy must be made available for review by the employee during the employer's normal hours of operation at the employee's place of employment or other reasonably nearby location, but need not be made available during the employee's working hours. The employer may require that the review be made in the presence of the employer or the employer's designee. Upon the employee's request, the employer shall provide a copy of the record to the employee. An employer may not charge a fee for providing copies that exceeds the actual cost of making and compiling the copies.

Subd. 3. [GOOD FAITH.] The employer may deny access to an employee record if the request is not made in good faith.

Sec. 3. [181.962] [REMOVAL OR REVISION OF INFORMATION.]

Subdivision 1. [AGREEMENT; FAILURE TO AGREE; COPY; POSITION STATEMENT.] (a) If an employee disputes specific information contained in the employee's personnel record, the employer and the employee may agree to remove or revise the disputed information. If an agreement is not reached the employee may submit a written statement specifically identifying the disputed information and explaining the employee's position.

(b) The employee's position statement may not exceed five written pages. The position statement must be included along with the disputed information for as long as that information is maintained in the employee's personnel record. A copy of the position statement must also be provided to any other person who receives a copy of the disputed information from the employer after the position statement is submitted.

Subd. 2. [DEFAMATION ACTION PROHIBITED.] No communication by the employee of information obtained through a review of the employee's personnel record may be made the subject of any action by the employee for libel, slander, or defamation, unless the employee requests that the employer comply with subdivision 1 and the employer fails to do so.

Sec. 4. [181.963] [USE OF OMITTED PERSONNEL RECORD.]

Information properly belonging in an employee's personnel record that was omitted from the personnel record provided by an employer to an employee for review under section 2 may not be used by the employer in an administrative, judicial, or quasi-judicial proceeding, unless the employer did not intentionally omit the information and the employee is given a reasonable opportunity to review the omitted information prior to its use.

Sec. 5. [181.964] [RETALIATION PROHIBITED.]

An employer may not retaliate against an employee for asserting rights or remedies provided in sections 1 to 6.

Sec. 6. [181.965] [REMEDIES.]

Subdivision 1. [GENERAL.] In addition to other remedies provided by law, if an employer violates a provision of sections 1 to 5, the employee may bring a civil action to compel compliance and for the following relief:

(1) for a violation of sections 1 to 4, actual damages only, plus costs; and

(2) for a violation of section 5, actual damages, back pay, and reinstatement or other make-whole, equitable relief, plus reasonable attorney fees.

Subd. 2. [LIMITATIONS PERIOD.] Any civil action maintained by the employee under this section must be commenced within one year of discovery of the alleged violation.

Sec. 7. [181.966] [ADDITIONAL RIGHT OF ACCESS TO RECORDS.]

Sections 1 to 6 do not prevent an employer from providing additional rights to employees and do not diminish a right of access to records under chapter 13."

Delete the title and insert:

"A bill for an act relating to employment; providing for review of an employee's personnel record; providing for removal or revision of disputed information contained in an employee's personnel record; regulating use of omitted information; proposing coding for new law in Minnesota Statutes, chapter 181."

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

The report was adopted.

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

H. F. No. 469, A bill for an act relating to human services; creating a subsidy program for community clinics; providing planning

grants; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [256.972] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 4.

Subd. 2. [COMMUNITY-BASED CLINIC.] "Community-based clinic" means an entity that:

(1) through its staff and supporting resources or through its contracts or cooperative arrangements with other public or private entities, provides primary health services for all intended residents of its service area;

(2) was established to serve the primary health needs of low-income and uninsured population groups;

(3) uses a sliding fee scale based on ability to pay, and does not limit access or care because of the financial limitations of the client;

(4) has nonprofit status under chapter 317; and

(5) has a governing board, for which at least 51 percent of the membership resides in the local community served by the clinic.

Subd. 3. [UNINSURED INDIVIDUALS.] "Uninsured individuals" means those persons who:

(1) are not eligible for Medicare, medical assistance, general assistance medical care, or any other government health insurance program; and

(2) do not have health coverage through self-insurance, individual accident and health insurance policies, group accident and health insurance policies, coverage under a nonprofit health service plan, or coverage under a health maintenance organization subscriber contract.

Subd. 4. [PRIMARY HEALTH SERVICES.] "Primary health services" means:

(1) diagnosis and treatment, consultative, referral, and other services rendered by physicians, and where feasible, by physician

extenders, such as physician's assistants, nurse clinicians, and nurse practitioners;

(2) diagnostic laboratory services and diagnostic radiologic services;

(3) preventive health services, including children's eye and ear examinations; prenatal care services; well child care services including early periodic screenings, diagnosis, and treatment services; immunizations; and voluntary family planning services; and

(4) emergency medical services, including the provision, through clearly defined arrangements, of health care for medical emergencies during and after the clinic's regularly scheduled hours.

Sec. 2. [256.9721] [COMMUNITY-BASED CLINIC SUBSIDY PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of human services shall establish a subsidy program for community-based clinics meeting the requirements of section 1, subdivision 2.

Subd. 2. [RULES.] The commissioner of human services may adopt permanent rules necessary for implementation of this section.

Subd. 3. [DIVISION OF SUBSIDY APPROPRIATION BETWEEN CLINICS.] The commissioner of human services shall allocate money to individual clinics according to standards established in rule. These standards must allocate money in proportion to the number of uninsured clients served by each clinic in the calendar year preceding the fiscal year for which money is allocated. The money allocated to each clinic shall be in addition to any federal, state, or local assistance, including medical assistance, that is otherwise available to the clinics. A clinic is not eligible to receive funds under this section if it:

(1) fails or refuses to provide medically necessary care on the basis of any patient's inability to pay or lack of third-party coverage;

(2) does not apply a sliding discount fee schedule to the portion of the clinic's charges that is the patient's responsibility; or

(3) does not contract with the department to provide care under the medical assistance program.

Subd. 4. [USE OF SUBSIDY.] Each clinic must use the money received to subsidize the cost of providing primary health services to uninsured individuals who receive services at the clinic. The commissioner shall pay a subsidy to the clinic of a maximum of \$75 annually for each client eligible for primary health services. The

subsidy for eligible clients is limited by the individual clinic allocation established in subdivision 3. Clinics may still require clients eligible for the subsidy to pay for the care received according to their usual sliding fee scale.

Sec. 3. [256.9722] [PLANNING GRANTS.]

Subdivision 1. [PURPOSE OF GRANTS.] The commissioner of human services shall offer planning grants for research on: (1) establishing additional rural community-based clinics in medically underserved areas of Minnesota, through a combination of public and private funding; and (2) improving coordination between hospitals for the provision of comprehensive outpatient services in those areas that do not have community-based clinics or adequate ambulatory health care services.

Subd. 2. [CRITERIA FOR SELECTION.] The grants must be awarded to organizations that have experience in coordinating the work of community-based clinics in geographic regions throughout the state.

Subd. 3. [RULES.] The commissioner of human services may adopt rules to implement this section.

Sec. 4. [APPROPRIATIONS.]

\$ is appropriated from the general fund to the commissioner of human services to provide subsidies to community-based clinics under sections 1 and 2. This sum is available until June 30, 1991. \$ is appropriated from the general fund to the commissioner of human services to provide grants under section 3. This sum is available until June 30, 1991."

Delete the title and insert:

"A bill for an act relating to human services; creating a subsidy program for community-based clinics; providing planning grants; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256."

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

The report was adopted.

Osthoff from the Committee on Financial Institutions and Housing to which was referred:

H. F. No. 535, A bill for an act relating to housing; authorizing the

establishment of affordable housing programs under the administration of the Minnesota housing finance agency; establishing a neighborhood preservation program; revising certain tenant damage provisions in landlord-tenant actions; regulating tenant screening services; establishing housing courts, rent escrow systems, and building repair fines as demonstration projects in Hennepin and Ramsey counties; reducing property taxes on certain types of residential rental property; authorizing a tax levy for public housing; establishing a fair housing education and public information program; requiring housing impact statements; revising certain housing receivership provisions; changing notice and redemption provisions for certain types of properties; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 273.13, subdivision 25; 462A.05, subdivision 27, and by adding subdivisions; 462A.201, subdivision 5; 462A.21, subdivisions 4k, 12, and by adding subdivisions; 463.21; 469.012, subdivision 1; 504.255; 504.26; 566.175, subdivision 1; 566.29, subdivisions 1, 4, and by adding subdivisions; 580.031; and 580.23, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 256; 462C; 471; 504; and 566.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

AFFORDABLE HOUSING PROGRAMS

Section 1. [256.484] [ACCESSIBLE HOUSING UNITS INFORMATION CENTERS.]

Subdivision 1. [ESTABLISHMENT.] The council on disability shall establish five information centers on accessible housing units for the disabled. At least two of the information centers must be located in the area of the state outside of the metropolitan area as defined in section 473.121, subdivision 2.

Subd. 2. [RESPONSIBILITIES.] Each information center must maintain an inventory list of all accessible housing units for the disabled located within the geographical area assigned to the information center by the council on disability. Each center must also maintain and distribute to all interested persons a current list of all vacant accessible units located within the center's area. The list must be updated on a monthly basis. Disabled persons seeking accessible housing units may place their name on a prospective tenant list compiled and maintained by each information center. Prospective tenant lists may only be released to landlords who own accessible housing units located within the center's geographical

area. Prospective tenant lists must be updated on a monthly basis. The council on disability must design standard forms to be used for vacant accessible units and prospective tenant lists.

Sec. 2. [268.44] [EMERGENCY MORTGAGE AND RENTAL ASSISTANCE PILOT PROJECT.]

Subdivision 1. [ADMINISTRATION.] The commissioner of jobs and training may administer an emergency mortgage and rental assistance pilot project for individuals who have lost their housing or are in imminent danger of losing their housing as a result of having insufficient income to allow payment of their rental or mortgage costs. Eligible project participants are individuals:

(1) who are ineligible for or have already received emergency rental and mortgage assistance under section 256.871 or emergency general assistance under section 256D.06, subdivision 2; and

(2) whose income has not exceeded 80 percent of the area median income during the previous two years. No individual or family may receive more than six months of rental or mortgage assistance. The commissioner may establish eligibility priorities for emergency rental or mortgage assistance among the categories of persons needing assistance, including persons subject to immediate eviction for nonpayment of rent or foreclosure for nonpayment of mortgage installments or property taxes, when nonpayment is attributable to illness, unemployment, underemployment, or any other failure of resources beyond the person's control. The commissioner may establish guidelines to be followed by local agencies on the amount of assistance provided to participants under the program and repayment of assistance.

Subd. 2. [LOCAL RESPONSIBILITIES.] The commissioner of jobs and training shall disburse funds to local agencies responsible for the distribution of emergency assistance. The local agencies may distribute funds to eligible project participants and may determine the amount of assistance on a case-by-case basis based on the guidelines established by the commissioner. Local agencies must provide program participants with referral services relating to housing and other resources and programs that may be available to them.

Subd. 3. [MORTGAGE ASSISTANCE.] Eligible homeowners at risk of losing their housing as a result of a short-term disruption or decrease in income may receive monthly mortgage or mortgage arrears assistance interest-free loans. The local distributing agency shall determine repayment schedules on a case-by-case basis based on the guidelines established by the commissioner. The commissioner of jobs and training shall inform mortgagees of the mortgage assistance project. Financial assistance under this subdivision provided to recipients of aid to families with dependent children must

be in the form of in-kind services. To the extent possible under federal law this assistance shall not be considered income under the food stamp or energy assistance programs.

Subd. 4. [RENTAL ASSISTANCE.] Eligible applicants who have lost their housing or are in imminent danger of losing their housing may receive security deposit, monthly rental, or rental arrears assistance payments. Monthly rental assistance payments may not exceed the fair market rental payment of the rental housing unit. No person may continue to receive rental assistance under this section if alternative sources of rental subsidy, including but not limited to federally subsidized housing programs and public housing, become available. Persons may be required to repay the rental assistance based on their financial ability to pay, as determined by the local distributing agency and based on the guidelines established by the commissioner.

Sec. 3. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 14c. [NEIGHBORHOOD PRESERVATION.] It may agree or enter commitments to purchase, make, or participate in making loans described in subdivision 14 for programs approved by the agency for the preservation of designated neighborhoods. To achieve the policy of economic integration stated in section 462A.02, subdivision 6, the programs may authorize loans to borrowers having ownership interests in properties in the neighborhood who are not eligible mortgagors as defined in section 462A.03, subdivision 13. The aggregate original principal balances of noneligible mortgagor loans in a neighborhood benefiting from financing under this subdivision must not exceed 25 percent of the total amount of neighborhood preservation loan funds allocated to the neighborhood under the program.

Sec. 4. Minnesota Statutes 1988, section 462A.05, subdivision 27, is amended to read:

Subd. 27. The agency, or the corporations referred to in subdivision 26, may acquire property or property interests under subdivisions 25 and 26 and section 462A.06, subdivision 7, for the following purposes: (1) to protect a loan or grant in which the agency or corporation has an interest; or (2) to preserve for the use of low- and moderate-income persons or families multifamily housing, ~~previously financed by the agency, which was~~ (a) previously financed by the agency, or (b) not financed by the agency but is benefited by federal housing assistance payments or other rental subsidy or interest reduction contracts. Property or property interests acquired for the purpose specified in clause (1) may be acquired by foreclosure, deed in lieu of foreclosure, or otherwise.

Multifamily property acquired as provided in clause (2) must be

managed on a fee basis by an entity other than the agency or corporation. The agency or corporation may manage the property on a temporary basis until an agreement is entered into with another entity to manage the property. The agency or corporation shall make the property available for sale at a purchase price and on terms that are mutually agreeable to the parties.

Sec. 5. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 30. [HOME EQUITY CONVERSION LOANS.] The agency may make or purchase home equity conversion loans for low- or moderate-income elderly homeowners. Loan recipients must be at least 62 years of age, have substantial equity in their home, and have an income at or below 50 percent of the area median income. The agency must inform program participants of available home equity conversion loan counseling services before making a loan.

Sec. 6. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 3a. [CAPACITY BUILDING REVOLVING LOAN FUND.] It may establish a revolving loan fund for predevelopment costs for nonprofit organizations and local government units engaged in the construction or rehabilitation of low- and moderate-income housing, and for the purposes specified in sections 462A.05, subdivision 5; and 462A.07, subdivisions 2, 3, 3a, 5, 5a, 6, 7, 11, and 16. The agency may delegate the authority to administer the revolving loan fund for designated areas in the state to existing nonprofit organizations. Nonprofit entities selected to exercise such delegated powers must have sufficient professional housing development expertise, as determined by the agency, to evaluate the economic feasibility of an applicant's proposed project. Loans to nonprofit organizations or local government units under this subdivision may be made with or without interest as determined by the agency.

Sec. 7. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 3b. [CAPACITY BUILDING GRANTS.] It may make capacity building grants to nonprofit organizations, local government units, Indian tribes, and Indian tribal organizations to expand their capacity to provide affordable housing and housing-related services. The grants may be used to assess housing needs and to develop and implement strategies to meet those needs, including the creation or preservation of affordable housing and the linking of supportive services to the housing. The agency shall adopt rules specifying the eligible uses of grant money. Funding priority must be given to those applicants that include low-income persons in their membership, have provided housing-related services to low-income people,

and demonstrate a local commitment of local resources, which may include in-kind contributions.

Sec. 8. Minnesota Statutes 1988, section 462A.21, subdivision 4k, is amended to read:

Subd. 4k. [HOUSING DEVELOPMENT FUND.] The agency may make grants for residential housing for low-income persons under section 462A.05, subdivision 28, from funds specifically appropriated by the legislature for that purpose and may pay the costs and expenses for the development and operation of the program.

Sec. 9. Minnesota Statutes 1988, section 462A.21, subdivision 8, is amended to read:

Subd. 8. It may establish a home ownership assistance fund, on terms and conditions it deems advisable, to assist persons and families of low and moderate income in the purchase of affordable residential housing and may use the funds to provide additional security for eligible loans or to pay costs associated with or provide additional security for bonds issued or capital raised by the agency including participations arranged with private lenders. Assistance under this subdivision may include, but is not limited to, interest writedowns on loans made by the agency, down payment assistance, and monthly mortgage payment assistance on loans made or purchased by the agency and interest writedowns on taxable bonds securities or mortgages sold by the agency for the purpose of making loans to low- and moderate-income homebuyers.

Sec. 10. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 8b. [FAMILY RENTAL HOUSING.] It may establish a family rental housing assistance program to provide loans or direct rental subsidies for housing for families with incomes of up to 60 percent of area median income. Priority must be given to those developments with the lowest income resident families. The development may be financed by the agency or other public or private lenders. Direct rental subsidies must be administered by the agency for the benefit of eligible families. Financial assistance provided under this subdivision to recipients of aid to families with dependent children must be in the form of in-kind services. To the extent possible under federal law, this assistance shall not be considered income under the food stamp or energy assistance programs. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature.

Sec. 11. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 8c. [RENTAL HOUSING FOR INDIVIDUALS.] It may establish a low-income individual and mentally ill rental housing assistance program to provide loans or direct rental subsidies for housing for individuals with incomes of up to 25 percent of area median income. Priority must be given to developments with the lowest income residents. Housing for the mentally ill must be operated in coordination with social service providers who provide services to tenants. The developments may be financed by the agency or other public or private entities. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature.

Sec. 12. Minnesota Statutes 1988, section 462A.21, subdivision 12, is amended to read:

Subd. 12. [TEMPORARY HOUSING.] It may make loans or grants for the purpose of section 462A.05, subdivision 20, and may pay the costs and expenses necessary and incidental to the loan or grant program authorized therein. Grants pursuant to section 462A.05, subdivision 20 may be made only with specific appropriations by the legislature.

Sec. 13. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 12a. [PROGRAM MONEY TRANSFER.] Grants authorized under section 462A.05, subdivisions 20, 28, and 29, may be made only with specific appropriations by the legislature, but unencumbered balances of money appropriated for the purpose of loans or grants for agency programs under these subdivisions may be transferred between programs created by these subdivisions or in accordance with section 462A.20, subdivision 3.

Sec. 14. [462A.215] [PRESERVATION OF EXISTING SUBSIDIZED HOUSING.]

Subdivision 1. [PRESERVATION ACCOUNT.] The preservation account is created and funded as a separate account in the housing development fund. The agency may use state appropriations from the preservation account to preserve and maintain the stock of existing federally subsidized housing as provided under this section. Money may only be used from the account when the agency determines that federally subsidized housing units would be lost without state assistance. Money from the account may be used to leverage funds from other sources. The agency shall determine the terms and conditions of repayments of loans made under this section. The agency may adopt rules for making loans under this section.

Subd. 2. [SECONDARY MORTGAGE FINANCING.] The agency

may make second mortgage loans from the preservation account to private owners of federally subsidized rental property. The owner must agree to maintain the federal subsidy on the rental property for the remainder of the federal contract.

Subd. 3. [PROPERTY ACQUISITION LOANS.] The agency may make loans from the preservation account to local public housing agencies, nonprofit housing developers, for-profit housing developers and other entities for the acquisition of eligible rental developments. Eligible rental developments consist of privately owned, federally subsidized rental housing for low- and moderate-income families and persons who are in imminent danger of losing the federal subsidy due to mortgage prepayments or early termination of Section 8 contracts with the Department of Housing and Urban Development. A loan recipient shall agree to maintain the federal subsidy on the rental property for the remainder of the mortgage or the federal contract.

Subd. 4. [PUBLIC HOUSING GRANTS.] The agency may provide grants from the preservation account to public housing agencies for modernizing and maintaining the viability of publicly owned housing units. Grants may only be awarded for public housing that the agency determines would otherwise be lost from the affordable housing stock without state assistance.

Subd. 5. [EQUITY LOANS.] The agency may make equity loans from the preservation account to private owners of federally subsidized housing in order to preserve and maintain federal subsidies. Loan amounts must be based on the appreciated value of the property and the corporation's ability to amortize the loans. The owner must agree to maintain the federal subsidy on the rental property for the remainder of the federal contract.

Sec. 15. [APPROPRIATION; DISABILITY COUNCIL.]

\$125,000 is appropriated from the general fund to the council on disability for the establishment and administration of the accessible housing unit information centers required in section 1.

Sec. 16. [APPROPRIATION; EMERGENCY ASSISTANCE.]

\$ is appropriated to the commissioner of jobs and training agency for the emergency mortgage and rental assistance pilot project under section 2.

Sec. 17. [APPROPRIATION; CAPACITY BUILDING GRANTS.]

\$250,000 is appropriated from the general fund to the Minnesota housing finance agency for the capacity building grants under section 462A.21, subdivision 3b.

Sec. 18. [APPROPRIATION; HOME OWNERSHIP ASSISTANCE FUND.]

\$16,000,000 is appropriated from the general fund to the home ownership assistance fund created under section 462A.21, subdivision 8, for assisting low- and moderate-income homebuyers who are primarily first time homebuyers.

Sec. 19. [APPROPRIATIONS; LOW-INCOME RENTAL HOUSING.]

\$16,000,000 is appropriated from the general fund to the Minnesota housing finance agency for low-income family rental housing under section 462A.21, subdivision 8b.

\$125,000 is appropriated from the general fund to the Minnesota housing finance agency for the construction or adaptation of units accessible to the physically handicapped under the low-income family rental housing program.

\$6,000,000 is appropriated from the general fund to the Minnesota housing finance agency for low-income individual rental housing under section 462A.21, subdivision 8c. \$2,000,000 of this appropriation must be used to provide rental housing for the mentally ill.

Sec. 20. [APPROPRIATION; PRESERVATION OF EXISTING SUBSIDIZED HOUSING.]

\$5,000,000 is appropriated from the general fund to the preservation account of the housing development fund created in section 14.

Sec. 21. [APPROPRIATION; ACCESSIBLE HOUSING.]

\$500,000 is appropriated to the Minnesota housing finance agency for single family home accessibility modification.

ARTICLE 2

LANDLORD-TENANT PROVISIONS

Section 1. Minnesota Statutes 1988, section 463.21, is amended to read:

463.21 [ENFORCEMENT OF JUDGMENT]

If a judgment is not complied with in the time prescribed, the governing body may cause the building to be repaired, razed, or

removed or the hazardous condition to be removed or corrected as set forth in the judgment, or acquire the building and real estate on which the building or hazardous condition is located by eminent domain as provided in section 463.152. The cost of ~~such~~ the repairs, razing, or removal shall may be a lien recovered by obtaining a judgment against the owner of the real estate on which the building is located or the hazardous condition exists and or may be enforced as a lien against the real estate on which the building is located or the hazardous condition exists. The lien may be levied and collected only as a special assessment in the manner provided by Minnesota Statutes 1961, sections 429.061 to 429.081, but the assessment shall be payable in a single installment. When the building is razed or removed by the municipality, the governing body may sell the salvage and valuable materials at public auction upon three days' posted notice.

Sec. 2. Minnesota Statutes 1988, section 504.255, is amended to read:

504.255 [UNLAWFUL OUSTER OR EXCLUSION; DAMAGES.]

If a landlord, an agent, or other person acting under the landlord's direction or control, unlawfully and in bad faith removes ~~or~~, excludes, or forcibly keeps out a tenant from a residential premises, the tenant may recover from the landlord up to treble damages or \$500, whichever is greater, and reasonable attorney's fees.

Sec. 3. Minnesota Statutes 1988, section 504.26, is amended to read:

504.26 [UNLAWFUL TERMINATION OF UTILITIES.]

Except as otherwise provided in this ~~subdivision~~ section, if a landlord, an agent or other person acting under the landlord's direction or control, interrupts or causes the interruption of electricity, heat, gas, or water services to the tenant, the tenant may recover from the landlord treble damages or \$500, whichever is greater, and reasonable attorney's fees. It is a defense to any action brought under this ~~subdivision~~ section that the interruption was the result of the deliberate or negligent act or omission of a tenant or anyone acting under the direction or control of the tenant. The tenant may recover only actual damages under this ~~subdivision~~ section if:

(a) the tenant has not given the landlord, an agent or other person acting under the landlord's direction or control, notice of the interruption; or

(b) the landlord, an agent or other person acting under the landlord's direction or control, after receiving notice of the interruption from the tenant and within a reasonable period of time after the

interruption, taking into account the nature of the service interrupted and the effect of the interrupted service on the health, welfare and safety of the tenants, has reinstated or made a good faith effort to reinstate the service or has taken other remedial action; or

(c) the interruption was for the purpose of repairing or correcting faulty or defective equipment or protecting the health and safety of the occupants of the premises involved and the service was reinstated or a good faith effort was made to reinstate the service or other remedial action was taken by the landlord, an agent, or other person acting under the landlord's direction or control within a reasonable period of time, taking into account the nature of the defect, the nature of the service interrupted and the effect of the interrupted service on the health, welfare and safety of the tenants.

Sec. 4. [504.29] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 4 to 6.

Subd. 2. [OWNER.] "Owner" has the meaning given it in section 566.18, subdivision 3.

Subd. 3. [TENANT.] "Tenant" has the meaning given it in section 566.18, subdivision 2.

Subd. 4. [TENANT REPORT.] "Tenant report" means a written, oral, or other communication by a tenant screening service that includes information concerning an individual's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living, and that is collected, used, or expected to be used for the purpose of making decisions relating to residential tenancies or residential tenancy applications.

Subd. 5. [TENANT SCREENING SERVICE.] "Tenant screening service" means a person or business regularly engaged in the practice of gathering, storing, or disseminating information about tenants or assembling tenant reports for monetary fees, dues, or on a cooperative nonprofit basis.

Sec. 5. [504.30] [TENANT REPORTS; DISCLOSURE AND CORRECTIONS.]

Subdivision 1. [DISCLOSURES REQUIRED.] Upon request and proper identification, a tenant screening service must disclose the following information to an individual:

(1) the nature and substance of all information in its files on the individual at the time of the request; and

(2) the sources of the information.

A tenant screening service shall make the disclosures to an individual without charge if information in a tenant report has been used within the past 30 days to deny a rental to the individual or increase the security deposit or rent of a residential housing unit. If the tenant report has not been used to deny the rental or increase the rent or security deposit of a residential housing unit within the past 30 days, the tenant screening service may impose a reasonable charge for making the disclosure required under this section. The charge shall be indicated to the consumer prior to furnishing the information and shall not exceed the charge that the consumer reporting agency would impose on each designated recipient for a consumer report, except that no charge may be made for notifying such persons of the deletion of information which is found to be inaccurate or which can no longer be verified.

Subd. 2. [CORRECTIONS.] If the completeness or accuracy of an item of information contained in an individual's file is disputed by the individual, the tenant screening service shall reinvestigate and record the current status of the information. If the information is found to be inaccurate or can no longer be verified, the tenant screening service shall delete the information from the individual's file and tenant report. At the request of the individual, the tenant screening service shall give notification of the deletions to persons who have received the tenant report within the past six months.

Subd. 3. [EXPLANATIONS.] The tenant screening service shall permit an individual to explain any disputed item in a tenant report not resolved by a reinvestigation. The explanation must be included in the tenant report. The tenant screening service may limit the explanation to no more than 100 words.

Subd. 4. [COURT FILE INFORMATION.] If a tenant screening service includes in a tenant report information from a court file on an individual, the outcome of the court proceeding must be accurately recorded in the tenant report, unless the outcome is not provided by the court. Whenever the court supplies information from a court file on an individual, in whatever form, the court shall include information on the outcome of the court proceeding when it is available. The tenant screening service is not liable under section 6 with respect to court file information if the tenant screening service reports complete and accurate information as provided by the court.

Subd. 5. [INFORMATION TO TENANT.] If the owner uses information in a tenant report to deny the rental or increase the security deposit or rent of a residential housing unit, the owner shall inform the prospective tenant of the name and address of the tenant screening service that provided the tenant report.

Sec. 6. [504.31] [TENANT REPORT; REMEDIES.]

The remedies provided in section 8.31 apply to a violation of section 5. A tenant screening service or owner in compliance with the provisions of the Fair Credit Reporting Act, United States Code, title 15, section 1681, et. seq., is considered to be in compliance with section 5.

Sec. 7. [504.32] [NOTICE REQUIREMENT.]

Subdivision 1. [DEFINITIONS.] The definitions of "owner" and "tenant" in section 566.18 apply to this section.

Subd. 2. [NOTICE.] The owner of federally subsidized rental housing shall give tenants a one-year written notice under the following conditions:

- (1) a federal Section 8 contract will expire;
- (2) the owner will exercise the option to terminate or not renew a federal Section 8 contract and mortgage;
- (3) the owner will prepay a mortgage and the prepayment will result in the termination of any federal use restrictions that apply to the housing; or
- (4) the owner will terminate a housing subsidy program.

The notice shall be provided at the commencement of the lease if the lease commences less than one year before any of the above conditions apply.

Sec. 8. Minnesota Statutes 1988, section 566.175, subdivision 1, is amended to read:

Subdivision 1. [UNLAWFUL EXCLUSION OR REMOVAL.] For purposes of this section, "unlawfully removed or excluded" means actual or constructive removal or exclusion. Actual or constructive removal or exclusion may include the termination of utilities, or the removal of doors, windows, or locks. Any tenant who is unlawfully removed or excluded from lands or tenements which are demised or let to the tenant may recover possession of the premises in the following manner:

(a) The tenant shall present a verified petition to the county or municipal court of the county in which the premises are located, which petition shall:

- (1) describe the premises of which possession is claimed and the owner, as defined in section 566.18, subdivision 3, of the premises;

(2) specifically state the facts and grounds that demonstrate that the removal or exclusion was unlawful including a statement that no judgment and writ of restitution have been issued under section 566.09 in favor of the owner and against petitioner as to the premises and executed in accordance with section 566.17; and

(3) ask for possession thereof.

(b) If it clearly appears from the specific grounds and facts stated in the verified petition or by separate affidavit of petitioner or the petitioner's counsel or agent that the removal or exclusion was unlawful, the court shall immediately order that petitioner have possession of the premises.

(c) The petitioner shall furnish monetary or other security if any as the court deems appropriate under the circumstances for payment of all costs and damages the defendant may sustain if the order is subsequently found to have been obtained wrongfully. In determining the appropriateness of any security the court shall consider petitioner's ability to afford monetary security.

(d) The court shall direct the order to the sheriff or any constable of the county in which the premises is located and the sheriff or constable shall execute the order immediately by making a demand upon the defendant, if found, or the defendant's agent or other person in charge of the premises, for possession of the premises. If the defendant fails to comply with the demand, the officer shall take whatever assistance may be necessary and immediately place the petitioner in possession of the premises. If the defendant or the defendant's agent or other person in control of the premises cannot be found and if there is no person in charge of the premises detained so that no demand can be made, the officer shall immediately enter into possession of the premises and place the petitioner in possession of the premises. The officer shall also serve the order and verified petition or affidavit without delay upon the defendant or agent, in the same manner as a summons is required to be served in a civil action in district court.

Sec. 9. Minnesota Statutes 1988, section 566.29, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATOR.] The administrator may be any a person, other than an owner of the building, local government unit or agency, the inspector, the complaining tenant or any person living in the complaining tenant's dwelling unit. If a state, or court, or local agency is authorized by statute, ordinance or regulation to provide persons to act as administrators under this section, the court may appoint such persons as administrators to the extent they are available.

Sec. 10. Minnesota Statutes 1988, section 566.29, subdivision 4, is amended to read:

Subd. 4. [POWERS.] The administrator shall be empowered is authorized to:

(a) Collect rents from tenants and commercial tenants, evict tenants and commercial tenants for nonpayment of rent or other cause, rent vacant dwelling units on a month to month basis, rent vacant commercial units with the consent of the owner and exercise all other powers necessary and appropriate to carry out the purposes of Laws 1973, chapter 611;

(b) Contract for the reasonable cost of materials, labor and services necessary to remedy the violation or violations found by the court to exist and for the rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property, and make disbursements for payment therefor from funds available for the purpose;

(c) Provide any services to the tenants which the owner is obligated to provide but refuses or fails to provide, and pay for them from funds available for the purpose;

(d) Petition the court, after notice to the parties, for an order allowing the administrator to encumber the premise to secure funds to the extent necessary to cover the cost of materials, labor, and services necessary to remedy the violation or violations found by the court to exist and for rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property, and to pay for them from funds derived from the encumbrance; and

(e) Petition the court, after notice to the parties, for an order allowing the administrator to receive funds made available for this purpose by the municipality to the extent necessary to cover the cost of materials, labor, and services necessary to remedy the violation or violations found by the court to exist and for rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property, and pay for them from funds derived from the municipal sources. The municipality shall recover disbursements by special assessment on the real estate affected, bearing interest at the rate determined by the municipality, not exceeding the rate established for finance charges for open-end credit sales under section 334.16, subdivision 1, clause (b), with the assessment, interest and any penalties to be collected the same as special assessments made for other purposes under state statute or municipal charter.

Sec. 11. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

Subd. 6. [BUILDING REPAIRS AND SERVICES.] The administrator must first contract and pay for building repairs and services necessary to keep the building habitable before other expenses may be paid. If sufficient funds are not available for paying other expenses, such as tax and mortgage payments, after paying for necessary repairs and services, the owner is responsible for the other expenses.

Sec. 12. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

Subd. 7. [FACTORS FOR THE COURT TO CONSIDER.] In considering whether to grant the administrator funds under subdivision 4, the court shall consider factors relating to the long-term economic viability of the dwelling. Such an analysis must consider factors including, but not limited to, the causes leading to the appointment of an administrator, the repairs necessary to bring the property into code compliance, the market value of the property, and whether present and future rents will be sufficient to cover the cost of repairs or rehabilitation.

Sec. 13. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

Subd. 8. [ADMINISTRATOR'S LIABILITY.] The administrator may not be held personally liable in the performance of duties under this section except for fraud, gross negligence, misfeasance, malfeasance, or nonfeasance of office.

Sec. 14. [566.291] [RECEIVERSHIP REVOLVING LOAN FUND.]

The Minnesota housing finance agency may establish a revolving loan fund to pay the administrative expenses of receivership administrators under section 566.29 for properties for occupancy by low- and moderate-income persons or families. Property owners are responsible for repaying administrative expense payments made from the fund.

Sec. 15. Minnesota Statutes 1988, section 580.031, is amended to read:

580.031 [MINIMUM NOTICE.]

Subdivision 1. [EIGHT WEEKS' NOTICE.] Notwithstanding the provisions of any other law to the contrary and except as otherwise provided in subdivision 2, eight weeks' published notice must be given prior to the foreclosure sale of a homestead to which sections 583.01 to 583.12 apply if the notice is published for the first time after May 24, 1983, and prior to May 1, 1985, after June 8, 1985, and prior to May 1, 1987, or after the effective date of Laws 1987, chapter

292, and prior to May 1, 1989. The notice must contain the information specified in section 580.04.

At least eight weeks before the appointed time of sale, a copy of the notice must be served upon the person in possession of the mortgaged premises, if the premises are actually occupied.

Subd. 2. [FOUR WEEKS' NOTICE.] Notwithstanding subdivision 1, four weeks' published notice must be given prior to the foreclosure sale of an abandoned nonagricultural residential dwelling consisting of less than five units. The notice must contain the information specified in section 580.04.

Sec. 16. Minnesota Statutes 1988, section 580.23, is amended by adding a subdivision to read:

Subd. 1a. [UNOCCUPIED PROPERTY.] Notwithstanding subdivision 1, the mortgagor or the mortgagor's personal representatives or assigns, within one month after a sale, may redeem all abandoned nonagricultural residential dwellings consisting of less than five units.

Sec. 17. [HOUSING CALENDAR CONSOLIDATION PILOT PROJECT.]

Subdivision 1. [ESTABLISHMENT.] A three-year pilot project may be established in the second and fourth judicial districts to consolidate the hearing and determination of matters related to residential rental housing and to ensure continuity and consistency in the disposition of cases.

Subd. 2. [JURISDICTION.] The housing calendar project may consolidate the hearing and determination of all proceedings under Minnesota Statutes, chapters 504 and 566; criminal and civil proceedings related to violations of any state, county, or city health, safety, housing, building, fire prevention or housing maintenance code; escrow of rent proceedings; landlord tenant damage actions; and actions for rent and rent abatement. No proceeding under sections 566.01 to 566.17 may be delayed because of the consolidation of matters under the housing calendar project.

Subd. 3. [REFEREE.] The chief judge of each of the second and fourth judicial districts may appoint a referee for the housing calendar project. The referee shall be learned in the law and shall be compensated according to the same scale used for other referees in the district. Minnesota Statutes, section 484.70, subdivision 6, applies to the housing calendar project.

Subd. 4. [REFEREE DUTIES.] The duties and powers of the referee of the housing calendar project are as follows:

(1) hear and report all matters within the jurisdiction of the housing calendar project and as may be directed to the referee by the chief judge; and

(2) recommend findings of fact, conclusions of law, temporary and interim orders, and final orders for judgment.

All recommended orders and findings of the referee are subject to confirmation by a judge.

Subd. 5. [TRANSMITTAL OF COURT FILE.] Upon the conclusion of the hearing in each case, the referee must transmit to the district court judge the court file, together with the referee's recommended findings and orders in writing. The recommended findings and orders of the referee become the findings and orders of the court when confirmed by the district court judge. The order of the court is proof of the confirmation.

Subd. 6. [CONFIRMATION OF REFEREE ORDERS.] Review of a recommended order or finding of the referee by a district court judge may be had by notice served and filed within ten days of effective notice of the recommended order or finding. The notice of review must specify the grounds for the review and the specific provisions of the recommended findings or orders disputed, and the district court judge, upon receipt of the notice of review, shall set a time and place for the review hearing.

Subd. 7. [PROCEDURES.] The chief judge of each of the second and fourth judicial districts shall establish procedures for the implementation of the housing calendar project, including designation of a location for the hearings. The chief judge may also appoint other staff as necessary for the project.

Subd. 8. [EVALUATION.] The state court administrator shall establish a procedure in consultation with the chief judge of each of the second and fourth judicial districts and the district administrator for evaluating the efficiency and the effectiveness of consolidating the hearing of residential rental housing matters and shall report to the legislature by January 1, 1992. An advisory group shall be established in each of the second and fourth judicial districts to provide ongoing oversight and evaluation of the housing calendar project. The advisory group must be appointed by the chief judge of each district and must be composed of at least one representative from the following groups: the state court administrator's office, the district court administrator's office, the district judges, owners of rental property, and tenants.

Sec. 18. [566.35] [ESCROW OF RENT TO REMEDY VIOLATIONS.]

Subdivision 1. [DEFINITIONS.] The definitions in section 566.18, apply to this section.

Subd. 2. [ESCROW OF RENT.] If a violation exists in a building, a tenant may deposit the full amount of rent due to the owner with the court administrator using the following procedure:

(a) For a violation of section 566.18, subdivision 6, paragraph (a), the tenant may deposit with the court administrator the rent due to the owner along with a copy of the written notice of code violation provided in section 566.19, subdivision 2. The tenant may not deposit the rent or file the written notice of code violation until the time granted to make repairs has expired without satisfactory repairs being accomplished, unless the tenant alleges that the time granted is excessive.

(b) For a violation of section 566.18, subdivision 6, paragraph (b) or (c), the tenant shall give written notice to the owner specifying the violation. The notice must be delivered personally or sent to the person or place where rent is normally paid. If the violation is not corrected within 14 days, the tenant may deposit the amount of rent due to the owner with the court administrator along with an affidavit specifying the violation. The court shall provide a simplified form affidavit for use under this section.

As long as proceedings are pending under this section, the tenant shall pay rent to the owner or as directed by the court and may not withhold rent in order to remedy a violation.

Subd. 3. [COUNTERCLAIM FOR POSSESSION.] The owner may file a counterclaim for possession of the premises in cases where the owner alleges that the tenant did not deposit the full amount of rent with the court administrator. The court must set the date for a hearing on the counterclaim not less than seven nor more than 14 days from the day of filing the counterclaim. If the rent escrow hearing and the hearing on the counterclaim for possession cannot be heard on the same day, the matters must be consolidated and heard on the date scheduled for the hearing on the counterclaim. The contents of the counterclaim for possession must meet the requirements for a complaint in unlawful detainer under section 566.05. The owner must serve the counterclaim as provided in section 566.06, except that the affidavits of service or mailing may be brought to the hearing rather than filed with the court before the hearing. The court shall provide a simplified form for use under this section.

Subd. 4. [DEFENSES.] The defenses provided in section 566.23 are defenses to an action brought under this section.

Subd. 5. [FILING FEE.] The court administrator may charge a

filing fee in the amount set for complaints and counterclaims in conciliation court subject to the filing of an inability to pay affidavit.

Subd. 6. [NOTICE OF HEARING.] A hearing must be held within ten to 14 days of the day a tenant deposits rent with the court administrator. If the cost of remedying the violation, as estimated by the tenant, is within the jurisdictional limit for conciliation court, the court administrator shall notify the owner and the tenant of the time and place of the hearing by first class mail. The tenant shall provide the court administrator with the owner's name and address. If under section 504.22, the owner has disclosed a post office box as the owner's address, then notice of the hearing may be mailed to the post office box. If the cost of remedying the violation, as estimated by the tenant, is above the jurisdictional limit for conciliation court, the tenant shall serve the notice of hearing according to the rules of civil procedure. The notice of hearing must specify the amount the tenant has deposited with the court administrator and must inform the owner that possession of the premises will not be an issue at the hearing unless the owner files a counter claim for possession or an action under sections 566.01 to 566.17.

Subd. 7. [RELEASE OF RENT PRIOR TO HEARING.] If the tenant gives written notice to the court administrator that the code violation has been remedied, the court administrator shall release the rent to the owner and, unless the hearing has been consolidated with another action pending in housing court, shall cancel the hearing. If the tenant and the owner enter into a written agreement signed by both parties apportioning the rent between them, the court administrator shall release the rent in accordance with the written agreement and cancel the hearing.

Subd. 8. [CONSOLIDATION WITH UNLAWFUL DETAINER.] Actions under this section and actions in unlawful detainer brought under sections 566.01 to 566.17 that involve the same parties must be consolidated and heard on the date scheduled for the unlawful detainer.

Subd. 9. [HEARING.] The hearing shall be conducted by a court without a jury. A certified copy of an inspection report meets the requirements of Rule 803(8) of the Rules of Evidence as an exception to the rule against hearsay, and meets the requirements of Rules 901 and 902 of the Rules of Evidence as to authentication.

Subd. 10. [JUDGMENT.] (a) Upon finding that a violation exists, the court may, in its discretion, do any or all of the following:

(1) order relief as provided in section 566.25, paragraph (a), (b), (d), or (e), including retroactive rent abatement;

(2) order that all or a portion of the rent in escrow be released for the purpose of remedying the violation;

(3) order that rent be deposited with the court as it becomes due to the owner or abate future rent until the owner remedies the violation; or

(4) impose fines as required in section 19.

(b) When a proceeding under this section has been consolidated with a counterclaim for possession or an action in unlawful detainer under sections 566.01 to 566.17, and the owner prevails, the tenant may redeem the tenancy as provided in section 504.02.

(c) When a proceeding under this section has been consolidated with a counterclaim for possession or an action under an unlawful detainer under sections 566.01 to 566.17 on the grounds of nonpayment, the court may not require the tenant to pay the owner's filing fee as a condition of retaining possession of the premises when the tenant has deposited with the court the full amount of money found by the court to be owing the owner.

Subd. 11. [RELEASE OF RENT AFTER HEARING.] Upon finding, after a hearing on the matter has been held, that no violation exists in the building, or that the tenant did not deposit the full amount of rent due with the court administrator, the court shall order the immediate release of the rent to the owner. Upon finding that a violation existed but was remedied between the commencement of the action and the hearing, the court may order rent abatement and shall release the rent to the parties accordingly. Any rent found owing the tenant must be released to the tenant.

Subd. 12. [RETIATION; WAIVER; RIGHTS AS ADDITIONAL.] The provisions of section 566.28 apply to proceedings under this section. The tenant rights under this section may not be waived or modified and are in addition to and do not limit other rights or remedies which may be available to the tenant and owner, except as provided in subdivision 2.

Sec. 19. [566.36] [VIOLATIONS OF BUILDING REPAIR ORDERS.]

Subdivision 1. [DEFINITIONS.] The definitions in section 566.18, apply to subdivision 2.

Subd. 2. [NONCOMPLIANCE; FINES.] Upon finding an owner has failed to comply with a court order for building repairs, the court shall fine the owner according to the following schedule:

(1) \$250 for the first violation of a court order;

(2) \$500 for the second violation of the same court order; and

(3) \$750 for the third and subsequent violations of the same court order.

The court must find that there has been a willful disregard of a court order before a fine may be imposed. An owner fined twice in a period of three years for failure to comply with a court order for repairs on any building owned is guilty of a gross misdemeanor for a third or subsequent violation and may be sentenced accordingly.

Subd. 3. [FINES COLLECTED.] Fines collected under this section in Hennepin county must be used for expenses of the district court, fourth judicial district, and housing calendar consolidation project. Fines collected under this section in Ramsey county must be used for expenses of the district court, second judicial district, and housing calendar consolidation project.

Sec. 20. [DEMONSTRATION PROJECTS.]

The establishment of the housing calendar consolidation project under section 17, is a demonstration project to evaluate the effectiveness of coordinating the adjudication of all housing-related cases in one court.

Sec. 21. [APPROPRIATION; HOUSING CALENDAR PILOT PROJECT.]

\$ is appropriated from the general fund to the state court administrator to distribute to the second and fourth judicial districts to administer section 17, and \$ is appropriated to the state court administrator for evaluation of the housing calendar project under section 17, subdivision 8, to be available until July 1, 1991.

Sec. 22. [REPEALER.]

Sections 17 and 19, subdivision 3, are repealed August 1, 1992.

ARTICLE 3

RENTAL TO HOMEOWNERSHIP CONVERSION PROGRAM

Section 1. [462A.055] [RENTAL TO HOMEOWNERSHIP CONVERSION PROGRAM.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] The agency may establish a program to assist low- and moderate-income renters to become homebuyers. The agency may provide funding to a city that has developed a plan to assist potential homebuyers in designated

areas of the city. The program should be used to assist in stabilizing neighborhoods by increasing the number of owner occupied housing units.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(a) "City" means a home rule charter or statutory city, a housing and redevelopment authority, or other development entity responsible for housing activities established under chapter 469 or by special law.

(b) "Homebuyer" means a low- or moderate-income individual or family who has not owned a residential dwelling which the homebuyer has occupied as a principal dwelling at any time during the past three years. The three year limit does not apply to a person who has been divorced during that period.

(c) "Housing dwelling" means a residential housing structure of three units or less that will be occupied by the homebuyer as the homebuyer's principal place of residence.

(d) "Lease-sale agreement" means an agreement with a potential homebuyer where the city or an organization contracting with the city agrees to lease a housing dwelling to a potential homebuyer for a specified period of time at the end of which period the potential homebuyer will purchase the housing dwelling.

(e) "Organization" is a local unit of government or a for-profit or nonprofit organization, including neighborhood based organizations, that has met criteria established by the agency to administer the program or to provide services to homebuyers under the program.

(f) "Program" means the rental to homeownership conversion program established under this section.

Subd. 3. [GRANTS.] The agency may award grants to cities that have submitted to the agency a homeownership plan required under subdivision 6. Total grants to any one city may not exceed \$2,000,000 in any one year. Grant money may only be used for the eligible costs stated in subdivision 8.

Any grant funds repaid to the city must be used by the city for the purposes of this section, or must be returned to the agency.

Subd. 4. [DUTIES OF THE AGENCY.] The agency shall:

(1) establish criteria for cities to follow when selecting organiza-

tions to administer the program or to provide services to homebuyers;

(2) establish income and other eligibility guidelines for homebuyers under the program; the income guidelines may vary by geographic area;

(3) establish limits, eligibility criteria, and other guidelines relating to the eligible costs under subdivision 8;

(4) establish requirements that cities must follow when entering into a contractual agreement with a homebuyer including, but not limited to, loan terms, maximum interest rates, repurchase conditions, rental payments under lease-sale agreements, and foreclosure requirements;

(5) review and approve each homeownership plan and modifications to the plan submitted by the city;

(6) establish specific requirements for all contracts and other agreements related to the program; and

(7) establish guidelines for the allocation of grants among cities submitting homeownership plans, and for the subsequent reallocation of funds, should such reallocation become necessary.

Subd. 5. [DUTIES OF THE CITY.] The city shall:

(1) prepare a homeownership plan under subdivision 6;

(2) provide for the administration of the program, either directly or by selecting and contracting with organizations to administer the entire program or to provide certain services to homebuyers under the program. Administration responsibilities may include:

(i) selection and acquisition of housing dwellings;

(ii) sale of housing dwellings to homebuyers or execution of lease-sale agreements with potential homebuyers under guidelines established by the agency; and

(iii) provision of homeownership training and assistance services to homebuyers;

(3) attempt to leverage grant money provided under this section with money from other sources including city, foundation, and other nonpublic entities; and

(4) monitor or ensure the monitoring of homebuyers under the program to determine if they:

(i) continue to meet the financial requirements of any contractual agreements under the program; and

(ii) continue to function successfully and independently as homebuyers.

Subd. 6. [HOMEOWNERSHIP PLAN.] (a) The city shall develop a homeownership plan that demonstrates how grant money provided under this section would be used in the city. The plan must include at least the following:

(1) a description of the designated areas of the city where the grant money will be used;

(2) a description of the criteria the city will use to select organizations to administer the program or to provide services under the program;

(3) a description of the eligibility requirements the city or organizations will use to select potential homebuyers;

(4) a description of the assistance that the city and organizations plan to use to assist homebuyers in gaining home management skills and other skills to become self-sufficient; and to continue to function successfully and independently as homebuyers.

(5) a description of citizen participation in developing the plan;

(6) a description of the types of housing dwellings that will likely be converted from rental units to owner occupied housing dwellings under the program;

(7) a projected financial plan for the use of the funds including the types of expenditures described in subdivision 8 that will be made in implementing the plan; and

(8) any other information the agency determines is necessary to carry out the program.

Any major modifications to the plan must be approved by the agency.

(b) The city must develop a citizen participation process to involve residents of the designated areas and other city residents in the development of the plan. The citizen participation process must include a public hearing. The city council shall formally adopt the plan and submit it to the agency as part of the application for the grants awarded under subdivision 3.

The city shall also develop an ongoing review mechanism that monitors the progress of the program. The mechanism may include the participation of residents of the designated areas.

Subd. 7. [TYPES OF FINANCIAL ASSISTANCE PROVIDED TO HOMEBUYERS.] The following types of financial assistance may be provided to homebuyers under this program according to the needs of each homebuyer and based on criteria and standards adopted by the agency:

(1) direct loans to homebuyers where the city has determined that the homebuyer does not qualify for loans from other public and private financing programs;

(2) loan payment subsidies which may include direct payment subsidies, interest rate subsidies or buydowns, mortgage participation, or other assistance;

(3) rent subsidies for homebuyers that have entered into a lease-sale agreement; and

(4) emergency assistance.

Financial assistance provided to recipients of aid to families with dependent children must be provided as in-kind services. To the extent possible under federal law, the assistance provided under this section shall not be considered income under the food stamp or energy assistance programs.

A portion of the rent paid under a lease-sale agreement may be a contribution to the down payment for the purchase of the housing dwelling.

Subd. 8. [ELIGIBLE EXPENDITURES OF GRANT MONEY.] The city may use the grant money received under subdivision 3 under guidelines established by the agency for the following purposes:

(1) costs associated with the acquisition, rehabilitation, and resale of housing dwellings purchased by the city for the purpose of selling to eligible homebuyers; and

(2) payment of financial assistance to homebuyers, or others on the behalf of the homebuyer, as provided in subdivision 7.

With respect to any one housing dwelling, the city may not spend grant money received under subdivision 3 in an amount that exceeds 65 percent of the maximum mortgage amount for existing dwellings as established by the Federal Housing Administration. In addition, a minimum of 75 percent of the grant money expended

with respect to a housing dwelling must be repaid to the grant fund and be used in accordance with the provisions of subdivision 3.

No more than 15 percent of the grant awarded under subdivision 3 may be used for the administrative and other program-related costs incurred by the city or organization the city has contracted with to administer the program.

Subd. 9. [REPORTS.] Each city that receives a grant under this section shall submit an annual report to the agency by December 1 of each year that describes the use of grant funds received under this section. The report must include a description of the number of housing dwellings acquired, the number of housing dwellings purchased by homebuyers, a list of organizations the city contracted with for the program and the services they provided, and any other information required by the agency.

Sec. 2. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 15. [RENTAL TO HOMEOWNERSHIP CONVERSION PROGRAM.] It may make grants to local units of governments for a rental to homeownership conversion program under section 1, and may pay the costs and expenses necessary and incidental to this grant program.

Sec. 3. [APPROPRIATION.]

\$10,000,000 is appropriated from the general fund to the Minnesota housing finance agency for the rental to homeownership conversion program under section 1.

ARTICLE 4

YOUTH EMPLOYMENT AND HOUSING PROGRAM

Section 1. Minnesota Statutes 1988, section 268.361, subdivision 4, is amended to read:

Subd. 4. [ELIGIBLE ORGANIZATION.] "Eligible organization" means a public agency or a nonprofit organization that can demonstrate an ability to design implement a program for education and training services provided to targeted youth. Eligible organizations may include local jurisdictions, public school districts, private non-sectarian schools, post-secondary educational institutes, alternative schools, community groups, and labor organizations.

Sec. 2. Minnesota Statutes 1988, section 268.361, is amended by adding a subdivision to read:

Subd. 4a. [PROGRAM.] "Program" means the services and activities performed or contracted for by an eligible organization for which a grant has been received or for which a grant application has been submitted to the commissioner.

Sec. 3. Minnesota Statutes 1988, section 268.362, is amended to read:

268.362 [PLANNING GRANTS.]

The commissioner shall make grants of up to \$20,000 to eligible organizations for the design of programs to provide education and training services to targeted youth. The purpose of these programs is to provide specialized training and work experience to at-risk targeted youth who have not been served effectively by the current educational system. The programs are to be designed to include a work experience component with work projects that result in the rehabilitation or construction of residential units for the homeless. Two or more eligible organizations may jointly apply for a planning grant. The commissioner shall administer the grant program.

Interested eligible organizations must apply to the commissioner for the grants. The advisory committee must review the applications and provide to the commissioner a list of recommended eligible organizations that the advisory committee determines meet the requirements for receiving a planning grant. The commissioner shall select from the committee's list at least four organizations to receive the planning grants with at least one organization located in each of the cities of Minneapolis and St. Paul and two organizations located outside the metropolitan area defined in section 473.121, subdivision 2.

Sec. 4. Minnesota Statutes 1988, section 268.364, is amended to read:

268.364 [PROGRAM PURPOSE AND DESIGN.]

Subdivision 1. [PROGRAM PURPOSE.] The grants awarded under section 268.362 are for the design of a youth employment and training program directed at targeted youth who are likely to be at risk of not completing their high school education. Each program design must include education, work experience, and job skills components.

Subd. 2. [EDUCATION COMPONENT.] A program design must contain an education component that requires program participants who have not completed to complete their secondary education to be

enrolled in a traditional public or private secondary school, a suitable alternative school setting, or a GED program. Program participants must be working toward the completion of their secondary education or literacy advancement.

Subd. 3. [WORK EXPERIENCE COMPONENT.] A work experience component must be included in each program design. The work experience component must provide vocational skills training in an industry where there is a viable expectation of job opportunities and a training subsidy or stipend may be provided to program participants. The wage or stipend must be provided to participants who are recipients of public assistance in a manner or amount which will not reduce public assistance benefits. The work experience component must be designed so that work projects result in the expansion or improvement of residential units for homeless persons and very low income families, and must include direct supervision by individuals skilled in each specific vocation. The program design must include an examination of how Program participants may earn credits toward the completion of their secondary education from their participation in the work experience component.

Subd. 4. [JOB READINESS SKILLS COMPONENT.] A job readiness skills component must be included in each program design. The component must provide program participants with job search skills, placement assistance, and other job readiness skills to ensure that participants will be able to compete in the employment market.

Subd. 5. [ELIGIBLE PROGRAM PROVIDERS.] A program design must include the examination of the types of organizations that would administer and operate the program. The types of organizations examined must include public school districts, private nonsectarian schools, alternative schools, local jurisdictions, housing related groups, community groups, and labor organizations, or a joint effort among two or more of these organizations.

Sec. 5. Minnesota Statutes 1988, section 268.365, is amended to read:

268.365 [HOUSING FOR HOMELESS.]

Subdivision 1. [WORK PROJECT REQUIREMENT.] The work experience component of the youth employment and training program described in section 268.364 must include work projects that provide residential units through construction or, rehabilitation, or improvement for the homeless and families with very low incomes.

Subd. 2. [PRIORITY FOR HOUSING.] Any residential units that become available through the employment and training program must be allocated in the following order:

- (1) homeless families with at least one dependent;
- (2) other homeless individuals;
- (3) other very low income families and individuals; and
- (4) families or individuals that receive public assistance and that do not qualify in any other priority group.

Subd. 3. [ACQUISITION OF HOUSING UNITS.] The program design must include an examination of the means of acquiring eligible organization receiving a grant under section 268.362 shall acquire property or buildings for the construction or rehabilitation of residential units at the lowest possible cost. The examination must include the review of Possible sources of property and funding through federal, state, or local agencies, including include the federal Department of Housing and Urban Development, Farmers Home Administration, Minnesota housing finance agency, and the local housing authority.

Subd. 4. [MANAGEMENT OF RESIDENTIAL UNITS.] The program design must address how to manage these residential units, including the source of financing for the maintenance costs of the buildings. Any management plan must include the participation of the residents and local established neighborhood groups.

Sec. 6. Minnesota Statutes 1988, section 268.366, is amended to read:

268.366 [REQUIREMENTS OF ORGANIZATIONS RECEIVING GRANTS.]

An organization that is awarded a planning grant under section 268.362 shall prepare and submit a annual report to the commissioner by January 15, 1989 September 1 of each year. The report must address each include a discussion of the following:

- (1) the method process used for encouraging the participation of the targeted youth in the geographic area surrounding the organization receiving the grant;
- (2) the support services and social services that targeted youth require and the means of providing those services to program participants received under the program. Services may include client needs assessment, preemployment skills such as basic job skills and behavior, and intermediate needs such as education and chemical dependency treatment;
- (3) the type and degree of work experience that program partici-

pants ~~must participate in~~ received, including real work experience in both vocational and nonvocational settings;

(4) the amount of training subsidy or stipend that each participant ~~should receive~~ received while participating in the work experience component. The subsidy or stipend must reflect prevailing wage and benefits standards appropriate for preapprenticeship training unless a participant's receipt of public assistance is affected. The subsidy or stipend should be structured to include incentives for progress toward increasing job skills and completing secondary education;

(5) the ~~identification and~~ means of providing the necessary job readiness skills ~~so that~~ to program participants who have completed the work experience and educational components of the program ~~may have~~ so they have the ability to compete in the job market. These job search skills may include skills assessment, job search and selection, application preparation and assistance in preparing for job interviews;

(6) the methods that ~~may~~ be used to assist in placing program participants in suitable employment. The methods should include means of involving state government, businesses, labor organizations, community groups, and local jurisdictions in assisting in the placement;

(7) ~~a plan~~ the process used for evaluating the program, including the necessary data elements that ~~must~~ be collected from program participants after they have completed the program to ~~monitor~~ monitor for monitoring the success of the program;

(8) the method used to maximize parental involvement in the program;

(9) the ~~identification of~~ existing public and private programs that ~~may be~~ were utilized by the program to avoid duplication of services;

(10) the ~~identification of~~ regional characteristics that ~~may affect~~ affected the operation of the program in the specific region where the organization is located;

(11) the ~~identification and~~ means of addressing the special needs of priority groups of targeted youth, ~~which groups may include~~ including:

(i) persons who are responsible for at least one dependent;

(ii) persons who are pregnant;

(iii) persons who are or have been subject to any stage of the criminal justice system and who may benefit from receiving employ-

ment and training services in overcoming barriers to employment resulting from a record of arrest or conviction;

(iv) persons receiving income maintenance services and social services, including chemical dependency treatment, vocational rehabilitation services, and protection services;

(v) persons who reside on a farm who personally derive or whose family derives a substantial portion of their income from farming, lack nonfarm work skills, or have limited access to vocational education or work experience opportunities;

(vi) homeless youth; and

(vii) minors who that are not financially dependent on a parent or a guardian;

(12) ~~cost~~ estimates costs for each of the components of the program; and

(13) the identification of the funding sources other than state appropriations that ~~may be~~ were used to support the program.

Sec. 7. Minnesota Statutes 1988, section 268.367, is amended to read:

268.367 [REPORT.]

The commissioner shall prepare and submit ~~a~~ an annual report to the legislature and the governor by ~~February~~ January 15, 1989 of each year, that outlines the various program designs summarizes the annual reports submitted by the organizations that received planning grants. The report ~~must~~ may also include recommendations on which components of the improving the program designs are most suitable to meeting to better meet the needs of targeted youth. The advisory committee must participate in the preparation of this report and in the formulation of the any recommendations.

Sec. 8. [1990 REPORT.]

The annual report for 1990 required under Minnesota Statutes, section 268.367, must include specific recommendations on whether the program should be continued on a permanent basis and, if continued, the state agency that should administer the program. In preparing this report and the recommendations, the commissioner of the state planning agency must consult with the eligible organizations receiving grants under section 9 and the advisory committee.

Sec. 9. [DEMONSTRATION GRANTS.]

Notwithstanding Minnesota Statutes, section 268.362, the commissioner of the state planning agency shall award demonstration grants to eligible organizations, as defined in Minnesota Statutes, section 268.361, subdivision 4, based on criteria established in the report required under Laws 1988, chapter 686, article 3, section 7.

Sec. 10. [APPROPRIATION.]

\$ is appropriated from the general fund for the biennium ending June 30, 1991, to the commissioner of the state planning agency for the demonstration grants under section 9.

ARTICLE 5

YEAR OF THE CITY

Section 1. [469.201] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 8.

Subd. 2. [CITY.] "City" means a city of the first class as defined in section 410.01. For each city, a port authority, housing and redevelopment authority, or other agency or instrumentality, the jurisdiction of which is the territory of the city, is included within the meaning of city.

Subd. 3. [CITY COUNCIL.] "City council" means the city council of a city as defined in subdivision 2.

Subd. 4. [CITY MATCHING MONEY.] (a) "City matching money" means the money of a city specified in a revitalization program. The sources of city matching money may include:

(1) money from the general fund or a special fund of a city used to implement a revitalization program;

(2) money paid or repaid to a city from the proceeds of a grant that a city has received from the federal government, a profit or nonprofit corporation, or another entity or individual, that is to be used to implement a revitalization program;

(3) tax increments received by a city under sections 469.174 to 469.179 or other law, if eligible, to be spent in the targeted neighborhood;

(4) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal

property that a city contributes, grants, leases, or loans to a for-profit or nonprofit corporation, or other entity or individual in connection with the implementation of a revitalization program;

(5) city money to be used to acquire, install, reinstall, repair, or improve the infrastructure facilities of a targeted neighborhood;

(6) money contributed by a city to pay issuance costs, fund bond reserves, or to otherwise provide financial support for revenue bonds or obligations issued by a city for a project or program related to the implementation of a revitalization program;

(7) money derived from fees received by a city in connection with its community development activities that are to be used in implementing a revitalization program;

(8) money derived from the apportionment to the city under section 162.14, or by special law and expended in a targeted neighborhood for an activity related to the revitalization program;

(9) administrative expenses of the city that are incurred in connection with the planning, implementation, or reporting requirements of sections 1 to 8.

(b) City matching money does not include:

(1) city money used to provide a service or exercise a function that is ordinarily provided throughout the city, unless an increased level of the service or function is to be provided in a targeted neighborhood in accordance with a revitalization program;

(2) the proceeds of bonds issued by the city under chapter 462C or this chapter, and payable solely from repayments made by one or more nongovernmental persons in consideration for the financing provided by the bonds; or

(3) money given by the state to fund any part of the revitalization program.

Subd. 5. [CITY URBAN REVITALIZATION ACTION PROGRAM REVIEW BOARD; REVIEW BOARD.] “City urban revitalization action program review board” or “review board” means the board established under section 3, subdivision 5.

Subd. 6. [COMMISSIONER.] “Commissioner” means the commissioner of trade and economic development.

Subd. 7. [HOUSING ACTIVITIES.] “Housing activities” includes any work or undertaking to provide housing and related services and amenities primarily for persons and families of low- or moder-

ate-income. This work or undertaking may include the planning of buildings and improvements; the acquisition of real property which may be needed immediately or in the future for housing purposes and the demolition of any existing improvements; the construction, reconstruction, alteration, and repair of new and existing buildings; the provision of all equipment, facilities, and other real or personal property for necessary, convenient, or desirable appurtenances, streets, sewers except for those associated with combined sewer overflow projects, water service, utilities, site preparation, landscaping, and administrative, community health, recreation, welfare, or other purposes; and all related financing and operational activities. "Housing activities" also includes the provision of a housing rehabilitation and energy improvement loan and grant program with respect to any residential property located within the targeted neighborhood, the cost of relocation relating to acquiring property for housing activities, and programs authorized by chapter 462C.

Subd. 8. [LOST UNIT.] "Lost unit" means a rental housing unit that is lost as a result of revitalization activities because it is demolished, converted to an owner-occupied unit that is not a cooperative, converted to a nonresidential use, or because the gross rent to be charged exceeds 125 percent of the gross rent charged for the unit six months before the start of rehabilitation.

Subd. 9. [PERSONS AND FAMILIES OF LOW INCOME.] "Persons and families of low income" means persons and families of low income as defined in section 469.002, subdivision 17.

Subd. 10. [PERSONS AND FAMILIES OF MODERATE INCOME.] "Persons and families of moderate income" means persons and families of moderate income as defined in section 469.002, subdivision 18.

Subd. 11. [TARGETED NEIGHBORHOOD.] "Targeted neighborhood" means an area including one or more census tracts as determined and measured by the Bureau of Census of the United States Department of Commerce that a city council determines in a resolution adopted under section 2, subdivision 1, meets the criteria of section 2, subdivision 2, and any additional area designated under section 2, subdivision 3.

Subd. 12. [TARGETED NEIGHBORHOOD MONEY.] "Targeted neighborhood money" means the money designated in the revitalization program to be used to implement the revitalization program.

Subd. 13. [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM.] "Targeted neighborhood revitalization and financing program," "revitalization program," or "program" means the targeted neighborhood revitalization and financing program adopted in accordance with section 3.

Sec. 2. [469.202] [DESIGNATION OF TARGETED NEIGHBORHOODS.]

Subdivision 1. [CITY AUTHORITY.] A city may by resolution designate targeted neighborhoods within its borders after adopting detailed findings that the designated neighborhoods meet the eligibility requirements in subdivision 2 or 3.

Subd. 2. [ELIGIBILITY REQUIREMENTS FOR TARGETED NEIGHBORHOODS.] An area within a city is eligible for designation as a targeted neighborhood if the area meets two of the following three criteria:

(a) The area had an unemployment rate that was twice the unemployment rate for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the most recently available federal decennial census.

(b) The median household income in the area was no more than half the median household income for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the most recently available federal decennial census.

(c) The area is characterized by residential dwelling units in need of substantial rehabilitation. An area qualifies under this paragraph if 25 percent or more of the residential dwelling units are in substandard condition as determined by the city or 70 percent or more of the residential dwelling units in the area were built before 1940 as determined by the most recently available federal decennial census.

Subd. 3. [ADDITIONAL AREA ELIGIBLE FOR INCLUSION IN TARGETED NEIGHBORHOOD.] (a) A city may add to the area designated as a targeted neighborhood under subdivision 2 additional area extending up to four contiguous city blocks in all directions from the designated targeted neighborhood. For the purpose of this subdivision, "city block" has the meaning determined by the city; or

(b) The city may enlarge the targeted neighborhood to include portions of a census tract that is contiguous to a targeted neighborhood, provided that the city council first determines the additional area satisfies two of the three criteria in subdivision 2.

Sec. 3. [469.203] [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM REQUIREMENTS.]

Subdivision 1. [COMPREHENSIVE REVITALIZATION AND FINANCING PROGRAM.] For each targeted neighborhood for which a city requests state financial assistance under section 4, the city

shall prepare a comprehensive revitalization and financing program that includes the following:

(1) the revitalization objectives of the city for the targeted neighborhood;

(2) the specific activities or means by which the city intends to pursue and implement the revitalization objectives;

(3) the extent to which the activities identified in clause (2) will benefit low- and moderate-income families, will alleviate the blighted condition of the targeted neighborhood, or will otherwise assist in the revitalization of the targeted neighborhood;

(4) a statement of the intended outcomes to be achieved by implementation of the revitalization program, how the outcomes will be measured both qualitatively and quantitatively, and the estimated time over which they will occur;

(5) a description of the process to involve the residents of the targeted neighborhood in the preparation and implementation of the program; and

(6) a financing program and budget that identifies the financial resources necessary to implement the revitalization program, including:

(i) the estimated total cost to implement the revitalization program;

(ii) the estimated cost to implement each activity in the revitalization program identified in clause (2);

(iii) the estimated amount of financial resources that will be available from all sources other than from the appropriation available under section 4 to implement the revitalization program, including the amount of private investment expected to result from the use of public money in the targeted neighborhood;

(iv) the estimated amount of the appropriation available under section 4 that will be necessary to implement the revitalization program;

(v) a description of the activities identified in the revitalization program for which the state appropriation will be committed or spent; and

(vi) a statement of how the city intends to meet the requirement for a financial contribution from city matching money in accordance with section 4, subdivision 3.

Subd. 2. [TARGETED NEIGHBORHOOD PARTICIPATION IN PREPARING REVITALIZATION PROGRAM.] A city requesting state financial assistance under section 4 shall adopt a process to involve the residents of targeted neighborhoods in the planning, development, drafting, and implementation of the revitalization program. As part of the process, the city must ensure that this community-based process has sufficient resources to assist in the development of the revitalization program. The process to involve residents of the targeted neighborhood must include at least one public hearing. The city of Minneapolis shall establish the process as outlined in subdivisions 3 and 4. The cities of St. Paul and Duluth must establish the process outlined in subdivision 5.

Subd. 3. [COMMUNITY PARTICIPATION; MINNEAPOLIS.] (a) The city of Minneapolis shall adopt a process to involve the residents in targeted neighborhoods and assisted housing in planning, developing, and implementing the program. As part of this process, the city of Minneapolis shall ensure that this community-based process has sufficient resources to assist in the development of the program and that the advisory board is established.

(b) Beginning with the program for 1991, each targeted neighborhood or group of targeted neighborhoods in the city of Minneapolis must have a strategic planning group whose members include residents of the targeted neighborhood and representatives of institutions in the neighborhood. The group must, as part of its responsibilities, develop a strategic plan for the neighborhood. This strategic plan must include the elements that the planning group recommends as part of the program. The strategic plan must also address how the targeted neighborhood portions of the community resources program will be integrated with the elements that are recommended to be included as part of the community resources program. The groups must be the same strategic planning groups established for the community resources program.

(c) The city of Minneapolis must ensure that the strategic planning group required under paragraph (b) is established. An existing group or organization that reflects the required membership under paragraph (b) may be designated as the strategic planning group. The city of Minneapolis may provide financial and staff resources to ensure the establishment of the strategic planning groups, and may use part of the money received from the state under section 4 to assist in the establishment of the targeted neighborhood strategic planning groups.

(d) As part of the process for the development of the program, each targeted neighborhood strategic planning group must submit recommendations for the revitalization program to the city and the advisory board established under paragraph (e).

(e) The city of Minneapolis must establish a urban revitalization

action program advisory board to assist the city of Minneapolis in developing and implementing the preliminary revitalization program. The advisory board must consist of at least two representatives of the city council appointed by the city council, one or more for-profit or nonprofit housing developers, one or more representatives of the business community appointed by the city's chamber of commerce, and representatives of the targeted neighborhoods. The representatives of the targeted neighborhoods must represent a majority of the membership of the advisory board and reflect the geographic, cultural, racial, and ethnic diversity of the targeted neighborhoods. The city of Minneapolis may determine the size of the advisory board and may designate an existing entity as the advisory board if the entity meets the membership requirements outlined in this subdivision.

(f) The advisory board shall work closely with city staff in developing and drafting the preliminary revitalization program. The advisory board shall be involved in assessing needs, prioritizing funds, and developing criteria for evaluating program proposals. In developing the preliminary program, the advisory board shall give priority to the recommendations made by the targeted neighborhood strategic planning groups.

(g) The advisory board shall conduct a public hearing and secure input from residents of targeted neighborhoods, business persons, governmental units affected by the program, and other organizations and persons.

(h) The advisory board may make any changes to the preliminary program resulting from testimony given at the public hearing. The advisory board shall formally recommend to the city council a preliminary revitalization program.

Subd. 4. [CITY OF MINNEAPOLIS APPROVAL.] (a) Before adoption of a revitalization program under clause (b) the city of Minneapolis shall submit a draft program to the commissioner, the Minnesota housing finance agency, and the state planning agency for their comments. The city may not adopt the revitalization program until comments have been received from the state agencies or 30 days have elapsed without response after the program was sent to them. Comments received by the city from the state agencies within the 30-day period must be responded to in writing by the city before adoption of the program by the city.

(b) The city of Minneapolis may adopt a revitalization program only after holding a public hearing after the program has been prepared. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing.

(c) A certification by the city of Minneapolis that a revitalization program has been approved by the city council for the targeted neighborhood must be provided to the commissioner together with a copy of the program. A copy of the program must also be provided to the Minnesota housing finance agency and the state planning agency.

(d) A revitalization program for the city of Minneapolis may be modified at any time by the city council after a public hearing, notice of which is published in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing. If the city council determines that the proposed modification is a significant modification to the program originally certified under clause (c), it must implement the revitalization program approval and certification process of this subdivision for the proposed modification.

Subd. 5. [CITIES OF ST. PAUL AND DULUTH APPROVAL.] (a) The cities of St. Paul and Duluth may approve the preliminary revitalization program developed through a process that includes the citizen participation required under subdivision 2 only after holding a public hearing. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhoods not less than ten days nor more than 30 days before the date of the hearing. After the public hearing and after the city has incorporated any changes into the preliminary program as a result of the public hearing, the city may approve the preliminary program and shall submit the approved preliminary program for final approval to the review board.

(b) After approval, the cities of St. Paul and Duluth shall submit the preliminary program to the commissioner, the Minnesota housing finance agency, and the state planning agency for their comments. The state agencies have 30 days to provide comments to the preliminary program. State agency comments must be submitted in writing to the review board.

(c) The cities of St. Paul and Duluth shall each establish a city urban revitalization action program review board whose purpose is to review the preliminary program submitted by the city, and approve all or portions of the program. The review board consists of two city council members who represent targeted neighborhoods, two members representing the city's business community appointed by the chamber of commerce representing businesses in the city, and three residents of targeted neighborhoods appointed by the city council. Two members of the house of representatives and one member of the state senate appointed by the city's legislative delegation shall be nonvoting members of the review board. Non-voting legislative members of the review board shall represent targeted neighborhoods. A member of the review board who is appointed as a targeted neighborhood resident may not be a member

of a formal community planning organization, an elected public official, or in any way be involved in preparing or implementing the program or any portion of the program.

The review board may require the city to contract for staff assistance in reviewing and approving the program. Persons who provide staff assistance to the review board may not be city employees or in any way involved in a formal or informal organization representing residents of a targeted neighborhood. The city may use state money available under section 4 to pay for the costs of staffing the review board.

(d) The review board shall review the city's preliminary program and approve all or portions of the program. In reviewing the program, the review board shall take into account any comments submitted by state agencies under paragraph (b). The review board may approve all of the preliminary program and submit it to the city council for certification under paragraph (e) or submit for certification only those specific portions of the program approved by the review board. If the review board does not approve a portion of the program, it shall specify in writing to the city the reasons for not approving that portion of the program and any recommendations for changes. If the review board determines that a portion of the program needs significant changes, it may require the city to implement the community participation process and state review under this subdivision for making changes to that portion of the program.

(e) The city council may, by formal resolution, certify only those portions of a program approved by the review board under paragraph (d). A certification by the city council that all or portions of a revitalization program has been approved by the review board must be provided to the commissioner together with a copy of the approved portions of the program. A copy of the approved portions of the program must be submitted to the Minnesota housing finance agency and the state planning agency.

(f) A revitalization program may be modified at any time by the city after a public hearing and approval by the review board. Notice of the public hearing must be published in a newspaper of general circulation in the city and in the targeted neighborhoods not less than ten days nor more than 30 days before the date of the hearing. If the review board determines that the proposed modification is a significant modification to the program originally certified under paragraph (e), it must require the implementation of the revitalization program approval and certification process under this subdivision for the proposed modification.

Sec. 4. [469.204] [PAYMENT; CITY MATCHING MONEY; DRAW-DOWN; USES OF STATE MONEY.]

Subdivision 1. [PAYMENT OF STATE MONEY.] Upon receipt from a city of a certification that all or portions of a revitalization program has been adopted or modified, the commissioner shall, within 30 days, pay to the city the amount of state money identified as necessary to implement those portions of the revitalization program or program modification that have been approved by the review board and certified by the city. State money may be paid to the city only to the extent that the appropriation limit for the city specified in subdivision 2 is not exceeded. Once the state money has been paid to the city, it becomes targeted neighborhood money for use by the city in accordance with an adopted revitalization program and subject only to the restrictions on its use in sections 1 to 8.

Subd. 2. [ALLOCATION.] Each city of the first class, as defined in section 410.01, may receive a part of the appropriations made available that is the proportion that the population of such city bears to the combined population of such cities of the first class. One city may agree to reduce its entitlement amount and to make it available to another city. For the purposes of this subdivision the population of each city is determined according to the most recent estimates available to the commissioner. Interest earned by a city from money paid to the city must be repaid to the commissioner annually unless the revitalization program identifies the interest as necessary to implement the revitalization program and the requirement for city matching money is satisfied with respect to the interest.

Subd. 3. [CITY MATCHING MONEY; DRAWDOWN AND RESTRICTION ON USE OF STATE MONEY.] A city may spend state money only if the revitalization program identifies city matching money to be used to implement the program in an amount equal to 25 percent of the state appropriation paid to the city. A city shall keep the state money in a segregated fund for accounting purposes.

Sec. 5. [469.205] [CITY POWERS AND ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.]

Subdivision 1. [CONSOLIDATION OF EXISTING POWERS IN TARGETED NEIGHBORHOODS.] A city may exercise any of its corporate powers within a targeted neighborhood. Those powers shall include, but not be limited to, all of the powers enumerated and granted to any city by chapters 462C, this chapter, and chapter 474A. For the purposes of sections 469.048 to 469.068, a targeted neighborhood is considered an industrial development district. A city may exercise the powers of sections 469.048 to 469.068 in conjunction with, and in addition to, exercising the powers granted by sections 469.001 to 469.047 and chapter 462C, in order to promote and assist housing construction and rehabilitation within a targeted neighborhood. For the purposes of section 462C.02, subdivision 9, a targeted neighborhood is considered a "targeted area."

Subd. 2. [COMMUNITY INITIATIVES PROGRAM.] For purposes of this subdivision, "community" means all or part of a targeted neighborhood. A city may establish as part of the revitalization program, a community initiatives program. A community initiatives program, in addition to the authority granted by other law, permits a city to set aside funds and to develop a process to request proposals for the purpose of making grants, loans, and other forms of public assistance to nonprofit organizations, including neighborhood organizations, representing community residents. Such an organization may also represent residents from a contiguous neighborhood. The grants, loans, or other forms of public assistance may be used for the planning or implementation of activities to be included in the revitalization program for the community. The grants, loans, or other forms of public assistance used must contain the terms the city considers proper to implement a revitalization program for the community.

Subd. 3. [GRANTS AND LOANS.] In addition to the authority granted by other law, a city may make grants, loans, and other forms of public assistance to individuals, for-profit and nonprofit corporations, and other organizations to implement a revitalization program. The public assistance must contain the terms the city considers proper to implement a revitalization program.

Subd. 4. [ADDITIONAL AUTHORITY.] In addition to the authority granted in subdivisions 1, 2, and 3, and in section 6; a city may expend up to ten percent of its targeted neighborhood money to fund the cost of implementing the provisions of sections 463.15 to 463.26 in areas of the city located outside the targeted neighborhood. If the city uses funds for such purposes, it must describe the use of the funds in the revitalization program.

Subd. 5. [ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.] The city may spend targeted neighborhood money for any purpose authorized by subdivision 1, 2, 3, or 4, or section 6 except that an amount equal to at least 50 percent of the state payment under section 4 made to the city must be used for housing activities. Use of target neighborhood money must be authorized in a revitalization program.

Sec. 6. [469.206] [URBAN HOMESTEADING PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A city may establish, as part of the revitalization program, an urban homesteading program under this section.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(a) "Contract for deed" is the agreement between the homebuyer and organization that meets the requirements of subdivision 8.

(b) “Neighborhood organization” or “organization” means a non-profit or cooperative organization or other organization designated by the city that demonstrates the capacity to perform the duties outlined in subdivision 5.

(c) “Eligible property” or “property” means a single family residential dwelling and surrounding property that is vacant, condemned, abandoned, or otherwise defined as eligible by the agency, which, if rehabilitated, will prevent or arrest the spread of blight as defined by the city.

(d) “Homebuyer” means an individual or family who has not owned a residential dwelling in the past three years and meets the definition of “at risk” established by the city under subdivision 4.

(e) “Designated home ownership area” or “designated area” means a specific four square block area where the acquisition, rehabilitation and sale of eligible properties may take place under this section.

(f) “Neighborhood volunteer resident advisory board” or “advisory board” means the board established by an organization under subdivision 6.

(g) “Program” means the urban homesteading program established in this section.

Subd. 3. [GRANTS.] The city may award grants of up to \$200,000 to neighborhood organizations. The grants must be used by the organization to buy eligible properties and pay for the costs of rehabilitating those properties. Up to \$30,000 of the grant award may be used for the administrative costs of the organization and for other costs associated with the acquisition and sale of properties under this program including the payment of taxes on the property during the period between the purchase and sale of the property.

Subd. 4. [CITY POWERS; DUTIES.] (a) The city shall:

(1) establish criteria for selecting which neighborhood organizations that apply for grants under this section receive the grants;

(2) establish criteria for targeting the program to homebuyers who are at risk which is defined to include families and individuals who are homeless, receiving public assistance, have recently experienced chemical abuse, are recently unemployed, are high school dropouts or otherwise have limited educational backgrounds, and other factors that might drive the family or individual away from becoming self-sufficient;

(3) establish the terms and provisions of the contract for deed under subdivision 8;

(4) establish the standards for being a good neighbor in consultation with other agencies and organizations. The good neighbor standards must include:

(i) attendance at home maintenance classes organized by the neighborhood organization;

(ii) continued maintenance of the property to insure that the property retains its value;

(iii) attendance at job training, chemical dependency services, educational programs, including progress toward a G.E.D., and other social services that would move the homebuyer toward self-sufficiency;

(iv) participation in neighborhood functions including assisting others in home maintenance; and

(v) that there is no reasonable evidence that the homebuyer is engaged in criminal activity;

(5) establish construction and safety standards for properties that have been rehabilitated that must be met prior to the organization selling the property to a homebuyer. These standards must ensure that there are not any expected major repairs necessary for at least five years;

(6) work with organizations in seeking waivers from building code requirements that may be barriers to providing affordable housing but do not jeopardize the structural integrity or safety of the property;

(7) monitor financial and other activities related to this program of the organizations that have received grants under this section including auditing the financial records of the organizations.

(b) The city may require that all contracts related to properties under the program, including the contract for deed under subdivision 8, be approved by the city before the execution of the contract. The city may also require appraisals of property under the program.

Subd. 5. [NEIGHBORHOOD ORGANIZATION; CAPACITY.] The neighborhood organization shall demonstrate to the city that it has the capacity to:

(1) organize and continue an ongoing relationship with the

neighborhood volunteer resident advisory boards required under subdivision 6;

(2) provide the necessary staff to administer the program on the neighborhood level for an extended period of time;

(3) link homebuyers who buy property under this program to social services that may be required to move the homebuyer toward self-sufficiency and to maintain the good neighbor provisions of the contract for deed under subdivision 8;

(4) select and acquire property that meets the requirements established for this program and contract with businesses or organizations for the rehabilitation of the property;

(5) raise funds or in-kind contributions from persons, foundations, government units, and businesses to assist in the funding for this program. In-kind contributions may include tools and equipment for the tool library and property at no or minimal cost to the organization;

(6) organize and maintain or arrange for a tool library for the lending of tools to homebuyers and other residents of the neighborhood area for the maintenance or improvement of their property;

(7) provide or arrange for classes on home maintenance and other topics relevant to homebuyers and other neighborhood residents; and

(8) monitor the progress of homebuyers who have acquired property under this section to determine if they maintain the good neighbor policies required under subdivision 8.

Subd. 6. [NEIGHBORHOOD VOLUNTEER RESIDENT ADVISORY BOARD.] Each neighborhood organization shall establish a neighborhood volunteer resident advisory board for each designated area. The advisory board must consist of residents of the designated area who reflect the racial composition of the area and who have demonstrated a commitment to strengthening their neighborhood and assisting homebuyers. At least 30 percent of the advisory board must be minority residents. The advisory board shall:

(1) recommend to the organization properties that may be acquired for the program in the designated area;

(2) consent to the purchase of properties by the organization for the program;

(3) recommend to the organization the selection of homebuyers;

(4) make recommendations for any termination of a contract for deed made under subdivision 11;

(5) assist and nurture the homebuyer by ensuring the homebuyer receives training in home maintenance and the necessary social services to move the homebuyer toward self-sufficiency; and

(6) assist the organization in monitoring the homebuyer's progress in maintaining the good neighborhood provisions of the contract for deed.

Subd. 7. [PURCHASE AND REHABILITATION.] A neighborhood organization may acquire up to five properties in a designated area with the consent of the advisory board for that area. The organization must rehabilitate these properties to the standards established by the city. All rehabilitation of the properties except menial labor must be contracted out to businesses or organizations experienced in rehabilitation of residential property. The total maximum cost of the acquisition, rehabilitation, closing costs, and back taxes must be no greater than \$50,000 per individual property.

Subd. 8. [SALE OF PROPERTY TO HOMEBUYER.] The neighborhood organization may sell rehabilitated property to homebuyers. The organization's selection of the homebuyer must have the recommendation of the advisory board in the designated area in which the property is located. The organization may not discriminate against the homebuyer in the sale of the property based on race or sex. A contract for deed agreement between the homebuyer and the organization must be entered into for each sale of property under this subdivision. The terms and other provisions of the contract for deed must be established by the city and the following requirements must be included in the contract:

(1) the organization shall retain title to the property until the entire purchase price is paid to the organization;

(2) the purchase price paid by the homebuyer must be equal to the total costs of acquiring and rehabilitating the property;

(3) no down payment or interest payment may be required of the homebuyer;

(4) the monthly payment may not exceed 30 percent of the homebuyer's gross monthly income and must be applied according to subdivision 9;

(5) the organization shall retain the option to require verification of a homebuyer's income;

(6) the organization shall retain the option to require escrow for

payment of property taxes, hazard insurance, and utilities; or the organization may require a verification that payments of property taxes, hazard insurance, and utilities have been made by the homeowner;

(7) the homebuyer may prepay the entire purchase price at any time during the term of the contract for deed and the title to the property must be transferred to the homeowner at the time of prepayment;

(8) the organization has the option to repurchase the property according to the terms established under subdivision 10;

(9) the homebuyer agrees to meet the good neighbor standards set by the city; and

(10) any other requirements established by the city that meet the requirements and purposes of this section.

Subd. 9. [APPLICATION OF CONTRACT FOR DEED PAYMENTS.] (a) The monthly payments required under subdivision 8 must be applied or distributed in the following order:

- (1) property taxes due on the property;
- (2) utility payments including electricity, heat, sewer, and water;
- (3) hazard insurance for the property;
- (4) reasonable administrative costs of the organization directly related to the property;
- (5) an escrow account for the maintenance and improvement to the property; and
- (6) a seed account maintained by the organization for further acquisition and rehabilitation of eligible properties under this program.

(b) The city may audit the financial records of the organization to determine if the organization is collecting reasonable administrative costs from the monthly payment.

(c) If the monthly payment is not sufficient to pay the property taxes, utility payments, and hazard insurance, the organization may use money from the seed account, money received from the grant award under subdivision 3, or other money of the organization to pay the difference. An amount equal to the amount that would offset the difference between the monthly payment and payments

for property taxes, utilities, and insurance must be added to the contract purchase price.

(d) If the monthly payment is not sufficient to pay the taxes, utilities, and hazard insurance, the homebuyer shall agree to work toward increasing the homebuyer's income so that monthly payments are sufficient to pay the taxes, utilities, and hazard insurance. If the organization determines that the homebuyer is not making sufficient effort to increase the homebuyer's income after one year, the organization may find that the homebuyer has failed to meet good neighbor standards and the contract for deed may be terminated.

Subd. 10. [RIGHT TO REPURCHASE.] The neighborhood organization has the option to repurchase the property if the homebuyer rents, assigns, vacates, transfers, or offers to sell the property within 20 years of the purchase of the property from the organization. This option to repurchase does not apply to a transfer of the property to a surviving joint tenant or heir of the homebuyer. If the organization chooses not to exercise its option to repurchase the property, the city may repurchase the property.

The repurchase price paid by the organization or the city under this subdivision must equal the sum of:

(1) the total amount paid by the homeowner to the organization under the contract for deed;

(2) the product of the amount in clause (1) and the increase in inflation based on the housing component of the federal Consumer Price Index;

(3) the value of any major improvements to the property that were paid directly by the homebuyer and were not part of the monthly payment required under subdivision 8; and

(4) the sweat equity the homeowner has contributed to the property.

The amount of the homebuyer's sweat equity will be determined annually between the organization and homebuyer and must be an amendment to the contract for deed required under subdivision 8. The total repurchase price may not exceed 150 percent of the amount in clause (1).

Subd. 11. [TERMINATION OF CONTRACT FOR DEED.] The contract for deed under subdivision 8 may be terminated by the neighborhood organization, upon the recommendation of the advisory board, if any of the following occurs:

(1) the homebuyer fails to make timely payments required by the contract for deed;

(2) the homebuyer refuses to provide verification of income at the request of the organization;

(3) the homebuyer fails to adequately maintain the property in compliance with all state, county, or municipal building, fire, health, or other codes and standards applicable to housing;

(4) the homebuyer is found to be guilty of a criminal action relating to controlled substances, firearms, assault, or other serious offenses as determined by the city; or

(5) the homebuyer fails to meet the good neighbor standards established by the city.

If the organization terminates the contract for deed, the homebuyer may be evicted from the property. The homebuyer is not entitled to any compensation for the payments made for the property when a contract for deed is terminated.

Subd. 12. [SUCCESSOR TO NEIGHBORHOOD ORGANIZATION.] If a neighborhood organization is dissolved for any purpose or if the city determines that the organization is unable to administer the program; the city is the legal successor in any properties and accounts related to the program, and all contracts, property, and liabilities of the organization related to the program are the contracts, property, and liabilities of the city.

Sec. 7. [469.207] [HAZARDOUS PROPERTY PENALTY.]

A city may assess a penalty up to one percent of the market value of real property, including any building located within the city that the city determines to be hazardous as defined in section 463.15, subdivision 3. The city shall send a written notice to the address to which the property tax statement is sent at least 90 days before it may assess the penalty. If the owner of the property has not paid the penalty and fixed the property within 90 days after receiving notice of the penalty, the penalty is considered delinquent and is increased by 25 percent each 60 days the penalty is not paid and the property remains hazardous. For the purposes of this section, a penalty that is delinquent is considered a delinquent property tax and subject to chapters 279, 280, and 281, in the same manner as delinquent property taxes.

If a property that has had a hazardous property penalty assessed against it under this section and is subsequently improved with, or otherwise benefits from, targeted neighborhood money, then an amount equal to the total penalty assessed against the property

under this section must be spent from the general fund of the city in the targeted neighborhood for purposes that meet the requirements of the program.

Sec. 8. [469.208] [ANNUAL AUDIT AND REPORT.]

Subdivision 1. [ANNUAL FINANCIAL AUDIT.] In 1989 and subsequent years, at the end of each calendar year, the legislative auditor shall conduct a financial audit to review the spending of state money under sections 1 to 7. Before spending state money to implement a revitalization program, the city must consult with the legislative auditor to determine appropriate accounting methods and principles that will assist the legislative auditor in conducting its financial audit. The results of the financial audit must be submitted to the legislative audit commission, the commissioner, the state planning agency, and the Minnesota housing finance agency.

Subd. 2. [ANNUAL REPORT.] A city that begins to implement a revitalization program in a calendar year must, by March 1 of the succeeding calendar year, provide a detailed report on the revitalization program or programs being implemented in the city. The report must describe the status of the program implementation and analyze whether the intended outcomes identified in section 3, subdivision 1, clause (4), are being achieved. The report must include at least the following:

(1) the number of housing units, including lost units, removed, created, lost, replaced, relocated, or assisted as a result of the program. The level of rent of the units and the income of the households affected must be included in the report;

(2) the number and type of commercial establishments removed, created, and assisted as a result of a revitalization program. The report must include information regarding the number of new jobs created by category, whether the jobs are full-time or part-time, and the salary or wage levels of both new and expanded jobs in the affected commercial establishments;

(3) a description of a statement of the cost of the public improvement projects that are part of the program and the number of jobs created per each \$20,000 of funds spent on commercial projects and applicable public improvement projects;

(4) the increase in the tax capacity for the city as a result of the assistance to commercial and housing assistance; and

(5) the amount of private investment that is a result of the use of public money in a targeted neighborhood.

The report must be submitted to the commissioner, the Minnesota housing finance agency, the state planning agency, and the legislative audit commission, and must be available to the public.

Sec. 9. Minnesota Statutes 1988, section 282.01, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATION; USE; EXCHANGE.] It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. All parcels of land becoming the property of the state in trust under the provisions of any law now existing or hereafter enacted declaring the forfeiture of lands to the state for taxes, shall be classified by the county board of the county wherein such parcels lie as conservation or nonconservation. Such classification shall be made with consideration, among other things, to the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. Such classification, furthermore, shall aid: to encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; to facilitate reduction of governmental expenditures; to conserve and develop the natural resources; and to foster and develop agriculture and other industries in the districts and places best suited thereto.

In making such classification the county board may make use of such data and information as may be made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing information pertinent thereto at the time such classification is made. Such lands may be reclassified from time to time as the county board may deem necessary or desirable, except as to conservation lands held by the state free from any trust in favor of any taxing district.

If any such lands are located within the boundaries of any organized town, with taxable valuation in excess of \$20,000, or incorporated municipality, the classification or reclassification and sale shall first be approved by the town board of such town or the governing body of such municipality insofar as the lands located therein are concerned. The town board of the town or the governing body of the municipality will be deemed to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 90 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire

any parcel lying in the town or municipality by procedures authorized in this subdivision, it shall, within 90 days of the request for classification or reclassification and sale, file a written application with the county board to withhold the parcel from public sale. The county board shall then withhold the parcel from public sale for one year.

Any tax-forfeited lands may be sold by the county board to any organized or incorporated governmental subdivision of the state for any public purpose for which such subdivision is authorized to acquire property or may be released from the trust in favor of the taxing districts upon application of any state agency for any authorized use at not less than their value as determined by the county board. The commissioner of revenue shall have power to convey by deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to any governmental subdivision for any authorized public use, provided that an application therefor shall be submitted to the commissioner with a statement of facts as to the use to be made of such tract and the need therefor and the recommendation of the county board; and provided further, that upon application of a political subdivision and the filing with the commissioner of revenue and the county board of a resolution adopted by the governing body of the political subdivision finding that the conveyance of a tract of tax-forfeited land to the political subdivision is necessary to provide for the redevelopment of land as productive taxable property, the commissioner of revenue shall convey by deed in the name of the state the tract of land to the political subdivision. The deed of conveyance shall be upon a form approved by the attorney general and shall be conditioned upon continued use for the purpose stated in the application, provided, however, that if the governing body of such governmental subdivision by resolution determines that some other public use shall be made of such lands, and such change of use is approved by the county board and an application for such change of use is made to, and approved by, the commissioner, such changed use may be made of such lands without the necessity of the governing body conveying the lands back to the state and securing a new conveyance from the state to the governmental subdivision for such new public use.

Whenever any governmental subdivision to which any tax-forfeited land has been conveyed for a specified public use as provided in this section shall fail to put such land to such use, or to some other authorized public use as provided herein, or shall abandon such use, the governing body of the subdivision shall authorize the proper officers to convey the same, or such portion thereof not required for an authorized public use, to the state of Minnesota, and such officers shall execute a deed of such conveyance forthwith, which conveyance shall be subject to the approval of the commissioner and in form approved by the attorney general, provided, however, that a sale, lease, transfer or other conveyance of such lands by a housing and redevelopment authority, a port authority, an economic develop-

ment authority, or a city as authorized by sections 469.001 to 469.047 chapter 469 or by sections 1 to 8 shall not be an abandonment of such use and such lands shall not be reconveyed to the state nor shall they revert to the state. A certificate made by a housing and redevelopment authority, a port authority, an economic development authority, or a city referring to a conveyance by it and stating that the conveyance has been made as authorized by sections 469.001 to 469.047 chapter 469 or by sections 1 to 8 may be filed with the county recorder or registrar of titles, and the rights of reverter in favor of the state provided by this subdivision will then terminate. No vote of the people shall be required for such conveyance. In case any such land shall not be so conveyed to the state, the commissioner of revenue shall by written instrument, in form approved by the attorney general, declare the same to have reverted to the state, and shall serve a notice thereof, with a copy of the declaration, by certified mail upon the clerk or recorder of the governmental subdivision concerned, provided, that no declaration of reversion shall be made earlier than five years from the date of conveyance for failure to put such land to such use or from the date of abandonment of such use if such lands have been put to such use. The commissioner shall file the original declaration in the commissioner's office, with verified proof of service as herein required. The governmental subdivision may appeal to the district court of the county in which the land lies by filing with the court administrator a notice of appeal, specifying the grounds of appeal and the description of the land involved, mailing a copy thereof by certified mail to the commissioner of revenue, and filing a copy thereof for record with the county recorder or registrar of titles, all within 30 days after the mailing of the notice of reversion. The appeal shall be tried by the court in like manner as a civil action. If no appeal is taken as herein provided, the declaration of reversion shall be final. The commissioner of revenue shall file for record with the county recorder or registrar of titles, of the county within which the land lies, a certified copy of the declaration of reversion and proof of service.

Any city of the first class now or hereafter having a population of 450,000, or over, or its board of park commissioners, which has acquired tax-forfeited land for a specified public use pursuant to the terms of this section, may convey said land in exchange for other land of substantially equal worth located in said city of the first class, provided that the land conveyed to said city of the first class now or hereafter having a population of 450,000, or over, or its board of park commissioners, in exchange shall be subject to the public use and reversionary provisions of this section; the tax-forfeited land so conveyed shall thereafter be free and discharged from the public use and reversionary provisions of this section, provided that said exchange shall in no way affect the mineral or mineral rights of the state of Minnesota, if any, in the lands so exchanged.

Sec. 10. Minnesota Statutes 1988, section 462C.02, is amended by adding a subdivision to read:

Subd. 12. [LOAN.] "Loan" means:

(1) for single family housing, any loan, mortgage, or other form of owner financing; and

(2) for multifamily housing developments which are rental property, any loan, mortgage, financing lease, or revenue agreement.

Sec. 11. Minnesota Statutes 1988, section 462C.02, is amended by adding a subdivision to read:

Subd. 13. [REVENUE AGREEMENT] "Revenue agreement" has the meaning given that term in section 469.153, subdivision 10.

Sec. 12. Minnesota Statutes 1988, section 462C.05, is amended by adding a subdivision to read:

Subd. 8. [REVENUE AGREEMENT AND FINANCING LEASE.] Any revenue agreement or financing lease that includes a provision for a conveyance of real estate to the lessee or contracting party may be terminated in accordance with the revenue agreement or financing lease, notwithstanding that the revenue agreement or financing lease may constitute an equitable mortgage. No financing lease of any development shall be subject to section 504.02, unless expressly so provided in the financing lease. Leases of specific dwelling units in the development to the tenants thereof are not affected by this subdivision.

Sec. 13. Minnesota Statutes 1988, section 463.15, subdivision 3, is amended to read:

Subd. 3. [HAZARDOUS BUILDING PROPERTY.] "Real property, including any building, shall be deemed hazardous building" means any building which if the property, because of inadequate maintenance, dilapidation, physical damage, unsanitary condition, or abandonment, constitutes a fire hazard or a hazard to public safety or health.

Sec. 14. Minnesota Statutes 1988, section 463.15, subdivision 4, is amended to read:

Subd. 4. [OWNER, OWNER OF RECORD, AND LIEN HOLDER OF RECORD.] "Owner," "owner of record," and "lien holder of record" means a person having a right or interest in property to which Laws 1967, chapter 324, applies described in subdivision 3 and evidence of which is filed and recorded in the office of the county recorder or registrar of titles in the county in which the property is situated.

Sec. 15. Minnesota Statutes 1988, section 580.031, is amended to read:

580.031 [MINIMUM NOTICE.]

Subdivision 1. [EIGHT WEEKS' NOTICE.] Notwithstanding the provisions of any other law to the contrary and except as otherwise provided in subdivision 2, eight weeks' published notice must be given prior to the foreclosure sale of a homestead to which sections 583.01 to 583.12 apply if the notice is published for the first time after May 24, 1983, and prior to May 1, 1985, after June 8, 1985, and prior to May 1, 1987, or after the effective date of Laws 1987, chapter 292, and prior to May 1, 1989. The notice must contain the information specified in section 580.04.

At least eight weeks before the appointed time of sale, a copy of the notice must be served upon the person in possession of the mortgaged premises, if the premises are actually occupied.

Subd. 2. [FOUR WEEKS' NOTICE.] Notwithstanding subdivision 1, four weeks' published notice must be given prior to the foreclosure sale of an abandoned nonagricultural residential dwelling consisting of less than five units. The notice must contain the information specified in section 580.04.

Sec. 16. Minnesota Statutes 1988, section 580.23, is amended by adding a subdivision to read:

Subd. 1a. [UNOCCUPIED PROPERTY.] Notwithstanding subdivision 1, the mortgagor or the mortgagor's personal representatives or assigns, within one month after a sale, may redeem all abandoned nonagricultural residential dwellings consisting of less than five units.

Sec. 17. [APPROPRIATION; DISTRIBUTION.]

\$ is appropriated from the general fund to the commissioner of trade and economic development for payment to the cities referred to in section 4, subdivision 2. \$ is for fiscal year 1989 and \$ is for fiscal year 1990.

Sec. 18. [REPEALER.]

Laws 1987, chapter 386, article 6, sections 4 to 11, and Laws 1987, chapter 384, article 3, section 22, are repealed provided that actions taken under those provisions prior to the effective date of this chapter with respect to any program or a targeted neighborhood are ratified and affirmed and shall be treated as if validly taken under the provisions of this act.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 15 and 17 are effective the day after final enactment, provided that the provisions of sections 1 to 4 and 5, subdivisions 2 and 4, shall not apply to any program funded by the state in fiscal year 1988.

ARTICLE 6

CENTRAL CITY HOUSING REHABILITATION

Section 1. Laws 1974, chapter 285, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; HOUSING ACQUISITION AND REHABILITATION LOAN AND GRANT PROGRAM; PURPOSE.] The legislature of the state of Minnesota finds that preservation of the quality of life in a major metropolitan city is dependent upon the preservation of adequate housing, that many houses in the city of Minneapolis do not meet the applicable housing code or otherwise need rehabilitation or modernizing, that there is a need for a comprehensive housing rehabilitation program in the city of Minneapolis which will complement any statewide housing rehabilitation program, that some home owners are unable to afford any rehabilitation expenses, that many home owners are unable to afford housing rehabilitation loans at market rate of interest, and that because the availability of mortgage credit for housing rehabilitation is limited some home owners cannot obtain such credit, and that reinvestment in the housing stock by rehabilitating and updating homes is necessary to maintain the stability of neighborhoods in the city. The legislature further finds that the construction of housing to replace individual dilapidated and obsolete buildings, for which rehabilitation is not economically feasible, is necessary to increase the stability and maintain the value of housing in established neighborhoods.

Sec. 2. Laws 1974, chapter 285, section 2, is amended to read:

Sec. 2. [CITY OF MINNEAPOLIS; HOUSING REHABILITATION LOAN PROGRAM.] The city of Minneapolis is authorized to develop and administer a housing rehabilitation loan program with respect to property located anywhere within its boundaries on such terms and conditions as it determines; provided that in approving applications for this such a program, the following factors shall be considered:

- (1) The availability of other governmental programs affordable by the applicant;
- (2) The availability and affordability of private market financing;

(3) Whether the housing is required, pursuant to an urban renewal program or a code enforcement program, to be repaired, improved, or rehabilitated;

(4) Whether the housing is required, pursuant to a court order issued under Minnesota Statutes, 1973 Supplement, Section 566.25, Clauses (b), (c), and (e), to be repaired, improved, or rehabilitated;

(5) Whether the housing has been determined to be uninsurable because of physical hazards after inspection pursuant to a statewide property insurance plan approved by the United States Department of Housing and Urban Development under Title XII of the National Housing Act; and further provided that all loans and grants shall be issued primarily for rehabilitating housing so that it meets applicable housing codes.

(6) Whether rehabilitation of the housing will maintain or improve the value of the housing and will help to stabilize the neighborhood in which the housing is located.

Sec. 3. Laws 1974, chapter 285, is amended by adding a new section to read:

Sec. 2a. [NEW SINGLE FAMILY RESIDENCES.]

Any housing rehabilitation loan program undertaken under section 2 may also provide for the city to make or purchase loans made to finance the acquisition of single family residences that have been newly constructed in established neighborhoods on land owned by the city or any agency of the city. For purposes of this section, land shall be considered to be owned by the city if the city or one of its agencies previously owned the land and conveyed it to an individual under a development agreement in which the individual has agreed to construct single family housing on such land. In approving applications for a loan to be made under this section, the following factors shall be considered:

(1) the availability and affordability of other governmental programs or private market financing; and

(2) whether the construction of such housing enhances the stability of the neighborhood in which it is located.

Sec. 4. Laws 1974, chapter 285, section 3, is amended to read:

Sec. 3. [CITY OF MINNEAPOLIS; HOUSING REHABILITATION GRANT PROGRAM.] The city of Minneapolis is authorized to develop and administer a housing rehabilitation grant program with respect to property within its boundaries, on such terms and conditions as it determines; provided that in approving applications

for grants under this program, all of the considerations and limitations enumerated in section 2 for loans must be considered in making grants under this program, and the following factors must also be considered:

(1) Whether the housing unit is a single family dwelling or homesteaded unit and

(2) Whether the applicant is a person of low income; and further provided that the city council of the city of Minneapolis shall by ordinance set forth the regulations for this its grant program; and further provided that the dollar value of grants made shall not exceed five percent of the total value of the bonds issued for the loan and grant program together, and that all grants shall be made primarily to rehabilitate housing so that it meets applicable housing codes.

Sec. 5. Laws 1974, chapter 285, section 4, is amended to read:

Sec. 4. [ISSUANCE OF BONDS.] To finance the programs authorized in sections 2, 2a, and 3 of this act, the governing body of the city of Minneapolis may by resolution authorize, issue, and sell general obligation bonds of the city of Minneapolis in accordance with the provisions of Minnesota Statutes, Chapter 475. The total amount of all bonds outstanding for the programs shall not exceed \$10,000,000 \$25,000,000. The amount of all bonds issued shall not be included in the net indebtedness of the city for the purpose of any charter or statutory debt limitation.

Sec. 6. [SAINT PAUL; HOUSING ACQUISITION AND REHABILITATION LOAN AND GRANT PROGRAM; PURPOSE.]

The legislature of the state of Minnesota finds that preservation of the quality of life in a major metropolitan city is dependent upon the preservation of adequate housing, that many houses in the city of Saint Paul do not meet the applicable housing code or otherwise need rehabilitation or modernizing, that there is a need for a comprehensive housing rehabilitation program in the city of Saint Paul which will complement any statewide housing rehabilitation program, that some homeowners are unable to afford any rehabilitation expenses, that many homeowners are unable to afford housing rehabilitation loans at market rate of interest, that because the availability of mortgage credit for housing rehabilitation is limited some homeowners cannot obtain such credit, and that reinvestment in the housing stock by rehabilitating and updating homes is necessary to maintain the stability of neighborhoods in the city. The legislature further finds that the construction of housing to replace individual dilapidated and obsolete buildings, for which rehabilitation is not economically feasible, is necessary to increase the stability and maintain the value of housing in established neighborhoods.

Sec. 7. [CITY OF SAINT PAUL; HOUSING REHABILITATION LOAN PROGRAM.]

The city of Saint Paul is authorized to develop and administer a housing rehabilitation loan program with respect to property located anywhere within its boundaries on such terms and conditions as it determines; provided that in approving applications for such a program, the following factors shall be considered:

(1) the availability of other governmental programs affordable by the applicant;

(2) the availability and affordability of private market financing;

(3) whether the housing is required, under an urban renewal program or a code enforcement program, to be repaired, improved, or rehabilitated;

(4) whether the housing is required, under a court order issued under Minnesota Statutes, section 566.25, clauses (b), (c), and (e), to be repaired, improved, or rehabilitated;

(5) whether the housing has been determined to be uninsurable because of physical hazards after inspection pursuant to a statewide property insurance plan approved by the United States Department of Housing and Urban Development under title XII of the National Housing Act; and

(6) whether rehabilitation of the housing will maintain or improve the value of the housing and will help to stabilize the neighborhood in which the housing is located.

Sec. 8. [NEW SINGLE FAMILY RESIDENCES.]

Any housing rehabilitation loan program undertaken under section 7 may also provide for the city to make or purchase loans made to finance the acquisition of single family residences that have been newly constructed in established neighborhoods on land owned by the city or any agency of the city. For purposes of this section, land shall be considered to be owned by the city if the city or one of its agencies previously owned the land and conveyed it to an individual under a development agreement in which the individual has agreed to construct single family housing on such land. In approving applications for a loan to be made under this section, the following factors shall be considered:

(1) the availability and affordability of other governmental programs or private market financing; and

(2) whether the construction of such housing enhances the stability of the neighborhood in which it is located.

Sec. 9. [CITY OF SAINT PAUL; HOUSING REHABILITATION GRANT PROGRAM.]

The city of Saint Paul is authorized to develop and administer a housing rehabilitation grant program with respect to property within its boundaries, on such terms and conditions as it determines; provided that in approving applications for grants under this program, all of the considerations and limitations enumerated in section 7 for loans must be considered and the following factors must also be considered:

(1) whether the housing unit is a single family dwelling or homesteaded unit; and

(2) whether the applicant is a person of low income; and further provided that the city council of the city of Saint Paul shall by ordinance set forth the regulations for its grant program; and further provided that the dollar value of grants made shall not exceed five percent of the total value of the bonds issued for the loan and grant program together, and that all grants shall be made primarily to rehabilitate housing so that it meets applicable housing codes.

Sec. 10. [ISSUANCE OF BONDS.]

To finance the programs authorized in sections 6 to 9, the governing body of the city of Saint Paul may by resolution authorize, issue, and sell general obligation bonds of the city of Saint Paul in accordance with the provisions of Minnesota Statutes, chapter 475. The total amount of all bonds outstanding for the programs shall not exceed \$25,000,000. The amount of all bonds issued shall not be included in the net indebtedness of the city for the purpose of any charter or statutory debt limitation.

Sec. 11. [EFFECTIVE DATE; REHABILITATION LOAN AND GRANT PROGRAM.]

Sections 1 to 10 are effective the day after enactment without local approval in accordance with Minnesota Statutes, section 645.023, subdivision 1, clause (a).

ARTICLE 7

OTHER HOUSING PROVISIONS

Section 1. [363.035] [FAIR HOUSING EDUCATION AND PUBLIC INFORMATION PROGRAM.]

The commissioner of human rights may establish and administer a fair housing education and public information program. The purpose of the program is to educate persons on fair housing laws and policies, and to promote open housing practices. The fair housing education and public information program consists of:

- (1) a public information advertising campaign;
- (2) a fair housing information library;
- (3) a fair housing education campaign for children in grades K to 12; and
- (4) fair housing education and training seminars for realtors, lenders, housing developers, and rental property owners.

Sec. 2. Minnesota Statutes 1988, section 462A.05, subdivision 24, is amended to read:

Subd. 24. It may engage in housing programs for low and moderate income elderly, handicapped, or developmentally disabled persons, as defined by the agency, to provide grants or loans, with or without interest, for

(1) accessibility improvements to residences occupied by elderly persons;

(2) housing sponsors, as defined by the agency, of home sharing programs to match existing elderly homeowners with prospective tenants who will contribute either rent or services to the homeowner, where either the homeowner or the prospective tenant is elderly, handicapped, or developmentally disabled;

(3) the construction of or conversion of existing buildings into structures for occupancy by the elderly that contain from three to 12 private sleeping rooms with shared cooking facilities and common space; and

(4) housing sponsors, as defined by the agency, to demonstrate the potential for home equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine the need in those equity conversions for consumer safeguards.

In making the grants or loans, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. The agency may provide technical assistance to sponsors of home sharing programs or may contract or delegate the provision of the technical assistance in accordance with section 462A.07, subdivision 12.

Housing sponsors who receive funding through these programs shall provide homeowners and tenants participating in a home sharing program with information regarding their rights and obligations as they relate to federal and state tax law including, but not limited to, taxable rental income, homestead credit under chapter 273, and the property tax refund act under chapter 290A.

Sec. 3. Minnesota Statutes 1988, section 469.007, is amended to read:

469.007 [POWERS OF COUNTY AND MULTICOUNTY AUTHORITIES.]

Subdivision 1. [POWERS.] A county or multicounty authority and its commissioners shall, within the area of operation of the authority, have the same functions, rights, powers, duties, privileges, immunities, and limitations as are provided for housing and redevelopment authorities created for cities, and for the commissioners of those authorities. The provisions of law applicable to housing and redevelopment authorities created for cities and their commissioners shall be applicable to county and multicounty authorities and their commissioners, except as clearly indicated otherwise.

Subd. 2. [POWERS AS TO HOUSING DEVELOPMENT PROJECTS.] When a county or multicounty authority undertakes any housing project or housing development project involving the acquisition of multifamily housing rental properties that (1) were financed under the Federal Section 8 or Section 236 programs, or (2) are designed to be affordable to persons or families with incomes not greater than 80 percent of median income for the metropolitan statistical area or nonmetropolitan county, and are located within any village, city, or township, the authority shall notify the governing body of such village, city, or township in writing of the location of such housing project or housing development project. If the governing body fails to take action on a housing project or housing development project in a writing which sets forth its reasons for such action within 30 days, the governing body shall be deemed to have approved the location of such housing project or housing development project for purposes of any special or general law requiring local approval of the location of housing projects and housing development projects undertaken by county or multicounty authorities.

Sec. 4. Minnesota Statutes 1988, section 469.012, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to

469.033. Its powers include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 469.001 to 469.047;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, to call upon the chief law officer of the city or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) within its area of operation, to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compen-

sation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

(9) to provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto;

(10) to make, or agree to make, payments in lieu of taxes to the city or the county, the state or any political subdivision thereof, that it finds consistent with the purposes of sections 469.001 to 469.047;

(11) to cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 469.001 to 469.047 or of any other related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001 to 469.047, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control or in the manner and subject to the conditions provided

in section 475.66 for the deposit and investment of debt service funds;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) to enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and

undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low or moderate income persons pursuant to section 469.029, subdivision 9, for the period of time necessary to complete the rehabilitation, as determined by the authority;

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5); and

(29) to sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual; and

(30) within its area of operation, to acquire and sell real property that is benefited by federal housing assistance payments, other rental subsidies, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing.

Sec. 5. [471.9997] [HOUSING IMPACT STATEMENT.]

Before public funds may be released for any development project that causes the removal of five or more units of low-income housing, a housing impact statement must be prepared and made available for public inspection by the state agency, board, commission, or local government unit providing the public funds. A housing impact statement must include the following:

(1) a description of the adverse effect on low-income housing as a result of a development project's activity;

(2) a statement of whether or not the affected community has a

sufficient amount of affordable housing to accommodate low-income persons displaced by the development project; and

(3) a description of the amount, type, and cost of replacement housing that is necessary.

This section does not apply to property that has been vacant for two or more years.

Sec. 6. [APPROPRIATIONS; HOMESHARING PROGRAM.]

\$1,000,000 is appropriated from the general fund for the biennium ending June 30, 1991, to the Minnesota housing finance agency for the homesharing program under section 2.

Sec. 7. [EFFECTIVE DATE.]

Section 3 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to housing; authorizing the establishment of affordable housing programs under the administration of the Minnesota housing finance agency; establishing a neighborhood preservation program; revising certain tenant damage provisions in landlord-tenant actions; regulating tenant screening services; establishing a housing consolidated calendar project; providing for rent escrow systems; providing for building repair fines; establishing a rental to homeownership conversion program; changing the youth employment and housing program from a design phase to an implementation phase; establishing a targeted neighborhood revitalization and financing program; revising the Minneapolis acquisition and rehabilitation loan and grant program; establishing the St. Paul housing acquisition and rehabilitation loan and grant program; establishing a fair housing education and public information program; expanding the homesharing program; requiring housing impact statements; revising certain housing receivership provisions; changing notice and redemption provisions for certain types of properties; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 268.361, subdivision 4, and by adding a subdivision; 268.362; 268.364; 268.365; 268.366; 268.367; 282.01, subdivision 1; 462A.05, subdivisions 24, 27, and by adding subdivisions; 462A.21, subdivisions 4k, 8, 12, and by adding subdivisions; 462C.02, by adding subdivisions; 462C.05, by adding a subdivision; 463.15, subdivisions 3 and 4; 463.21; 469.007; 469.012, subdivision 1; 504.255; 504.26; 566.175, subdivision 1; 566.29, subdivisions 1, 4, and by adding subdivisions; 580.031; 580.23, by adding a subdivision; and Laws 1974, chapter 285, sections 1, 2, 3, 4, and by adding a section; proposing coding for new law in Minnesota Statutes, chapters 256; 268; 363; 462A; 462C; 469; 471; 504 and 566;

repealing Laws 1987, chapter 386, article 6, sections 4, 5, 6, 7, 8, 9, 10, and 11, and chapter 384, article 3, section 22.”

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

The report was adopted.

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

H. F. No. 540, A bill for an act relating to community development; providing for a community resources program for cities of the first class; appropriating money; amending Minnesota Statutes 1988, section 145.882, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 144 and 254A; proposing coding for new law as Minnesota Statutes, chapter 466A.

Reported the same back with the following amendments:

Delete page 10, line 17, to page 14, line 26, and insert:

“Subd. 4. [COMMUNITY PARTICIPATION.] (a) Each city must adopt a process to involve the residents in targeted neighborhoods in planning, developing, and implementing the community resources program. As part of the process, the city must ensure that the community-based process has sufficient resources to assist in the development of the program.

(b) Beginning with the program for 1991, each targeted neighborhood or group of targeted neighborhoods must have a strategic planning group whose members include residents of the targeted neighborhood. Each strategic planning group must be the same group designated for providing recommendations for the development of the urban revitalization action plan. The group must, as part of its responsibilities, develop a strategic plan that must include the activities that the planning group recommends as part of the community resource program. The strategic plan must also address how the community resource program activities will be integrated into a comprehensive approach toward meeting the needs of the neighborhood and its residents, including those activities proposed or included in the urban revitalization action program.

(c) The city must ensure that the strategic planning group required under paragraph (b) is established. An existing group or organization which includes neighborhood residents may be designated by the city as the strategic planning group. The city may provide financial and staff resources to ensure the establishment of the strategic planning groups. The city may use community re-

source money to assist in the establishment of the targeted neighborhood strategic planning groups.

(d) For 1989 and 1990, the process adopted by the city under paragraph (a) shall be used to develop prioritized recommendations for use of community resource program money within each targeted neighborhood. The prioritized recommendations must include the specific neighborhood programs and services that will help achieve the statutory objectives of the programs. After a public hearing is held in each targeted neighborhood to discuss the prioritized recommendations, the prioritized recommendations shall be forwarded to the city for consideration.

(e) For 1991 and subsequent years, as part of the process for the development of the city's community resources program, each targeted neighborhood strategic planning group must develop its prioritized recommendations for the use of community resource program money. The prioritized recommendations must include the specific neighborhood programs and services that will help achieve the objectives of the programs. After a public hearing is held in each targeted neighborhood to discuss the prioritized recommendations, the prioritized recommendations shall be forwarded to the city for consideration.

Subd. 5. [ADVISORY COMMITTEE.] The governing body of a city requesting state financial assistance under section 11 may establish an advisory committee to assist the city in developing and implementing the city's community resources program. The advisory committee may include city council members, county commissioners, school board members, community service representatives, business community representatives, legislators, and representatives of targeted neighborhoods. If an advisory committee is established by the city, the representatives of targeted neighborhoods must represent a majority of the membership of the advisory committee and reflect the geographic, cultural, racial, and ethnic diversity of the targeted neighborhoods. The city may determine the size of the advisory committee and may designate an existing entity as the advisory committee if the entity meets the membership requirements outlined in this subdivision.

Subd. 6. [REVIEW BY AFFECTED GOVERNMENTAL UNITS.] The city may develop a process to consult with affected governmental units including the state, county, and school districts. These affected governmental units may provide technical and informational assistance to the city to ensure that the community resources program is coordinated with activities and services provided by other governmental units and does not unnecessarily duplicate any existing services.

Subd. 7. [DEVELOPMENT OF PROGRAMS.] The city must develop and draft a preliminary community resources program. In

developing the preliminary program for 1989 and 1990, the city of Minneapolis must give priority to the recommendations made through the process established in subdivision 4, paragraph (a). In developing the program for 1991 and subsequent years, the city of Minneapolis must give priority to the recommendations made by the targeted neighborhood strategic planning groups.

A city may approve the preliminary community resources program only after holding a public hearing. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhoods not less than ten days nor more than 30 days before the date of the hearing. In addition, to the maximum extent possible, notice shall be published in the most widely circulated community newspaper in the targeted neighborhoods. After the public hearing and after the city has incorporated any changes into the preliminary program as a result of the public hearing, the city may approve the preliminary program and must submit the approved preliminary program to the city review board.

Subd. 8. [CITY REVIEW BOARD.] (a) Each city shall establish a city review board whose purpose is to review and comment on the preliminary community resources program submitted by the city. The city review board appointed under this subdivision must be the same city review board appointed for the review of the urban revitalization action plan. The city review board shall consist of two city council members who represent targeted neighborhoods appointed by the city council, one county board member appointed by the county board, one school board member appointed by the school board, one for profit or nonprofit housing developer appointed by the city council, one business representative appointed by the city's chamber of commerce, and at least seven representatives of the targeted neighborhoods appointed by the city council. The representatives of the targeted neighborhoods must reflect the geographic, cultural, racial, and ethnic diversity of the targeted neighborhoods. The targeted neighborhoods strategic planning groups may recommend a list of names to the city council for appointment to the city review board. Two members of the house of representatives and one member of the senate appointed by the city's legislative delegation shall be nonvoting members of the city review board. Nonvoting legislative members of the city review board must represent one or more targeted neighborhoods.

(b) The city review board may require the city to contract for temporary staff assistance in reviewing and approving the program. Persons who provide staff assistance to the city review board may not be city employees or in any way involved in a formal or informal organization representing residents of a targeted neighborhood. The city may use state money available under section 11 to pay for the costs of staffing the city review board. The city must make all information requested by the city review board relating to the development of the program available to the city review board.

(c) In reviewing the city's preliminary community resources program, the city review board shall ensure that the following review criteria are satisfied:

(1) the city followed the process required under subdivisions 4 to 7 for developing the community resources program;

(2) the activities to be funded by the program are community resource services that meet the objectives under subdivision 2;

(3) the activities to be funded do not result in duplication of existing services;

(4) the community resources program does not result in undue concentration of community resources program money in a single proposed activity or project; and

(5) in 1991 and subsequent years for the city of Minneapolis only, the activities to be funded are compatible with the prioritized recommendations submitted to the city by the neighborhood strategic planning groups. In 1989 and 1990 programs for the city of Minneapolis only, the activities to be funded are compatible with the prioritized recommendations submitted to the city through the process adopted under subdivision 4, paragraph (a).

The city review board may not reject or require modification of the city's preliminary community resources program unless the city's preliminary program, or process used to develop the program, does not satisfy all of the required review criteria. If the city review board rejects a city's preliminary program for failing to satisfy one or more of the required review criteria, the board must notify the city in writing within 45 days after receiving the preliminary program, stating its basis for determining that one or more of the required review criteria were not satisfied. The city must address the written concerns of the review board before it may resubmit a new preliminary program to the board.

(d) In addition to reviewing the city's community resources program to ensure that it meets the review criteria outlined in paragraph (c), the city review board shall review and comment on the overall quality of the city's preliminary program. In reviewing the 1989 and 1990 programs, the city review board shall compare the city's preliminary program to the prioritized recommendations submitted to the city through the process adopted under subdivision 4, paragraph (a). In reviewing the 1991 and subsequent year programs, the city review board shall compare the city's preliminary program to the prioritized recommendations submitted to the city by the targeted neighborhood strategic planning groups. The city review board shall determine if the city gave adequate consideration to the recommendations of the targeted neighborhood strategic planning groups.

The city review board may provide comments and recommendations on the overall quality of the city's preliminary program to the city in writing within 45 days after receiving the preliminary program. Except as provided for under paragraph (c), the city review board may not require the city to modify its preliminary program. If the city review board makes recommendations for modifying the city's preliminary program and the city decides not to accept those recommendations, the city may specify in writing the reasons for not accepting the city review board's recommendations.

(e) Within 45 days after receiving the city's preliminary community resources program which satisfies all of the required review criteria outlined in paragraph (c), the city review board shall submit the preliminary program, along with any comments or recommendations, to the city for final certification.

Subd. 9. [PROGRAM CERTIFICATION.] The city council may incorporate the recommendations of the city review board into its community resources program. The city council, after public hearing and by formal resolution, must adopt and certify the community resources program.

Copies of the community resources program must be forwarded to the county board and the school board. The community resources program must be forwarded to the state planning agency for funding. The city must certify to the commissioner of state planning that:

(1) the community resources program has been reviewed by the city review board; and

(2) the city review board found that the city's program satisfied the required review criteria outlined in subdivision 8, paragraph (c)."

Page 14, line 27, delete "11" and insert "10"

Page 14, line 29, delete "community resources advisory" and insert "city review"

Page 14, line 36, delete "advisory" and insert "city review"

Page 15, line 2, delete "10" and insert "9"

Page 15, line 4, delete "5 to 10" and insert "4 to 9"

Page 15, after line 4, insert:

"Subd. 11. [STATE EVALUATION OF PROGRAMS.] The state planning agency, in consultation with other appropriate state

agencies, shall monitor the planning, development, and implementation of the community resources programs in the cities. The state planning agency shall determine if:

(1) the program development process required by subdivisions 4 to 9 is providing adequate neighborhood participation in the planning, drafting, and implementation of the programs;

(2) the programs are effectively achieving the objective required under subdivision 2 and the objectives outlined in the programs themselves; and

(3) private funding is being used to partially fund the activities established under the programs.

The state planning agency shall provide an interim report to the legislature by January 1, 1990, with a final report of its findings due by January 1, 1991."

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

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 619, A bill for an act relating to electric utilities; clarifying authority of public utilities commission to change boundaries of electric utility service areas; amending Minnesota Statutes 1988, section 216B.39, subdivisions 3, 5, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [STUDY; ELECTRIC UTILITY SERVICE AREAS.]

Subdivision 1. [TASK FORCE.] A task force is created to consist of five members of the house of representatives appointed by the speaker of the house, five members of the senate appointed by the subcommittee on committees of the committee on rules and administration, the chair of the public utilities commission or the chair's designate, the commissioner of public service or the commissioner's designate, a representative of an investor owned electric utility to be appointed by the governor, a representative of cooperative electric associations to be chosen by the rural electric association, and a representative of municipal power agencies to be chosen by the

municipal utilities association. The task force shall study issues relating to changes in boundaries of electric utility service areas and shall report its findings and recommendations to the legislature by February 1, 1990. At least one member from each house of the legislature must be a member of the minority caucus.

Subd. 2. [DEFINITION.] For purposes of this section, "electric utility" or "utility" means a wholesale or retail cooperative electric association and a municipal electric utility as well as a public utility regulated under Minnesota Statutes, chapter 216B.

Subd. 3. [STUDY.] The study must address all issues relating to the setting and changing of service area boundaries, including, but not limited to:

(1) the extent, if any, to which rates within service areas should be a factor in determining or changing service area boundaries;

(2) why and how excess capacity occurs and whether it should be reduced through short-term or long-term sale or lease, permanent sale of capacity, or other means;

(3) the extent, if any, to which excess capacity of a utility and the need of another utility for additional power should be a factor in determining or changing service areas;

(4) the effect on rates, and on the potential for equalization of rates among utilities, of capacity-reduction options;

(5) plant efficiency, including operating efficiency and operating costs, management practices, and the impact of any federal regulation or oversight;

(6) the impact on economic development;

(7) rate-making policies and procedures; and

(8) municipal authority and the relationship between service area boundaries and municipal boundaries.

Subd. 4. [AGENCY, UTILITY COOPERATION.] The public utilities commission and the department of public service shall cooperate with the task force. Utilities shall furnish information, including access to their financial and other records, to the task force, the public utilities commission, or the department of public service upon request.

Subd. 5. [STAFF.] The task force shall use legislative staff, and the public utilities commission and department of public service shall make staff available to assist the task force.

Subd. 6. [CONSULTANTS; ASSESSMENT OF COSTS.] The public utilities commission may employ the services of consultants to assist the task force and may assess the costs associated with the task force study, but not more than \$200,000, to the affected utilities in proportion to their gross operating revenues. The commission shall use the proceeds of any assessment under this subdivision to cover its own costs and those incurred by the department of public service, including costs associated with providing staff assistance to the task force.

Subd. 7. [SUBPOENA POWER.] The task force may request the issuance of subpoenas, including subpoenas duces tecum, in the same manner as a standing or interim committee under Minnesota Statutes, section 3.153. A subpoena requested by the task force may be issued by either the chief clerk of the house of representatives or the secretary of the senate. Service and enforcement of a subpoena is governed by section 3.153.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to electric utilities; service areas; establishing a task force to study issues relating to service area boundary changes; authorizing the public utilities commission to assess costs associated with the study."

With the recommendation that when so amended the bill pass.

The report was adopted.

Long from the Committee on Taxes to which was referred:

H. F. No. 654, A bill for an act relating to education; providing for general education revenue, transportation, special programs, community education, school facilities and equipment, education organization and cooperation, access to education excellence, school breakfast programs, sexual harassment and violence policies, parental involvement programs, libraries, state education agencies and education agency services, providing for limits on open enrollment and post-secondary options; appropriating money; amending Minnesota Statutes 1988, sections 43A.08, subdivision 1a; 120.06, by adding a subdivision; 120.062, subdivisions 4, 6, and by adding a subdivision; 120.17, subdivisions 3, 3b, and by adding a subdivision; 121.88, subdivisions 2 and 5; 121.882, subdivisions 2 and 4; 121.904, subdivision 4a; 121.908, subdivision 5; 121.912, subdivision 1; 121.935, subdivision 6; 122.23, by adding a subdivision; 122.43, subdivision 1; 122.532, subdivision 4; 122.541, subdivision 5; 122.91;

122.92; 122.93, subdivision 2, and by adding subdivisions; 122.94, subdivision 1, and by adding a subdivision; 122.95, subdivision 2, and by adding a subdivision; 123.3514, subdivisions 2, 4, 4c, 5, 7, and 10; 123.39, by adding a subdivision; 123.58, subdivision 6; 123.702, subdivisions 1, 1a, 2, 3, 4, and by adding subdivisions; 123.703, by adding subdivisions; 123.705, subdivision 1, and by adding a subdivision; 124.17, subdivision 1b; 124.19, subdivision 5; 124.195, subdivision 8; 124.223; 124.225; 124.243, subdivision 3, and by adding a subdivision; 124.244, subdivision 2; 124.245, subdivision 3b; 124.26, by adding a subdivision; 124.261; 124.271, by adding subdivisions; 124.2711, subdivisions 1, 3, 4, and by adding a subdivision; 124.2721; 124.273, subdivision 1b, 4, 5, 7, and by adding a subdivision; 124.32, subdivisions 1b, 1d, and by adding a subdivision; 124.43, subdivision 1, and by adding a subdivision; 124.494, subdivision 2; 124.573, subdivision 2b, and by adding subdivisions; 124.574, subdivisions 1, 4, and 5; 124.575, subdivision 3; 124.71, subdivision 1; 124.83, subdivisions 3, 4, and 6; 124A.02, by adding a subdivision; 124A.03, subdivision 2; 124A.035, subdivisions 2, 4, and 9; 124A.036, by adding a subdivision; 124A.22, subdivisions 2, 4, and 9; 124A.23, subdivision 1; 124A.28, subdivision 1; 124A.31; 126.151, subdivision 2; 126.23; 126.56, subdivision 4, and by adding a subdivision; 126.67, subdivision 8; 128A.09; 129.121, by adding a subdivision; 129C.10; 134.33, subdivision 1; 134.34, subdivisions 1, 2, 3, and 4; 134.35, subdivision 5; 136D.27, subdivision 1; 136D.74, subdivision 2; 136D.87, subdivision 1; 141.35; 275.125, subdivisions 5, 5b, 5c, 5e, 8, 8b, 8c, 8e, 11d, and by adding a subdivision; 354.094, subdivisions 1 and 2; 354.66, subdivision 4; 354A.091, subdivisions 1 and 2; 354A.094, subdivision 4; and 363.06, subdivision 3; Laws 1988, chapter 718, article 7, section 61, subdivisions 1, 2, and 3; proposing coding for new law in Minnesota Statutes, chapters 122; 124; 124A; 126; 127; 275; and 363; repealing Minnesota Statutes 1988, sections 120.062, subdivision 8; 123.702, subdivisions 1a, 5, 6, and 7; 124.217; 124.243, subdivision 4; 124.271, subdivision 26; 129B.11; 129B.48; 134.33, subdivision 1; 134.34, subdivision 5; and 275.125, subdivision 6; Laws 1988, chapter 718, article 5, section 4.

Reported the same back with the following amendments:

Page 7, after line 21, insert "Beginning July 1, 1991, this reduction applies only against referendum levies passed on or after June 1, 1989."

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

The report was adopted.

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

H. F. No. 728, A bill for an act relating to occupations and

professions; regulating nursing; proposing the Minnesota nurse practice act; providing penalties; amending Minnesota Statutes 1988, sections 144A.43, subdivision 3; 145A.02, subdivision 18; 148.171; 148.181; 148.191; 148.211; 148.231; 148.241; 148.251; 148.261; 148.271; 148.281; and 148.283; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1988, sections 145A.06, subdivision 3; 148.191, subdivision 3; 148.221; 148.251, subdivision 2; 148.261, subdivision 3; 148.272; 148.281, subdivision 1a; 148.286; 148.29; 148.291; 148.292; 148.293; 148.294; 148.295; 148.296; 148.297; 148.298; and 148.299.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 144A.43, subdivision 3, is amended to read:

Subd. 3. [HOME CARE SERVICE.] “Home care service” means any of the following services when delivered in a place of residence to a person whose illness, disability, or physical condition creates a need for the service:

- (1) nursing services, including the services of a home health aide;
- (2) personal care services not included under sections ~~148.171 to 148.299~~ 148.285;
- (3) physical therapy;
- (4) speech therapy;
- (5) respiratory therapy;
- (6) occupational therapy;
- (7) nutritional services;
- (8) home management services when provided to a person who is unable to perform these activities due to illness, disability, or physical condition. Home management services include at least two of the following services: housekeeping, meal preparation, laundry, shopping, and other similar services;
- (9) medical social services;
- (10) the provision of medical supplies and equipment when accompanied by the provision of a home care service;

(11) the provision of a hospice program as specified in section 144A.48; and

(12) other similar medical services and health-related support services identified by the commissioner in rule.

Sec. 2. Minnesota Statutes 1988, section 145A.02, subdivision 18, is amended to read:

Subd. 18. [PUBLIC HEALTH NURSE.] "Public health nurse" means a person who is licensed as a registered nurse by the Minnesota board of nursing under section sections 148.171 to 148.285 and who meets the voluntary ~~certification standards~~ registration requirements established by the commissioner in relation to section 145A.06, subdivision 3 board of nursing.

Sec. 3. Minnesota Statutes 1988, section 148.171, is amended to read:

148.171 [DEFINITIONS.]

Sections 148.171 to 148.285 shall be referred to as the Minnesota nurse practice act.

As used in sections 148.171 to 148.285:

(1) ~~The term "Board" shall mean~~ means the Minnesota board of nursing.

(2) ~~The term "Registered Nurse," abbreviated R.N., shall mean a natural person means~~ an individual licensed by the Minnesota board of nursing to practice professional nursing.

(3) The practice of professional nursing means the performance for compensation or personal profit of the professional interpersonal service of: (a) providing a nursing assessment of the actual or potential health needs of individuals, families, or communities; (b) providing nursing care supportive to or restorative of life by functions such as skilled ministrations of nursing care, supervising and teaching nursing personnel, health teaching and counseling, case finding and referral to other health resources; and (c) evaluating these actions.

The practice of professional nursing includes both independent nursing functions and delegated medical functions which may be performed in collaboration with other health team members, or may be delegated by the professional nurse to other nursing personnel. Independent nursing function may also be performed autonomously. The practice of professional nursing requires that level of special education, knowledge, and skill ordinarily expected of an individual

who has completed an approved professional nursing education program as described in section 148.211, subdivision 1. A registered nurse who has graduated from a program of study designed to prepare registered nurses for advanced practice as nurse-midwives and who is certified through the national professional nursing organization for nurse-midwives may prescribe and administer drugs and therapeutic devices within practice as a nurse-midwife.

(4) "Licensed practical nurse," abbreviated L.P.N., means an individual licensed by the board to practice practical nursing.

(5) The practice of practical nursing means the performance for compensation or personal profit of any of those services in observing and caring for the ill, injured, or infirm, in applying counsel and procedure to safeguard life and health, in administering medication and treatment prescribed by a licensed health professional, which are commonly performed by licensed practical nurses and which require specialized knowledge and skill such as are taught or acquired in an approved school of practical nursing, but which do not require the specialized education, knowledge, and skill of a registered nurse.

(6) "Nurse" means registered nurse and licensed practical nurse unless the context clearly refers to only one category.

(7) "Nursing assistant" means an individual providing nursing or nursing-related services that do not require the specialized knowledge and skill of a nurse, at the direction of a nurse, but does not include a licensed health professional or an individual who volunteers to provide such services without monetary compensation.

(8) "Public health nurse" means a registered nurse who meets the voluntary registration requirements established by the board by rule.

Sec. 4. Minnesota Statutes 1988, section 148.181, is amended to read:

148.181 [BOARD OF NURSING; MEMBERSHIP, APPOINTMENTS, VACANCIES, REMOVALS DISCLOSURE.]

Subdivision 1. [MEMBERSHIP.] The board of nursing shall consist of 11 members appointed by the governor, each of whom shall be a resident of this state. Five members shall be registered nurses, each of whom shall have graduated from an approved school of nursing, shall be licensed as a registered nurse in this state, and shall have had at least five years experience in nursing practice, nursing administration, or nursing education immediately preceding appointment. ~~Two~~ One of the five shall have had at least two years executive or teaching experience in a professional nursing

education program approved by the board under section 148.251 during the five years immediately preceding appointment, and one of the five shall have had at least two years executive or teaching experience in a practical nursing education program approved by the board under section 148.251 during the five years immediately preceding appointment. Three members shall be licensed practical nurses each of whom shall have graduated from an approved school of nursing, shall be licensed as a licensed practical nurse in this state, and shall have had at least five years experience in nursing practice immediately preceding appointment. The remaining three members shall be public members as defined by section 214.02. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements shall be as provided in sections 214.07 to 214.09. The provision of staff, administrative services and office space; the review and processing of complaints; the setting of board fees; and other provisions relating to board operations shall be as provided in sections 148.171 to 148.285 and chapter 214 and Laws 1976, chapter 222, sections 2 to 7. Each member of the board shall file with the secretary of state the constitutional oath of office before beginning the term of office.

Subd. 2. [VACANCIES.] On expiration of the term of a member who is a registered nurse, the governor may appoint a registered nurse from a list of members submitted by professional nursing groups. Likewise on expiration of the term of a member who is a licensed practical nurse, the governor may appoint a licensed practical nurse from a list of members submitted by licensed practical nursing groups. These lists should contain names of persons in number at least twice the number of places to be filled. Vacancies occurring on the board, when the member is a registered nurse or a licensed practical nurse, may be filled for the unexpired terms by appointments to be made by the governor from nominations submitted by nursing groups in the manner aforesaid or from other recommendations. Members shall hold office until a successor is appointed and qualified.

Subd. 3. [DISCLOSURE.] All communications or information received by or disclosed to the board relating to any person or matter subject to its regulatory jurisdiction, and all records of any action or proceedings, except a final decision of the board, are private data on individuals as defined in section 13.02, subdivision 12, and any disciplinary hearing shall be closed to the public.

Upon application of a party in a proceeding before the board under section 148.261, the board shall produce and permit the inspection and copying, by or on behalf of the moving party, of any designated documents or papers relevant to the proceedings, in accordance with rule 34 of the Minnesota rules of civil procedure.

Sec. 5. Minnesota Statutes 1988, section 148.191, is amended to read:

148.191 [OFFICERS; RULES; EXECUTIVE DIRECTOR STAFF; POWERS.]

Subdivision 1. [OFFICERS; STAFF.] The board shall elect from its members a president, a vice-president and a secretary-treasurer who shall each serve for one year or until a successor is elected and qualifies. The board shall appoint and employ an executive ~~secretary~~ director and may employ such persons as may be necessary to carry on its work. A majority of the board, including one officer, shall constitute a quorum at any meeting.

Subd. 2. [POWERS.] (a) The board is authorized to adopt and, from time to time, revise rules not inconsistent with the law, as may be necessary to enable it to carry into effect the provisions of sections 148.171 to ~~148.299~~ 148.285. The board shall prescribe by rule curricula and standards for schools and courses preparing persons for licensure under sections 148.171 to ~~148.299~~ 148.285. It shall conduct or provide for surveys of such schools and courses at such times as it may deem necessary. It shall approve such schools and courses as meet the requirements of sections 148.171 to ~~148.299~~ 148.285 and board rules. It shall examine, license and renew the license of duly qualified applicants. It shall hold examinations at least once in each year at such time and place as it may determine. It shall by rule adopt, evaluate and periodically revise, as necessary, requirements for licensure and for registration and renewal of registration as defined in section 148.231. It shall cause the prosecution of all persons violating sections 148.171 to ~~148.299~~ 148.285 and have power to incur such necessary expense therefor. It shall register public health nurses who meet educational and other requirements established by the board by rule, including payment of a fee. Prior to the adoption of rules the board shall use the same procedures used by the department of health to certify public health nurses. It shall have power to issue subpoenas, and to compel the attendance of witnesses and the production of all necessary documents and other evidentiary material. Any board member may administer oaths to witnesses, or take their affirmation. It shall keep a record of all its proceedings.

(b) The board shall have access to hospital, nursing home, and other medical records of a patient cared for by a nurse under review. If the board does not have a written consent from a patient permitting access to the patient's records, the nurse or facility shall delete any data in the record that identifies the patient before providing it to the board. The board shall have access to such other records as reasonably requested by the board to assist the board in its investigation. Nothing herein may be construed to allow access to any records protected by section 145.64. The board shall maintain

any records obtained pursuant to this paragraph as investigative data under chapter 13.

~~Subd. 3: The board may employ such persons as may be necessary to carry on its work.~~

Sec. 6. Minnesota Statutes 1988, section 148.211, is amended to read:

148.211 [LICENSING.]

Subdivision 1. [LICENSURE BY EXAMINATION.] An applicant for a license to practice as a registered nurse or licensed practical nurse shall apply to the board for a license by examination on forms prescribed by the board and pay a fee in an amount determined by rule. An applicant applying for reexamination shall pay a fee in an amount determined by rule. In no case shall fees be refunded.

Before being scheduled for examination, the applicant shall provide written evidence verified by oath that the applicant (a) is of good moral character; (b) is in good mental health; (c) (1) has not engaged in conduct warranting disciplinary action as set forth in section 148.261; (2) meets secondary education requirements as determined by the board and other preliminary qualification requirements the board may prescribe by rule; and (d) (3) either has completed a course of study in a professional nursing program approved by the board or is enrolled in the final term of study in such program. The board shall annually publish and distribute to secondary school counselors the requirements for licensure for practice in Minnesota. The nursing program must be approved for the preparation of applicants for the type of license for which the application has been submitted.

The applicant shall be required to pass a written examination in the subjects the board may determine. Each written examination may be supplemented by an oral or practical examination. An applicant failing to pass any portion of the examination shall be deemed to have failed the examination and may apply for reexamination in the subjects or sections failed.

~~Refusal to supply information necessary to determine the qualifications of an applicant may result in denial of the application.~~

Upon submission by the applicant of an affidavit of graduation from an approved nursing program as well as proof that the applicant has passed the examination, paid the required fees and met all other requirements stated in this subdivision, the board shall issue a license to the applicant. The board may issue a license with conditions and limitations if it considers it necessary to protect the public.

Subd. 2. [LICENSURE BY ENDORSEMENT.] The board may shall issue a license to practice professional nursing as a registered nurse or practical nursing without examination to an applicant who has been duly licensed or registered as a registered professional nurse under the laws of another state, territory, or foreign country, if in the opinion of the board the applicant has the qualifications equivalent to the qualifications required in this state as stated in subdivision 1, all other laws not inconsistent with this section, and rules promulgated by the board.

Subd. 4. [EDUCATION WAIVED.] A person who has been licensed as a licensed practical nurse in another state, who has passed a licensing examination acceptable to the board, and who has had 24 months of experience as a licensed practical nurse in the five years prior to applying for a license is not required to meet any additional educational requirements.

Subd. 5. [DENIAL OF LICENSE.] Refusal of an applicant to supply information necessary to determine the applicant's qualifications, failure to demonstrate qualifications, or failure to satisfy the requirements for a license contained in this section or rules of the board may result in denial of a license. The burden of proof is upon the applicant to demonstrate the qualifications and satisfaction of the requirements.

Sec. 7. [148.212] [TEMPORARY PERMIT.]

Upon receipt of the applicable fee and in accordance with rules of the board, the board may issue a nonrenewable temporary permit to practice professional or practical nursing to an applicant for licensure who is not the subject of a pending investigation or disciplinary action, nor disqualified for any other reason, under the following circumstances:

(a) The applicant for licensure under section 148.211, subdivision 1, has graduated from an approved nursing program and has applied to write the first examination for licensure given by the board following graduation. The permit holder must practice professional or practical nursing under the direct supervision of a registered nurse. The permit is valid from the date of graduation until the date the board takes action on the application.

(b) The applicant for licensure under section 148.211, subdivision 2, has graduated from an approved nursing program in another state or territory and has written the first examination for licensure given by that jurisdiction's board following graduation. The examination must be the same examination required under section 148.211. The permit holder must practice professional or practical nursing under the direct supervision of a registered nurse. The permit shall be valid from the date of graduation or completion of

the examination, whichever is later, until the date of board action on the application.

(c) The applicant for licensure under section 148.211, subdivision 2, is currently licensed to practice professional or practical nursing in another state, territory, or Canadian province. The permit shall be valid from submission of a proper request until the date of board action on the application.

(d) The applicant for reregistration under section 148.231, subdivision 5, is currently registered in a formal, structured refresher course for nurses that includes clinical practice.

Sec. 8. Minnesota Statutes 1988, section 148.231, is amended to read:

148.231 [TASK FORCE; REGISTRATION; NONPRACTICING LIST FAILURE TO REGISTER; REREGISTRATION; VERIFICATION.]

Subdivision 1. [REGISTRATION.] Every person licensed to practice professional or practical nursing must also maintain with the board, a current registration for practice as a registered nurse or licensed practical nurse which must be renewed at regular intervals stipulated established by the board by rule. Upon adoption by the board of rules establishing procedures and minimum requirements for successful completion of specified continuing education as hereinafter provided, No certificate of registration shall be issued by the board to a nurse until the nurse has submitted satisfactory evidence of compliance with the procedures and minimum requirements established by the board.

The fee for periodic registration for practice as a registered nurse shall be determined by the board by rule. A penalty fee shall be added for any application received after the required date as specified by the board by rule. Upon receipt of the application and the required fees, the board shall verify the application and the evidence of completion of continuing education requirements in effect, and thereupon issue to the applicant nurse a certificate of registration for the next renewal period.

Subd. 4. [FAILURE TO REGISTER.] Any person licensed under the provisions of sections 148.171 to 148.285 who fails to reregister register within the required period hereinbefore provided shall not be entitled to practice nursing in this state as a registered nurse or licensed practical nurse.

Subd. 5. [REREGISTRATION.] When A person on whose registration has lapsed desiring to resume practice the person shall make application for reregistration, and submit satisfactory evidence of

compliance with the procedures and ~~minimum~~ requirements established by the board for continuing education, and pay the registration fee for the current period to the board. Thereupon, the registration certificate shall be issued to such applicant, and such the person who shall immediately be placed on the practicing list as a registered nurse or licensed practical nurse.

Subd. 6. [FEE FOR LICENSE VERIFICATION.] A person licensed under the provisions of sections 148.171 to 148.285 who requests the board to verify a Minnesota license to another jurisdiction state, territory, or country or to an agency, facility, school or institution shall pay a fee to the board for each verification.

Sec. 9. [148.2315] [REGISTRATION OF PUBLIC HEALTH NURSES.]

A public health nurse certified for public health duties by the commissioner of health under section 145A.06, subdivision 3, or previous authority must be deemed to be registered as a public health nurse under the provisions of sections 148.171 to 148.285.

Sec. 10. Minnesota Statutes 1988, section 148.241, is amended to read:

148.241 [EXPENSES.]

Subdivision 1. [APPROPRIATION.] The expenses of administering sections 148.171 to ~~148.209~~ 148.285 shall be paid from the appropriation made to the Minnesota board of nursing.

Subd. 2. [EXPENDITURE.] All amounts appropriated to the board shall be held subject to the order of the board to be used only for the purpose of meeting necessary expenses incurred in the performance of the purposes of sections 148.171 to 148.285, and the duties imposed thereby as well as the promotion of nursing education and standards of nursing care in this state.

Sec. 11. Minnesota Statutes 1988, section 148.251, is amended to read:

148.251 [SCHOOL OF NURSING PROGRAM.]

Subdivision 1. [INITIAL APPROVAL.] An institution desiring to conduct a school of nursing program shall apply to the board and submit evidence that:

(1) It is prepared to provide a program of theory and practice in professional or practical nursing as prescribed in the curriculum that meets the program approval standards adopted by the board. Such instruction and required experience may be secured obtained

in one or more institutions or agencies approved by the board outside the applying institution as long as the nursing program retains accountability for all clinical and nonclinical teaching.

(2) It is prepared to meet other standards established by law and by the board.

Subd. 2. A survey of the institution or institutions with which the school is to be affiliated shall be made by a qualified representative of the board. Such representative shall submit a written report of the survey to the board. If the board determines that the requirements for an approved school of nursing are met, it shall designate the school as an approved school of nursing.

Subd. 3. [CONTINUING APPROVAL.] From time to time as deemed necessary by the board, it shall be the duty of the board, through its representatives, to survey all schools of nursing programs in the state. Written reports of such surveys shall be submitted to the board by the representative. If the results of the survey show that a nursing program meets all board rules, the board shall continue approval of the nursing program.

Subd. 4. [LOSS OF APPROVAL.] If the board determines that any an approved school of nursing program is not maintaining the standards required by the statutes and by the board rules, notice thereof in writing specifying the defect or defects shall be given to the school program. If a school which program fails to correct these conditions to the satisfaction of the board within a reasonable time, approval of the program shall be revoked and the program shall be removed from the list of approved schools of nursing programs.

Subd. 5. [REINSTATEMENT OF APPROVAL.] The board shall reinstate approval of a nursing program upon submission of satisfactory evidence that its program of theory and practice meets the standards required by statutes and board rules.

Subd. 4-6. [ADVANCED STANDING.] Associate degree nursing programs approved or seeking to be approved by the board shall provide for advanced standing for licensed practical nurses in recognition of their nursing education and experience. The board shall adopt rules by July 1, 1982 to implement this section.

Sec. 12. Minnesota Statutes 1988, section 148.261, is amended to read:

148.261 [REVOCAION OF LICENSE GROUNDS FOR DISCIPLINARY ACTION.]

Subdivision 1. [GROUND LISTED.] The board shall have power to deny, suspend, revoke, suspend, limit, or restrict condition the

license and registration of any person to practice professional or practical nursing pursuant to sections 148.171 to 148.285, or to otherwise discipline a licensee or applicant upon proof that the person, as described in section 12. The following are grounds for disciplinary action:

(1) Failure to demonstrate the qualifications or satisfy the requirements for a license contained in section 148.171 to 148.285 or rules of the board. The burden of proof is upon the applicant to demonstrate the qualifications or satisfaction of the requirements.

Has employed (2) Employing fraud or deceit in procuring or attempting to procure a permit, license, or registration certificate to practice nursing as a registered nurse or annual registration for the practice of professional or practical nursing; or attempting to subvert the licensing examination process. Conduct that subverts or attempts to subvert the licensing examination process includes, but is not limited to:

(i) conduct that violates the security of the examination materials, such as removing examination materials from the examination room or having unauthorized possession of any portion of a future, current, or previously administered licensing examination;

(ii) conduct that violates the standard of test administration, such as communicating with another examinee during administration of the examination, copying another examinee's answers, permitting another examinee to copy one's answers, or possessing unauthorized materials; or

(iii) impersonating an examinee or permitting an impersonator to take the examination on one's own behalf.

(2) Has been convicted (3) Conviction during the previous five years of a felony or gross misdemeanor; reasonably related to the practice of professional or practical nursing. Conviction as used in this subdivision shall include a conviction of an offense that if committed in this state would be considered a felony or gross misdemeanor without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered.

(3) Is unfit or incompetent by reason of negligence, habits or other causes;

(4) Is habitually intemperate or is addicted to the use of habit forming drugs; Revocation, suspension, limitation, conditioning, or other disciplinary action against the person's professional or practical nursing license in another state, territory, or country;

failure to report to the board that charges regarding the person's nursing license are pending in another state, territory, or country; or having been refused a license by another state, territory, or country.

(5) Has, in a professional capacity, exhibited behavior which creates an undue risk of harm to others; Failure to or inability to perform professional or practical nursing as defined in section 148.171, paragraph (3) or (5), with reasonable skill and safety, including failure of a registered nurse to supervise or a licensed practical nurse to monitor adequately the performance of acts by any person working at the nurse's direction.

(6) Is guilty of unethical practice of nursing; Engaging in unprofessional conduct including, but not limited to, a departure from or failure to conform to board rules of professional or practical nursing practice that interpret the statutory definition of professional or practical nursing as well as provide criteria for violations of the statutes, or, if no rule exists, to the minimal standards of acceptable and prevailing professional or practical nursing practice, or any nursing practice that may create unnecessary danger to a patient's life, health, or safety. Actual injury to a patient need not be established under this clause.

(7) Has willfully or repeatedly violated any of the provisions of sections 148.171 to 148.285. Delegating or accepting the delegation of a nursing function or a prescribed health care function when the delegation or acceptance could reasonably be expected to result in unsafe or ineffective patient care.

(8) Actual or potential inability to practice nursing with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, chemicals, or any other material, or as a result of any mental or physical condition.

(9) Adjudication as mentally incompetent, mentally ill, a chemically dependent person, or a person dangerous to the public by a court of competent jurisdiction, within or without this state.

(10) Engaging in any unethical conduct including, but not limited to, conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare, or safety of a patient. Actual injury need not be established under this clause.

(11) Engaging in conduct with a patient that is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning to a patient, or engaging in sexual exploitation of a patient or former patient.

(12) Obtaining money, property, or services from a patient, other than reasonable fees for services provided to the patient, through the use of undue influence, harassment, duress, deception, or fraud.

(13) Revealing a privileged communication from or relating to a patient except when otherwise required or permitted by law.

(14) Engaging in abusive or fraudulent billing practices, including violations of federal Medicare and Medicaid laws or state medical assistance laws.

(15) Improper management of patient records, including failure to maintain adequate patient records, to comply with a patient's request made pursuant to section 144.335, or to furnish a patient record or report required by law.

(16) Knowingly aiding, assisting, advising, or allowing an unlicensed person to engage in the unlawful practice of professional or practical nursing.

(17) Violating a rule adopted by the board, an order of the board, or a state or federal law relating to the practice of professional or practical nursing, or a state or federal narcotics or controlled substance law.

Subd. 3. Any registered nurse whose license or registration has been suspended, restricted or revoked, may have the license reinstated and a new registration issued when in the discretion of the board the action is warranted, provided that such nurse may be required by the board to pay 50 percent of the costs of the proceedings resulting in the suspension or revocation of the license or registration certificate and reinstatement of the license or renewal certificate, and in addition thereto, pay the fee for the current year's registration.

Subd. 4. [EVIDENCE.] In disciplinary actions alleging a violation of subdivision 1, clause (3) or (4), a copy of the judgment or proceeding under the seal of the clerk of the court or of the administrative agency that entered the same shall be admissible into evidence without further authentication and shall constitute prima facie evidence of the violation concerned.

Subd. 5. [EXAMINATION; ACCESS TO MEDICAL DATA.] The board may take the following actions if it has probable cause to believe that grounds for disciplinary action exist under subdivision 1, clause (8) or (9):

(a) It may direct the applicant or nurse to submit to a mental or physical examination or chemical dependency evaluation. For the purpose of this subdivision, when a nurse licensed under sections

148.171 to 148.285 is directed in writing by the board to submit to a mental or physical examination or chemical dependency evaluation, that person is considered to have consented and to have waived all objections to admissibility on the grounds of privilege. Failure of the applicant or nurse to submit to an examination when directed constitutes an admission of the allegations against the applicant or nurse, unless the failure was due to circumstances beyond the person's control, and the board may enter a default and final order without taking testimony or allowing evidence to be presented. A nurse affected under this paragraph shall, at reasonable intervals, be given an opportunity to demonstrate that the competent practice of professional or practical nursing can be resumed with reasonable skill and safety to patients. Neither the record of proceedings nor the orders entered by the board in a proceeding under this paragraph, may be used against a nurse in any other proceeding.

(b) It may, notwithstanding sections 13.42, 144.651, 595.02, or any other law limiting access to medical or other health data, obtain medical data and health records relating to a registered nurse, licensed practical nurse, or applicant for a license without that person's consent. The medical data may be requested from a provider, as defined in section 144.335, subdivision 1, paragraph (b), an insurance company, or a government agency, including the department of human services. A provider, insurance company, or government agency shall comply with any written request of the board under this subdivision and is not liable in any action for damages for releasing the data requested by the board if the data are released pursuant to a written request under this subdivision unless the information is false and the provider giving the information knew, or had reason to believe, the information was false. Information obtained under this subdivision is classified as private data on individuals as defined in section 13.02.

Sec. 13. [148.262] [FORMS OF DISCIPLINARY ACTION; AUTOMATIC SUSPENSION; TEMPORARY SUSPENSION; REISSUANCE.]

Subdivision 1. [FORMS OF DISCIPLINARY ACTION.] When the board finds that grounds for disciplinary action exist under section 148.261, subdivision 1, it may take one or more of the following actions:

- (1) deny the license, registration, or registration renewal;
- (2) revoke the license;
- (3) suspend the license;
- (4) impose limitations on the nurse's practice of professional or practical nursing including, but not limited to, limitation of scope of practice or the requirement of practice under supervision;

(5) impose conditions on the retention of the license including, but not limited to, the imposition of retraining or rehabilitation requirements or the conditioning of continued practice on demonstration of knowledge or skills by appropriate examination, monitoring, or other review;

(6) impose a civil penalty not exceeding \$10,000 for each separate violation, the amount of the civil penalty to be fixed as to deprive the nurse of any economic advantage gained by reason of the violation charged, to reimburse the board for the cost of counsel, investigation, and proceeding, and to discourage repeated violations;

(7) order the nurse to provide unremunerated service;

(8) censure or reprimand the nurse; or

(9) any other action justified by the facts in the case.

Subd. 2. [AUTOMATIC SUSPENSION.] Unless the board orders otherwise, a license to practice professional or practical nursing is automatically suspended if:

(1) a guardian of a nurse is appointed by order of a probate court under sections 525.54 to 525.61;

(2) the nurse is committed by order of a probate court under chapter 253B or sections 526.09 to 526.11; or

(3) the nurse is determined to be mentally incompetent, mentally ill, chemically dependent, or a person dangerous to the public by a court of competent jurisdiction within or without this state.

The license remains suspended until the nurse is restored to capacity by a court and, upon petition by the nurse, the suspension is terminated by the board after a hearing or upon agreement between the board and the nurse.

Subd. 3. [TEMPORARY SUSPENSION OF LICENSE.] In addition to any other remedy provided by law, the board may, through its designated board member under section 214.10, subdivision 2, temporarily suspend the license of a nurse without a hearing if the board finds that there is probable cause to believe the nurse has violated a statute or rule the board is empowered to enforce and continued practice by the nurse would create a serious risk of harm to others. The suspension shall take effect upon written notice to the nurse, served by first-class mail, specifying the statute or rule violated. The suspension shall remain in effect until the board issues a temporary stay of suspension or a final order in the matter after a hearing or upon agreement between the board and the nurse. At the time it issues the suspension notice, the board shall schedule

a disciplinary hearing to be held under the administrative procedure act. The nurse shall be provided with at least 20 days' notice of any hearing held under this subdivision. The hearing shall be scheduled to begin no later than 30 days after the issuance of the suspension order.

Subd. 4. [REISSUANCE.] The board may reinstate and reissue a license or registration certificate to practice professional or practical nursing, but as a condition may impose any disciplinary or corrective measure that it might originally have imposed. Any person whose license or registration has been revoked, suspended, or limited may have the license reinstated and a new registration issued when, in the discretion of the board, the action is warranted, provided that the person shall be required by the board to pay the costs of the proceedings resulting in the revocation, suspension, or limitation of the license or registration certificate and reinstatement of the license or registration certificate, and to pay the fee for the current registration period. The cost of proceedings shall include, but not be limited to, the cost paid by the board to the office of administration hearings and the office of the attorney general for legal and investigative services, the costs of a court reporter and witnesses, reproduction of records, board staff time, travel, and expenses, and board members' per diem reimbursements, travel costs, and expenses.

Sec. 14. [148.263] [REPORTING OBLIGATIONS.]

Subdivision 1. [PERMISSION TO REPORT.] A person who has knowledge of any conduct constituting grounds for discipline under sections 148.171 to 148.285 may report the alleged violation to the board.

Subd. 2. [INSTITUTIONS.] The chief nursing executive or chief administrative officer of any hospital, clinic, prepaid medical plan, or other health care institution or organization located in this state shall report to the board any action taken by the institution or organization or any of its administrators or committees to discharge, suspend, or otherwise discipline a nurse for failure to discharge his or her responsibilities as a nurse. The institution or organization shall also report the resignation of any nurse before the conclusion of any disciplinary proceeding, or before commencement of formal charges, but after the nurse had knowledge that formal charges were contemplated or in preparation. The reporting described by this subdivision is required only if the action pertains to grounds for disciplinary action under section 148.261.

Subd. 3. [LICENSED PROFESSIONALS.] A person licensed by a health-related licensing board as defined in section 214.01, subdivision 2, shall report to the board personal knowledge of any conduct the person reasonably believes constitutes grounds for disciplinary action under sections 148.171 to 148.285 by any nurse including

conduct indicating that the nurse may be incompetent, may have engaged in unprofessional or unethical conduct, or may be mentally or physically unable to engage safely in the practice of professional or practical nursing.

Subd. 4. [INSURERS.] Four times each year, by the first day of February, May, August, and November, each insurer authorized to sell insurance described in section 60A.06, subdivision 1, clause (13), and providing professional liability insurance to registered nurses or licensed practical nurses shall submit to the board a report concerning any nurse against whom a malpractice award has been made or who has been a party to a settlement. The report must contain at least the following information:

(1) the total number of settlements or awards;

(2) the date settlement or award was made;

(3) the allegations contained in the claim or complaint leading to the settlement or award;

(4) the dollar amount of each malpractice settlement or award and whether that amount was paid as a result of a settlement or of an award; and

(5) the name and address of the practice of the nurse against whom an award was made or with whom a settlement was made.

An insurer shall also report to the board any information it possesses that tends to substantiate a charge that a nurse may have engaged in conduct violating sections 148.171 to 148.285.

Subd. 5. [COURTS.] The court administrator of district court or another court of competent jurisdiction shall report to the board any judgment or other determination of the court that adjudges or includes a finding that a nurse is mentally ill, mentally incompetent, chemically dependent, a person dangerous to the public, guilty of a felony or gross misdemeanor, guilty of a violation of federal or state narcotics laws or controlled substances act, guilty of operating a motor vehicle while under the influence of alcohol or a controlled substance, or guilty of an abuse or fraud under Medicare or Medicaid, appoints a guardian of the nurse under sections 525.54 to 525.61, or commits a nurse under chapter 253B or section 526.09 to 526.11.

Subd. 6. [DEADLINES; FORMS.] Reports required by subdivisions 2 to 5 must be submitted no later than 30 days after the occurrence of the reportable event or transaction. The board may provide forms for the submission of reports required by this section, may require that the reports be submitted on the forms provided,

and may adopt rules necessary to assure prompt and accurate reporting. The board shall review all reports, including those submitted after the deadline.

Sec. 15. [148.264] [IMMUNITY.]

Subdivision 1. [REPORTING.] Any person, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting in good faith a report to the board under section 14 or for otherwise reporting in good faith to the board violations or alleged violations of sections 148.171 to 148.285. All such reports are investigative data as defined in chapter 13.

Subd. 2. [INVESTIGATION.] Members of the board and persons employed by the board or engaged in the investigation of violations and in the preparation and management of charges of violations of sections 148.171 to 148.285 on behalf of the board or persons participating in the investigation or testifying regarding charges of violations are immune from civil liability and criminal prosecution for any actions, transactions, or publications in the execution of, or relating to, their duties under sections 148.171 to 148.285.

Sec. 16. [148.265] [NURSE COOPERATION.]

A nurse who is the subject of an investigation by or on behalf of the board shall cooperate fully with the investigation. Cooperation includes responding fully and promptly to any question raised by or on behalf of the board relating to the subject of the investigation and providing copies of patient or other records in the nurse's possession, as reasonably requested by the board, to assist the board in its investigation and to appear at conferences and hearings scheduled by the board. The board shall pay for copies requested. If the board does not have a written consent from a patient permitting access to the patient's records, the nurse shall delete any data in the record that identify the patient before providing it to the board. The board shall maintain any records obtained pursuant to this section as investigative data under chapter 13. The nurse shall not be excused from giving testimony or producing any documents, books, records, or correspondence on the grounds of self-incrimination, but the testimony or evidence may not be used against the nurse in any criminal case.

Sec. 17. [148.266] [DISCIPLINARY RECORD ON JUDICIAL REVIEW.]

Upon judicial review of any board disciplinary action taken under sections 148.171 to 148.285, the reviewing court shall seal the administrative record, except for the board's final decision, and shall not make the administrative record available to the public.

Sec. 18. Minnesota Statutes 1988, section 148.271, is amended to read:

148.271 [ALLOWABLE UNLICENSED PRACTICES EXEMPTIONS.]

The provisions of sections 148.171 to 148.285 shall not prohibit:

- (1) The furnishing of nursing assistance in an emergency.
- (2) The practice of professional or practical nursing by any legally qualified registered or licensed practical nurse of another state who is employed by the United States government or any bureau, division or agency thereof while in the discharge of official duties.
- (3) Under the direct supervision of a registered nurse, the practice of nursing by a graduate of a school of professional nursing approved by the board between the date of graduation and the date of notification to the graduate of the board action upon application for licensure hereunder, provided that the graduate will take the first examination for licensure hereunder following graduation given by the board and will be issued a permit by the board to engage in supervised practice of professional nursing while awaiting notification of the results of such examination. The board is authorized to issue permits to such graduates which shall permit the practice of professional nursing under direct supervision from the date of graduation until the date that the board shall notify the graduates of the results of their applications for registration conditioned upon the graduates making prompt application for registration and taking the first examination given by the board which they are eligible to take following graduation. These permits shall not be renewable.
- (4) The practice of any profession or occupation licensed by the state, other than professional or practical nursing, by any person duly licensed to practice the profession or occupation, or the performance by a person of any acts properly coming within the scope of the profession, occupation or license.
- (5) The performance of any act in the nursing care of the sick by a nurse's aide under the direction of a registered nurse.
- (4) The provision of a nursing or nursing-related service by a nursing assistant who has been delegated the specific function and is supervised by a registered nurse or monitored by a licensed practical nurse.
- (6) The practice of nursing by a person licensed as a professional nurse in another jurisdiction and qualified for licensure in the state of Minnesota pursuant to a temporary permit issued by the board of

nursing which permit shall be issued by the board pursuant to rules as it may promulgate, for the period between the submission of a proper application for licensure by the person and the date of action upon the application by the board.

(7) The care of the sick, injured or infirm in a private home by any person who does not assume or represent to be a registered or professional nurse.

(8) (5) The care of the sick with or without compensation when done in a nursing home covered by the provisions of section 144A.09, subdivision 1.

(9) The practice of nursing by a graduate of an approved professional nursing program in another jurisdiction provided the graduate has applied for licensure in the state of Minnesota by interstate endorsement and has written the first examination for licensure following graduation. Practice under this clause is allowable only under a temporary permit issued by the board which shall be issued pursuant to rules as the board may promulgate, and which shall be valid only for the period between submission of a proper application and completion of the examination by the person and the date of action upon the application by the board. The examination must be the same examination required of applicants for licensure by examination in Minnesota. The permit shall authorize the practice of nursing only under the direct supervision of a licensed professional nurse. The permit shall not be renewable.

(6) Professional nursing practice by a registered nurse or practical nursing practice by a licensed practical nurse licensed in another state or territory who is in Minnesota as a student enrolled in a formal, structured course of study, such as a course leading to a higher degree, certification in a nursing specialty, or to enhance skills in a clinical field, while the student is practicing in the course.

(7) Professional or practical nursing practice by a student practicing under the supervision of an instructor while the student is enrolled in a nursing program approved by the board under section 148.251.

Sec. 19. Minnesota Statutes 1988, section 148.281, is amended to read:

148.281 [VIOLATIONS; PENALTY.]

Subdivision 1. [VIOLATIONS DESCRIBED.] It shall be unlawful for any person, corporation, or association, to:

(1) Sell or fraudulently obtain or furnish any nursing diploma, license or record, or aid or abet therein;

(2) Practice professional or practical nursing or practice as a public health nurse under cover of any diploma, permit, license, registration certificate, or record illegally or fraudulently obtained or signed or issued unlawfully or under fraudulent representation;

(3) Practice professional or practical nursing unless the person has been issued a temporary permit under the provisions of section 7 or is duly licensed and currently registered to do so under the provisions of sections 148.171 to 148.285;

(4) Use any abbreviation or other designation tending to imply licensure as a registered nurse or licensed practical nurse unless duly registered and licensed and currently registered so to practice professional or practical nursing under the provisions of sections 148.171 to 148.285 except as authorized by the board by rule;

(5) Use any abbreviation or other designation tending to imply registration as a public health nurse unless duly registered by the board;

(6) Practice professional or practical nursing in a manner prohibited by the board in any restriction limitation of a license or registration issued under the provisions of sections 148.171 to 148.285;

(6) (7) Practice professional or practical nursing during the time a license or current registration issued under the provisions of sections 148.171 to 148.285 shall be suspended or revoked;

(7) (8) Conduct a school of nursing program for the training education of persons to become registered nurses or professional licensed practical nurses unless the school or course program has been approved by the board; and

(9) Knowingly employ persons in the practice of professional or practical nursing who have not been issued a current permit, license, or registration certificate to practice as a nurse in this state.

Subd. 1a. It shall be unlawful to operate any nongovernmental partnership, corporation or unincorporated association which is organized primarily to render professional nursing through its agents, unless the partnership, corporation or unincorporated association is registered pursuant to rules adopted by the board.

Subd. 2. [PENALTY.] Any person, corporation, or association violating any provisions of subdivision 1 shall be guilty of a misdemeanor, and shall be punished according to law.

Sec. 20. Minnesota Statutes 1988, section 148.283, is amended to read:

148.283 [UNAUTHORIZED PRACTICE OF PROFESSIONAL AND PRACTICAL NURSING.]

The practice of professional or practical nursing by any person who has not been licensed to practice professional or practical nursing under the provisions of sections 148.171 to 148.285, or whose license has been suspended or revoked, or whose registration has expired, is hereby declared to be inimical to the public health and welfare and to constitute a public nuisance. Upon complaint being made thereof by the board of nursing, or any prosecuting officer, and upon a proper showing of the facts, the district court of the county where such practice occurred may enjoin such acts and practice. Such injunction proceeding shall be in addition to, and not in lieu of, all other penalties and remedies provided by law.

Sec. 21. Minnesota Statutes 1988, section 319A.02, subdivision 2, is amended to read:

Subd. 2. "Professional service" means personal service rendered by a professional pursuant to a license or certificate issued by the state of Minnesota to practice medicine and surgery pursuant to sections 147.01 to 147.29, chiropractic pursuant to sections 148.01 to 148.105, registered nursing pursuant to sections 148.171 to 148.285, optometry pursuant to sections 148.52 to 148.62, psychology pursuant to sections 148.88 to 148.98, dentistry pursuant to sections 150A.01 to 150A.12, pharmacy pursuant to sections 151.01 to 151.40, podiatric medicine pursuant to Laws 1987, chapter 108, sections 1 to 16, veterinary medicine pursuant to sections 156.001 to 156.14, architecture, engineering, surveying and landscape architecture pursuant to sections 326.02 to 326.15, accountancy pursuant to sections 326.17 to 326.23, or law pursuant to sections 481.01 to 481.17, or pursuant to a license or certificate issued by another state pursuant to similar laws.

Sec. 22. [REPEALER.]

Minnesota Statutes 1988, sections 145A.06, subdivision 3; 148.191, subdivision 3; 148.221; 148.251, subdivision 2; 148.261, subdivision 3; 148.272; 148.281, subdivision 1a; 148.286; 148.29; 148.291; 148.292; 148.293; 148.294; 148.295; 148.296; 148.297; 148.298; and 148.299, are repealed.

Delete the title and insert:

"A bill for an act relating to occupations and professions; regulating nursing; proposing the Minnesota nurse practice act; providing penalties; amending Minnesota Statutes 1988, sections 144A.43, subdivision 3; 145A.02, subdivision 18; 148.171; 148.181; 148.191; 148.211; 148.231; 148.241; 148.251; 148.261; 148.271; 148.281; 148.283; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes

1988, sections 145A.06, subdivision 3; 148.191, subdivision 3; 148.221; 148.251, subdivision 2; 148.261, subdivision 3; 148.272; 148.281, subdivision 1a; 148.286; 148.29; 148.291; 148.292; 148.293; 148.294; 148.295; 148.296; 148.297; 148.298; and 148.299."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 773, A bill for an act relating to state government; financing the beginning farmer loan program; regulating certain administrative duties of the commissioner of finance; permitting certain financial arrangements; amending Minnesota Statutes 1988, sections 16A.065; 16A.27, subdivision 5; 16A.58; 16A.631; 16A.641, subdivision 7; 16A.661, subdivision 7; 16A.85; 41B.19, subdivision 5; 41B.195; 115A.58, subdivisions 1, 3, 4, and 5; 115A.59; 116.16, subdivisions 1, 2, 3, 4, 5, and 9; 116.17, subdivisions 1, 3, and 5; 116.18, subdivisions 1, 4, 5, and 6; 124.42, subdivision 3; 136C.44; 216C.37, subdivision 6; 246.50, subdivision 5; 246.64, subdivision 1; 297.13, subdivision 1; 297.32, subdivision 9; and Laws 1987, chapter 396, article 12, section 10; repealing Minnesota Statutes 1988, sections 84B.08; 85A.04, subdivision 2; 115A.57; 136C.42; 136C.43, subdivisions 1, 2, and 3.

Reported the same back with the following amendments:

Page 3, delete section 7 and insert:

"Sec. 7. Minnesota Statutes 1988, section 16A.85, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The commissioner of administration may determine, in conjunction with the commissioner of finance, the personal property needs of the various state departments, agencies, boards, and commissions of the kinds identified in this subdivision that may be economically funded through a master lease program and request the commissioner of finance to execute a master lease ~~and to~~. The master lease may be used only to finance the following kinds of purchases:

(a) The master lease may be used to finance purchases by the commissioner of administration with money from an internal services fund.

(b) The master lease may be used to refinance a purchase of equipment already purchased under a lease-purchase agreement.

(c) The master lease may be used to finance purchases of large equipment with a capital value of more than \$100,000 and a useful life of more than ten years.

(d) The legislature may specifically authorize a particular purchase to be financed using the master lease. The legislature anticipates that this authorization will be given only to finance the purchase of major pieces of equipment with a capital value of more than \$10,000.

The commissioner of finance may authorize the sale and issuance of certificates of participation relative to it a master lease in an amount sufficient to fund these personal property needs. The term of the certificates must be less than the expected useful life of the equipment whose purchase is financed by the certificates. The commissioner of administration may use the proceeds from the master lease or the sale of the certificates of participation to acquire the personal property through the appropriate procurement procedure in chapter 16B. Money appropriated for the lease or acquisition of this personal property is appropriated to the commissioner of finance to pay principal and interest coming due on the certificates of participation make master lease payments.

Sec. 8. Minnesota Statutes 1988, section 16A.85, subdivision 3, is amended to read:

Subd. 3. [MASTER LEASES NOT DEBT.] The commissioner of finance may not enter into a master lease unless the commissioner of finance has conducted a demand survey of the amount of projected rentals and determines that money has been appropriated and allotted for the payment of the maximum amount of rentals that are projected to be payable from state money and that are projected to be due or to become due during the appropriation period in which the lease contract is entered into. A master lease does not constitute or create a general or moral obligation or indebtedness of the state in excess of the money from time to time appropriated or otherwise available for the payment of rent coming due under the lease, and the state has no continuing obligation to appropriate money for the payment of rent or other obligations under the lease. Rent due under a master lease during a current lease term for which money has been appropriated is a current expense of the state."

Page 18, line 1, delete "principle" and insert "principal"

Page 21, line 5, strike everything after "(2)"

Page 21, lines 6 to 19, strike the old language and delete the new language

Page 21, line 20, strike "(3)"

Page 21, line 31, strike "(4)" and insert "(3)"

Page 22, line 3, strike "as follows:"

Page 22, lines 4 to 8, strike the old language and delete the new language

Page 22, line 9, strike everything before "to"

Page 22, after line 30, insert:

"Sec. 38. [STUDY.]

The authority, in cooperation with the commissioner of agriculture, may study the establishment of a conservation reserve enhancement program under which an eligible borrower who has enrolled or contracted to enroll acres of a farm in the federal conservation reserve program may assign periodic payments from the conservation reserve program to the authority as payment on the state share of a farm financing program under the authority."

Pages 22 and 23, delete section 38 and insert:

"Sec. 40. [EFFECTIVE DATE.]

This act is effective July 1, 1989, except that section 37 is effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon insert "abolishing the water pollution control fund;"

Page 1, line 8, after "16A.85" insert ", subdivisions 1 and 3"

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

The report was adopted.

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

H. F. No. 784, A bill for an act relating to human services; allowing for allocation of federal fiscal disallowances; amending date for rule adoption for family and group family foster care; permitting charges

for postadoption services; permitting charges for searches involving original birth certificate information; amending Minnesota Statutes 1988, sections 256.01, subdivision 2; 256F.05, subdivisions 2, 3, and 4; 257.071, subdivision 7; 259.47, subdivision 5; and 259.49, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 256E and 256F; repealing Minnesota Statutes 1988, section 256F.05, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require local agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of local agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require local agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017; and

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds.

(2) Inform local agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to local agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) ~~The commissioner is~~ Act as designated as guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by local agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The proposed comprehensive plan including estimated project costs and the proposed order establishing the waiver shall be filed with the secretary of the senate and chief clerk of the house of representatives at least 60 days prior to its effective date.

(b) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(c) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) In accordance with federal requirements establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with

dependent children, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and AFDC programs, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$400,000. When the balance in the account exceeds \$400,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children pursuant to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act

within 30 days shall be considered a determination not to issue direct payments.

(17) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

Sec. 2. [256E.115] [SAFE HOUSES.]

The commissioner shall have authority to make grants for pilot programs when the legislature authorizes money to encourage innovation in the development of safe house programs to respond to the needs of homeless youth.

Sec. 3. Minnesota Statutes 1988, section 256F.05, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL MONEY AVAILABLE.] Additional Money appropriated for family-based services permanency planning grants to counties, together with an amount as determined by the commissioner of title IV-B funds distributed to Minnesota according to the Social Security Act, United States Code, title 42, section 621, must be distributed to counties according to the formula in subdivision 3.

Sec. 4. Minnesota Statutes 1988, section 256F.05, subdivision 3, is amended to read:

Subd. 3. [FORMULA.] The amount of One-third of the money available under subdivision 2 shall be made available according to the provisions of section 256F.08. Two-thirds of the money available under subdivision 2 shall be distributed to counties under subdivision 2 must be based on the following two factors:

(1) the population of the county under age 19 years as compared to the state as a whole as determined by the most recent data from the state demographer's office; and

(2) the county's percentage share of the number of minority children in substitute care as determined by the most recent department of human services annual report on children in foster care.

The amount of money allocated according to formula factor (1) must not be less than 90 percent of the total distributed under subdivision 2.

Sec. 5. Minnesota Statutes 1988, section 256F.05, subdivision 4, is amended to read:

Subd. 4. [PAYMENTS.] The commissioner shall make grant payments to each county whose biennial community social services plan includes a permanency plan under section 256F.04, subdivision 2. The payment must be made in four installments per year. The commissioner may certify the payments for the first three months of a calendar year. Subsequent payments must be made on April 1 30, July 1 30, and October 1 30, of each calendar year. When an amount of title IV-B funds as determined by the commissioner is made available, it shall be reimbursed to counties on October 30.

Sec. 6. Minnesota Statutes 1988, section 256F.07, subdivision 3a, is amended to read:

Subd. 3a. [MINORITY FAMILY SERVICES.] In addition to services listed in subdivision 3, placement prevention and family reunification services for minority children include:

- (1) development of foster and adoptive placement resources, including recruitment, licensing, and support;
- (2) advocacy in working with the county and private social service agencies, and activities to help provide access to agency services;
- (3) family and community involvement strategies to combat child abuse and chronic neglect of children;
- (4) coordinated child welfare and mental health services to minority families; and
- (5) other activities and services approved by the commissioner that further the goals of the minority heritage preservation act.

The counties shall report to the commissioner on efforts made to implement this subdivision. The report shall include specific information on the number of foster and adoptive placements involving minority children, including information on the number of minority families who have become foster or adoptive parents and the number of minority families who have left the foster family system, with reasons for their departure from the system.

Sec. 7. [256F.08] [GRANTS FOR PLACEMENT PREVENTION AND FAMILY REUNIFICATION; AMERICAN INDIAN AND MINORITY CHILDREN.]

Subdivision 1. [GRANT PROGRAM.] The commissioner shall establish a specialized grants program for placement prevention and family reunification for American Indian and minority children.

Subd. 2. [MONEY AVAILABLE FOR GRANTS.] Funds available for this grant program will be in an amount which is equal to one-third of the total money available under this chapter.

Subd. 3. [REQUEST FOR PROPOSALS.] The commissioner shall request proposals for the development and provision of services listed in 256F.07, subdivisions 3 and 3a.

Subd. 4. [GRANT APPLICATIONS.] Local social services agencies may apply for American Indian and minority children placement prevention and family reunification grants. Application may be made alone or in combination with neighboring local social services agencies.

Subd. 5. [FORMS AND INSTRUCTIONS.] The commissioner shall provide necessary forms and instructions to the counties to apply for an American Indian and minority child placement prevention and family reunification grant.

Subd. 6. [MONITORING.] The commissioner shall design and implement methods for monitoring, delivering, and evaluating the effectiveness of placement prevention and family reunification services for American Indian and minority children.

Sec. 8. Minnesota Statutes 1988, section 257.071, subdivision 7, is amended to read:

Subd. 7. [RULES.] By December 31, 1988 1989, the commissioner shall revise Minnesota Rules, parts 9545.0010 to 9545.0269 9545.0260, the rules setting standards for family and group family foster care. The commissioner shall:

(1) require that, as a condition of licensure, foster care providers attend training on the importance of protecting cultural heritage within the meaning of Laws 1983, chapter 278, the Indian Child Welfare Act, Public Law Number 95-608, and the Minnesota Indian family preservation act, sections 257.35 to 257.357; and

(2) review and, where necessary, revise foster care rules to reflect sensitivity to cultural diversity and differing lifestyles. Specifically, the commissioner shall examine whether space and other requirements discriminate against single-parent, minority, or low-income families who may be able to provide quality foster care reflecting the values of their own respective cultures.

Sec. 9. [259.401] [COSTS OF FAMILY THERAPY.]

The commissioner of human services shall seek federal financial participation to reimburse the costs of family therapy necessary to the mental health of an adoptive child who prior to adoption had

been under the guardianship of the commissioner pursuant to section 260.242.

Sec. 10. [259.44] [REIMBURSEMENT OF NONRECURRING ADOPTION EXPENSES.]

The commissioner of human services shall provide reimbursement of up to \$2,000 to the adoptive parent or parents for costs incurred in adopting a child with special needs. The commissioner shall determine the child's eligibility for adoption expense reimbursement under title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676.

Sec. 11. Minnesota Statutes 1988, section 259.47, subdivision 5, is amended to read:

Subd. 5. [CHARGES.] Agencies The commissioner, the commissioner's agents, and licensed child-placing agencies may require a reasonable expense reimbursement for providing services required in this section. Reimbursements received by the commissioner according to this subdivision shall be deposited in the general fund.

Sec. 12. Minnesota Statutes 1988, section 259.49, subdivision 2, is amended to read:

259.49 [ACCESS TO ADOPTION RECORDS ORIGINAL BIRTH CERTIFICATE INFORMATION.]

Subd. 2. [SEARCH.] Within six months after receiving notice of the request of the adopted person, the commissioner of human services shall make complete and reasonable efforts to notify each parent identified on the original birth certificate of the adopted person. The commissioner, the commissioner's agents, and licensed child-placing agencies may charge a reasonable fee to the adopted person for the cost of making a search pursuant to this subdivision. Every licensed child placing agency in the state shall cooperate with the commissioner of human services in efforts to notify an identified parent. All communications under this subdivision are confidential pursuant to section 13.02, subdivision 3.

For purposes of this subdivision, "notify" means a personal and confidential contact with the genetic parents named on the original birth certificate of the adopted person. The contact shall not be by mail and shall be by an employee or agent of the licensed child placing agency which processed the pertinent adoption or some other licensed child placing agency designated by the commissioner of human services. The contact shall be evidenced by filing with the commissioner of health an affidavit of notification executed by the person who notified each parent certifying that each parent was given the following information:

(a) The nature of the information requested by the adopted person;

(b) The date of the request of the adopted person;

(c) The right of the parent to file, within 120 days of receipt of the notice, an affidavit with the commissioner of health stating that the information on the original birth certificate should not be disclosed;

(d) The right of the parent to file a consent to disclosure with the commissioner of health at any time; and

(e) The effect of a failure of the parent to file either a consent to disclosure or an affidavit stating that the information on the original birth certificate should not be disclosed.

Sec. 13. [REPEALER.]

Minnesota Statutes 1988, section 256F.05, subdivision 1, is repealed."

Delete the title and insert:

"A bill for an act relating to human services; allowing for allocation of federal fiscal disallowances; amending date for rule adoption for family and group family foster care; permitting charges for postadoption services; permitting charges for searches involving original birth certificate information; authorizing reimbursement of parents for expenses of adopting a child with special needs; amending Minnesota Statutes 1988, sections 256.01, subdivision 2; 256F.05, subdivisions 2, 3, and 4; 256F.07, subdivision 3a; 257.071, subdivision 7; 259.47, subdivision 5; and 259.49, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 256E; 256F; and 259; repealing Minnesota Statutes 1988, section 256F.05, subdivision 1."

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

The report was adopted.

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

H. F. No. 805, A bill for an act relating to human services; amending the comprehensive mental health act; establishing a mental health system for adults and for children; requiring case management; establishing mental health interagency coordinating councils; establishing task forces; allowing fees for mental health services; requiring family community support services and home-

based family treatment; amending Minnesota Statutes 1988, sections 245.461; 245.462; 245.463, subdivision 2; 245.464; 245.465; 245.466, subdivisions 1, 2, 5, and 6; 245.467, subdivisions 3, 4, and 5; 245.468; 245.469; 245.470, subdivision 1; 245.472, subdivision 1, and by adding a subdivision; 245.473, subdivision 1; 245.474; 245.476, subdivisions 1 and 3, and by adding a subdivision; 245.477; 245.478, subdivisions 2 and 3; 245.479; 245.48; 245.482; 245.483; 245.484; 245.485; 245.486; 245.62, subdivisions 2, 3, and 4; 245.696, subdivision 2; 245.697, subdivision 2a; 245.713, subdivision 2; and 245.73, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 245; repealing Minnesota Statutes 1988, sections 245.462, subdivision 25; 245.471; 245.475; 245.61; 245.64; and 245.698.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 245.461, is amended to read:

245.461 [POLICY AND CITATION.]

Subdivision 1. [CITATION.] Sections 245.461 to 245.486 may be cited as the "Minnesota comprehensive adult mental health act."

Subd. 2. [MISSION STATEMENT.] The commissioner shall create and ensure a unified, accountable, comprehensive adult mental health service system that:

(1) recognizes the right of people adults with mental illness to control their own lives as fully as possible;

(2) promotes the independence and safety of people adults with mental illness;

(3) reduces chronicity of mental illness;

(4) ~~reduces~~ eliminates abuse of people adults with mental illness;

(5) provides services designed to:

(i) increase the level of functioning of people adults with mental illness or restore them to a previously held higher level of functioning;

(ii) stabilize ~~individuals~~ adults with mental illness;

(iii) prevent the development and deepening of mental illness;

(iv) support and assist individuals adults in resolving emotional mental health problems that impede their functioning;

(v) promote higher and more satisfying levels of emotional functioning; and

(vi) promote sound mental health; and

(6) provides a quality of service that is effective, efficient, appropriate, and consistent with contemporary professional standards in the field of mental health.

Subd. 3. [REPORT.] By February 15, 1988, and annually after that until February 15, 1990, the commissioner shall report to the legislature on all steps taken and recommendations for full implementation of sections 245.461 to 245.486 and on additional resources needed to further implement those sections.

Subd. 4. [HOUSING MISSION STATEMENT.] The commissioner shall ensure that the housing services provided as part of a comprehensive mental health service system:

(1) allow all persons with mental illness to live in stable, affordable housing, in settings that maximize community integration and opportunities for acceptance;

(2) allow persons with mental illness to actively participate in the selection of their housing from those living environments available to the general public; and

(3) provide necessary support regardless of where persons with mental illness choose to live.

Sec. 2. Minnesota Statutes 1988, section 245.462, is amended to read:

245.462 [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] The definitions in this section apply to sections 245.461 to 245.486.

Subd. 2. [ACUTE CARE HOSPITAL INPATIENT TREATMENT.] "Acute care hospital inpatient treatment" means short-term medical, nursing, and psychosocial services provided in an acute care hospital licensed under chapter 144.

Subd. 3. [CASE MANAGEMENT ACTIVITIES SERVICES.] "Case management activities services" means activities that are coordinated with the community support services program as defined in subdivision 6 and are designed to help people adults with

serious and persistent mental illness in gaining access to needed medical, social, educational, vocational, and other necessary services as they relate to the client's mental health needs. Case management activities services include developing a functional assessment, an individual community support plan, referring and assisting the person to obtain needed mental health and other services, ensuring coordination of services, and monitoring the delivery of services.

Subd. 4. [CASE MANAGER.] "Case manager" means an individual employed by the county or other entity authorized by the county board to provide the case management activities services specified in subdivision 3 and sections 245.471 and 245.475. A case manager must have a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university and have at least 2,000 hours of supervised experience in the delivery of services to persons adults with mental illness, must be skilled in the process of identifying and assessing a wide range of client needs, and must be knowledgeable about local community resources and how to use those resources for the benefit of the client. The case manager shall meet in person with a mental health professional at least once each month to obtain clinical supervision of the case manager's activities. Case managers with a bachelor's degree but without 2,000 hours of supervised experience in the delivery of services to persons adults with mental illness must complete 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of persons adults with serious and persistent mental illness and must receive clinical supervision regarding individual service delivery from a mental health professional at least once each week until the requirement of 2,000 hours of supervised experience is met. Clinical supervision must be documented in the client record.

Until June 30, 1991, a refugee who does not have the qualifications specified in this subdivision may provide case management services to adult refugees with serious and persistent mental illness who are members of the same ethnic group as the case manager if the person: (1) is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or a related field from an accredited college or university; (2) completes 40 hours of training as specified in this subdivision; and (3) receives clinical supervision at least once a week until the requirements of obtaining a bachelor's degree and 2,000 hours of supervised experience are met.

Subd. 4a. [CLINICAL SUPERVISION.] "Clinical supervision" means the oversight responsibility for individual treatment plans and individual mental health service delivery, including that provided by the case manager. Clinical supervision must be accomplished by full or part-time employment of or contracts with mental health professionals. Clinical supervision must be documented by

the mental health professional cosigning individual treatment plans and by entries in the client's record regarding supervisory activities.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of human services.

Subd. 6. [COMMUNITY SUPPORT SERVICES PROGRAM.] "Community support services program" means services, other than inpatient or residential treatment services, provided or coordinated by an identified program and staff under the clinical supervision of a mental health professional designed to help people adults with serious and persistent mental illness to function and remain in the community. A community support services program includes:

- (1) client outreach,
- (2) medication management monitoring,
- (3) assistance in independent living skills,
- (4) development of employability and supportive work related opportunities,
- (5) crisis assistance,
- (6) psychosocial rehabilitation,
- (7) help in applying for government benefits, and
- (8) the development, identification, and monitoring of living arrangements.

The community support services program must be coordinated with the case management activities services specified in subdivision 3 and sections 245.471 and 245.475 section 245.4711.

Subd. 7. [COUNTY BOARD.] "County board" means the county board of commissioners or board established pursuant to the joint powers act, section 471.59, or the human services board act, sections 402.01 to 402.10.

Subd. 8. [DAY TREATMENT SERVICES.] "Day treatment," "day treatment services," means a structured program of intensive therapeutic and rehabilitative services at least one day a week for a minimum three-hour time block that is provided within a group setting by a multidisciplinary staff under the clinical supervision of a mental health professional. Day treatment services are not a part of inpatient or residential treatment services, but may be part of a community support services program or "day treatment program" means a structured program of treatment and care provided to an

adult in: (1) a hospital accredited by the joint commission on accreditation of health organizations and licensed under sections 144.50 to 144.55; (2) a community mental health center under section 245.62; or (3) an entity that is under contract with the county board to operate a program that meets the requirements of section 245.4711, subdivision 7, and Minnesota Rules, parts 9505.0170 to 9505.0475. Day treatment consists of group psychotherapy and other intensive therapeutic services that are provided at least one day a week for a minimum three-hour time block by a multidisciplinary staff under the clinical supervision of a mental health professional. The services are aimed at stabilizing the adult's mental health status, providing mental health services, and developing and improving the adult's independent living and socialization skills. The goal of day treatment is to reduce or relieve mental illness and to enable the adult to live in the community. Day treatment services are not a part of inpatient or residential treatment services. Day treatment services are distinguished from day care by their structured therapeutic program of psychotherapy services.

Subd. 9. [DIAGNOSTIC ASSESSMENT.] "Diagnostic assessment" means a written summary of the history, diagnosis, strengths, vulnerabilities, and general service needs of a ~~person~~ an adult with a mental illness using diagnostic, interview, and other relevant mental health techniques provided by a mental health professional used in developing an individual treatment plan or individual community support plan.

Subd. 10. [EDUCATION AND PREVENTION SERVICES.] "Education and prevention services" means services designed to educate the general public or special high-risk target populations about mental illness, to increase the understanding and acceptance of problems associated with mental illness, to increase people's awareness of the availability of resources and services, and to improve people's skills in dealing with high-risk situations known to affect people's mental health and functioning. The services include the distribution of information to individuals and agencies identified by the county board and the local mental health advisory council, on predictors and symptoms of mental disorders, where mental health services are available in the county, and how to access the services.

Subd. 11. [EMERGENCY SERVICES.] "Emergency services" means an immediate response service available on a 24-hour, seven-day-a-week basis for persons having a psychiatric crisis, a mental health crisis, or emergency.

Subd. 11a. [FUNCTIONAL ASSESSMENT.] "Functional assessment" means an assessment by the case manager of the adult's:

(1) mental health symptoms as presented in the adult's diagnostic assessment;

(2) mental health needs as presented in the adult's diagnostic assessment;

(3) use of drugs and alcohol;

(4) vocational and educational functioning;

(5) social functioning, including the use of leisure time;

(6) interpersonal functioning, including relationships with the adult's family;

(7) self-care and independent living capacity;

(8) medical and dental health;

(9) financial assistance needs;

(10) housing and transportation needs; and

(11) other needs and problems.

Subd. 12. [INDIVIDUAL COMMUNITY SUPPORT PLAN.] "Individual community support plan" means a written plan developed by a case manager on the basis of a diagnostic assessment and functional assessment. The plan identifies specific services needed by a person an adult with serious and persistent mental illness to develop independence or improved functioning in daily living, health and medication management, social functioning, interpersonal relationships, financial management, housing, transportation, and employment.

Subd. 13. [INDIVIDUAL PLACEMENT AGREEMENT.] "Individual placement agreement" means a written agreement or supplement to a service contract entered into between the county board and a service provider on behalf of an individual ~~client~~ adult to provide residential treatment services.

Subd. 14. [INDIVIDUAL TREATMENT PLAN.] "Individual treatment plan" means a written plan of intervention, treatment, and services for a person an adult with mental illness that is developed by a service provider under the clinical supervision of a mental health professional on the basis of a diagnostic assessment. The plan identifies goals and objectives of treatment, treatment strategy, a schedule for accomplishing treatment goals and objectives, and the individual responsible for providing treatment to the ~~person~~ adult with mental illness.

Subd. 15. [LOCAL MENTAL HEALTH PROPOSAL.] "Local mental health proposal" means the proposal developed by the county

board, reviewed by the commissioner, and described in section 245.463.

Subd. 16. [MENTAL HEALTH FUNDS.] "Mental health funds" are funds expended under sections 245.73 and 256E.12, federal mental health block grant funds, and funds expended under sections 256D.06 and 256D.37 to facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690.

Subd. 17. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" means a person providing services to persons with mental illness who is qualified in at least one of the following ways:

(1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university and has at least 2,000 hours of supervised experience in the delivery of services to persons with mental illness;

(2) has at least 6,000 hours of supervised experience in the delivery of services to persons with mental illness;

(3) is a graduate student in one of the behavioral sciences or related fields and is formally assigned by an accredited college or university to an agency or facility for clinical training; or

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or university and has less than 4,000 hours post-master's experience in the treatment of mental illness.

Subd. 18. [MENTAL HEALTH PROFESSIONAL.] "Mental health professional" means a person providing clinical services in the treatment of mental illness who is qualified in at least one of the following ways:

(1) in psychiatric nursing: a registered nurse with a master's degree in one of the behavioral sciences or related fields from an accredited college or university or its equivalent, who is licensed under sections 148.171 to 148.285, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness and who is certified as a clinical specialist by the American nurses association;

(2) in clinical social work: a person licensed as an independent clinical social worker under section 148B.21, subdivision 6, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(3) in psychology: a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental illness;

(4) in psychiatry: a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry; or

(5) in allied fields: a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness.

Subd. 19. [MENTAL HEALTH SERVICES.] "Mental health services" means at least all of the treatment services and case management activities that are provided to ~~persons~~ adults with mental illness and are described in sections 245.461 to 245.486.

Subd. 20. [MENTAL ILLNESS.] (a) "Mental illness" means an organic disorder of the brain or a clinically significant disorder of thought, mood, perception, orientation, memory, or behavior that is listed in the clinical manual of the International Classification of Diseases (ICD-9-CM), current edition, code range 290.0 to 302.99 or 306.0 to 316.0 or the corresponding code in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM-MD), current edition, Axes I, II, or III, and that seriously limits a person's capacity to function in primary aspects of daily living such as personal relations, living arrangements, work, and recreation.

(b) A "person An adult with acute mental illness" means a ~~person~~ an adult who has a mental illness that is serious enough to require prompt intervention.

(c) For purposes of case management and community support services, a "person with serious and persistent mental illness" means a ~~person~~ an adult who has a mental illness and meets at least one of the following criteria:

(1) the ~~person~~ adult has undergone two or more episodes of ~~in~~ are for a mental illness within the preceding 24 months;

(2) the ~~person~~ adult has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months' duration within the preceding 12 months;

(3) the ~~person~~ adult:

(i) has a diagnosis of schizophrenia, bipolar disorder, major depression, or borderline personality disorder;

(ii) indicates a significant impairment in functioning; and

(iii) has a written opinion from a mental health professional stating that the person adult is reasonably likely to have future episodes requiring inpatient or residential treatment, of a frequency described in clause (1) or (2), unless an ongoing community support services program is provided; or

(4) the person adult has been committed by a court as a mentally ill person under chapter 253B, or the person's adult's commitment has been stayed or continued.

Subd. 21. [OUTPATIENT SERVICES.] "Outpatient services" means mental health services, excluding day treatment and community support services programs, provided by or under the clinical supervision of a mental health professional to persons adults with a mental illness who live outside a hospital. Outpatient services include clinical activities such as individual, group, and family therapy; individual treatment planning; diagnostic assessments; medication management; and psychological testing.

Subd. 22. [REGIONAL TREATMENT CENTER INPATIENT SERVICES.] "Regional treatment center inpatient services" means the 24-hour-a-day comprehensive medical, nursing, or psychosocial services provided in a regional treatment center operated by the state.

Subd. 23. [RESIDENTIAL TREATMENT.] "Residential treatment" means a 24-hour-a-day program under the clinical supervision of a mental health professional, in a community residential setting other than an acute care hospital or regional treatment center inpatient unit, that must be licensed as a residential treatment facility program for persons adults with mental illness under Minnesota Rules, parts 9520.0500 to 9520.0690 for adults, 9545.0900 to 9545.1090 for children, or other rule rules adopted by the commissioner.

Subd. 24. [SERVICE PROVIDER.] "Service provider" means either a county board or an individual or agency including a regional treatment center under contract with the county board that provides adult mental health services funded by sections 245.461 to 245.486.

Subd. 25. [CLINICAL SUPERVISION.] "Clinical supervision" means the oversight responsibility for individual treatment plans and individual service delivery, including that provided by the case manager. Clinical supervision must be accomplished by full or part-time employment of or contracts with mental health profes-

sionals. Clinical supervision must be documented by the mental health professional cosigning individual treatment plans and by entries in the client's record regarding supervisory activities.

Sec. 3. Minnesota Statutes 1988, section 245.463, subdivision 2, is amended to read:

Subd. 2. [TECHNICAL ASSISTANCE.] The commissioner shall provide ongoing technical assistance to county boards to develop local mental health proposals as specified in section ~~245.479~~ 245.478, to improve system capacity and quality. The commissioner and county boards shall exchange information as needed about the numbers of persons adults with mental illness residing in the county and extent of existing treatment components locally available to serve the needs of those persons. County boards shall cooperate with the commissioner in obtaining necessary planning information upon request.

Sec. 4. Minnesota Statutes 1988, section 245.463, is amended by adding a subdivision to read:

Subd. 3. The commissioner of human services shall, in cooperation with the commissioner of health, study and submit to the legislature by February 15, 1991, a report and recommendations regarding (1) plans and fiscal projections for increasing the number of community-based beds, small community-based residential programs, and support services for persons with mental illness, including persons for whom nursing home services are inappropriate, to serve all persons in need of those programs; and (2) the projected fiscal impact of maximizing the availability of medical assistance coverage for persons with mental illness.

Sec. 5. Minnesota Statutes 1988, section 245.464, is amended to read:

245.464 [COORDINATION OF MENTAL HEALTH SYSTEM.]

Subdivision 1. [SUPERVISION COORDINATION.] The commissioner shall supervise the development and coordination of locally available adult mental health services by the county boards in a manner consistent with sections 245.461 to 245.486. The commissioner shall coordinate locally available services with those services available from the regional treatment center serving the area. The commissioner shall review local mental health service proposals developed by county boards as specified in section 245.463 and provide technical assistance to county boards in developing and maintaining locally available mental health services. The commissioner shall monitor the county board's progress in developing its full system capacity and quality through ongoing review of the county board's adult mental health proposals, quarterly reports, and other information as required by sections 245.461 to 245.486.

Subd. 2. [PRIORITIES.] By January 1, 1990, the commissioner shall require that each of the treatment services and management activities described in sections 245.469 to 245.477 are developed for persons adults with mental illness within available resources based on the following ranked priorities:

- (1) the provision of locally available emergency services;
- (2) the provision of locally available services to all persons adults with serious and persistent mental illness and all persons adults with acute mental illness;
- (3) the provision of specialized services regionally available to meet the special needs of all persons adults with serious and persistent mental illness and all persons adults with acute mental illness;
- (4) the provision of locally available services to persons adults with other mental illness; and
- (5) the provision of education and preventive mental health services targeted at high-risk populations.

Sec. 6. Minnesota Statutes 1988, section 245.465, is amended to read:

245.465 [DUTIES OF COUNTY BOARD.]

The county board in each county shall use its share of mental health and community social service act funds allocated by the commissioner according to a biennial local mental health service proposal approved by the commissioner. The county board must:

- (1) develop and coordinate a system of affordable and locally available adult mental health services in accordance with sections 245.461 to 245.486;
- (2) provide for case management services to persons adults with serious and persistent mental illness in accordance with sections 245.462, subdivisions 3 and 4; ~~245.471; 245.475~~ 245.4711; and 245.486;
- (3) provide for screening of persons adults specified in section 245.476 upon admission to a residential treatment facility or acute care hospital inpatient, or informal admission to a regional treatment center; ~~and~~
- (4) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 245.461 to 245.486; and

(5) assure that mental health professionals, mental health practitioners, and case managers employed by or under contract with the county to provide mental health services have experience and training in working with adults with mental illness.

Sec. 7. Minnesota Statutes 1988, section 245.466, subdivision 1, is amended to read:

Subdivision 1. [DEVELOPMENT OF SERVICES.] The county board in each county is responsible for using all available resources to develop and coordinate a system of locally available and affordable adult mental health services. The county board may provide some or all of the mental health services and activities specified in subdivision 2 directly through a county agency or under contracts with other individuals or agencies. A county or counties may enter into an agreement with a regional treatment center under section 246.57 to enable the county or counties to provide the treatment services in subdivision 2. Services provided through an agreement between a county and a regional treatment center must meet the same requirements as services from other service providers. County boards shall demonstrate their continuous progress toward full implementation of sections 245.461 to 245.486 during the period July 1, 1987, to January 1, 1990. County boards must develop fully each of the treatment services and management activities prescribed by sections 245.461 to 245.486 by January 1, 1990, according to the priorities established in section 245.464 and the local mental health services proposal approved by the commissioner under section 245.478.

Sec. 8. Minnesota Statutes 1988, section 245.466, subdivision 2, is amended to read:

Subd. 2. [ADULT MENTAL HEALTH SERVICES.] The adult mental health service system developed by each county board must include the following services:

(1) education and prevention services in accordance with section 245.468;

(2) emergency services in accordance with section 245.469;

(3) outpatient services in accordance with section 245.470;

(4) community support program services in accordance with sections 245.471 and 245.475 section 245.4711;

(5) residential treatment services in accordance with section 245.472;

(6) acute care hospital inpatient treatment services in accordance with section 245.473;

(7) regional treatment center inpatient services in accordance with section 245.474;

(8) screening in accordance with section 245.476; and

(9) case management in accordance with sections 245.462, subdivision 3; ~~245.471~~; and ~~245.475~~ 245.4711.

Sec. 9. Minnesota Statutes 1988, section 245.466, subdivision 5, is amended to read:

Subd. 5. [LOCAL ADVISORY COUNCIL.] The county board, individually or in conjunction with other county boards, shall establish a local adult mental health advisory council or mental health subcommittee of an existing advisory council. The council's members must reflect a broad range of community interests. They must include at least one consumer, one family member of a ~~person~~ an adult with mental illness, one mental health professional, and one community support services program representative. The local adult mental health advisory council or mental health subcommittee of an existing advisory council shall meet at least quarterly to review, evaluate, and make recommendations regarding the local mental health system. Annually, the local adult mental health advisory council or mental health subcommittee of an existing advisory council shall:

(1) arrange for input from the regional treatment center's mental illness program unit regarding coordination of care between the regional treatment center and community-based services;

(2) identify for the county board the individuals, providers, agencies, and associations as specified in section 245.462, subdivision 10; and

(3) coordinate its review, evaluation, and recommendations regarding the local mental health system with the state advisory council on mental health.

The county board shall consider the advice of its local mental health advisory council or mental health subcommittee of an existing advisory council in carrying out its authorities and responsibilities.

Sec. 10. Minnesota Statutes 1988, section 245.466, subdivision 6, is amended to read:

Subd. 6. [OTHER LOCAL AUTHORITY.] The county board may

establish procedures and policies that are not contrary to those of the commissioner or sections 245.461 to 245.486 regarding local adult mental health services and facilities. The county board shall perform other acts necessary to carry out sections 245.461 to 245.486.

Sec. 11. Minnesota Statutes 1988, section 245.467, subdivision 3, is amended to read:

Subd. 3. [INDIVIDUAL TREATMENT PLANS.] All providers of outpatient services, day treatment services, residential treatment, acute care hospital inpatient treatment, and all regional treatment centers must develop an individual treatment plan for each of their adult clients. The individual treatment plan must be based on a diagnostic assessment. To the extent possible, the adult client shall be involved in all phases of developing and implementing the individual treatment plan. The individual treatment plan must be developed within ten days of client intake and reviewed every 90 days thereafter.

Sec. 12. Minnesota Statutes 1988, section 245.467, subdivision 4, is amended to read:

Subd. 4. [REFERRAL FOR CASE MANAGEMENT.] Each provider of emergency services, day treatment services, outpatient treatment, community support services, residential treatment, acute care hospital inpatient treatment, or regional treatment center inpatient treatment must inform each of its clients with serious and persistent mental illness of the availability and potential benefits to the client of case management. If the client consents, the provider must refer the client by notifying the county employee designated by the county board to coordinate case management activities of the client's name and address and by informing the client of whom to contact to request case management. The provider must document compliance with this subdivision in the client's record.

Sec. 13. Minnesota Statutes 1988, section 245.467, subdivision 5, is amended to read:

Subd. 5. [INFORMATION FOR BILLING.] Each provider of outpatient treatment, community support services, day treatment services, emergency services, residential treatment, or acute care hospital inpatient treatment must include the name and home address of each client for whom services are included on a bill submitted to a county, if the client has consented to the release of that information and if the county requests the information. Each provider shall attempt to obtain each client's consent and must explain to the client that the information can only be released with the client's consent and may be used only for purposes of payment

and maintaining provider accountability. The provider shall document the attempt in the client's record.

Sec. 14. Minnesota Statutes 1988, section 245.468, is amended to read:

245.468 [EDUCATION AND PREVENTION SERVICES.]

By July 1, 1988, county boards must provide or contract for education and prevention services to ~~persons~~ adults residing in the county. Education and prevention services must be designed to:

(1) convey information regarding mental illness and treatment resources to the general public ~~or~~ and special high-risk target groups;

(2) increase understanding and acceptance of problems associated with mental illness;

(3) improve people's skills in dealing with high-risk situations known to have an impact on ~~people's~~ adults' mental health functioning; and

(4) prevent development or deepening of mental illness; and

(5) refer adults with additional mental health needs to appropriate mental health services.

Sec. 15. Minnesota Statutes 1988, section 245.469, is amended to read:

245.469 [EMERGENCY SERVICES.]

Subdivision 1. [AVAILABILITY OF EMERGENCY SERVICES.]
By July 1, 1988, county boards must provide or contract for enough emergency services within the county to meet the needs of ~~persons~~ adults in the county who are experiencing an emotional crisis or mental illness. Clients may be required to pay a fee ~~based on their ability to pay according to section 245.481.~~ Emergency services must include assessment, intervention, and appropriate case disposition. Emergency services must:

(1) promote the safety and emotional stability of ~~people~~ adults with mental illness or emotional crises;

(2) minimize further deterioration of ~~people~~ adults with mental illness or emotional crises;

(3) help ~~people~~ adults with mental illness or emotional crises to obtain ongoing care and treatment; and

(4) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that all service providers of emergency services to adults with mental illness provide immediate direct access to a mental health professional during regular business hours. For evenings, weekends, and holidays, the service may be by direct toll free telephone access to a mental health professional, a mental health practitioner, or until January 1, 1991, a designated person with training in human services who receives clinical supervision from a mental health professional. Whenever emergency service during nonbusiness hours is provided by anyone other than a mental health professional, a mental health professional must be available for at least telephone consultation within 30 minutes.

Sec. 16. Minnesota Statutes 1988, section 245.470, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF OUTPATIENT SERVICES.]

(a) By July 1, 1988, county boards must provide or contract for enough outpatient services within the county to meet the needs of persons adults with mental illness residing in the county. Clients may be required to pay a fee based on their ability to pay according to section 245.481. Outpatient services include:

- (1) conducting diagnostic assessments;
 - (2) conducting psychological testing;
 - (3) developing or modifying individual treatment plans;
 - (4) making referrals and recommending placements as appropriate;
 - (5) treating a person's an adult's mental health needs through therapy;
 - (6) prescribing and managing medication and evaluating the effectiveness of prescribed medication; and
 - (7) preventing placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.
- (b) County boards may request a waiver allowing outpatient services to be provided in a nearby trade area if it is determined that the client can best be served outside the county.

Sec. 17. [245.4711] [CASE MANAGEMENT AND COMMUNITY SUPPORT SERVICES.]

Subdivision 1. [AVAILABILITY OF CASE MANAGEMENT SERVICES.] (a) By January 1, 1989, the county board shall provide case management activities for all adults with serious and persistent mental illness residing in the county who request or consent to the services and to each adult for whom the court appoints a case manager. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must meet the requirements in section 245.462, subdivision 4.

(b) Case management services provided to adults with serious and persistent mental illness eligible for medical assistance must be billed to the medical assistance program under sections 256B.02, subdivision 8, and 256B.0625.

Subd. 2. [NOTIFICATION OF CASE MANAGEMENT ELIGIBILITY.] The county board shall notify the client of the person's potential eligibility for case management services within five working days after receiving a request from an individual or a referral from a provider under section 245.467, subdivision 4.

The county board shall send a written notice to the client and the client's representative, if any, that identifies the designated case management providers.

Subd. 3. [DUTIES OF CASE MANAGER.] (a) The case manager shall promptly arrange for a diagnostic assessment of the applicant when one is not available as described in section 245.467, subdivision 2, to determine the applicant's eligibility as an adult with serious and persistent mental illness for community support services. The county board shall notify the applicant and the applicant's representative, if any, in writing, if the applicant is determined ineligible for community support services.

(b) Upon a determination of eligibility for community support services, the case manager shall develop an individual community support plan for an adult according to subdivision 4, paragraph (a), review the client's progress, and monitor the provision of services. If services are to be provided in a host county that is not the county of financial responsibility, the case manager shall consult with the host county and obtain a letter demonstrating the concurrence of the host county regarding the provision of services.

Subd. 4. [INDIVIDUAL COMMUNITY SUPPORT PLAN.] (a) The case manager must develop an individual community support plan for each adult that incorporates the client's individual treatment plan. The individual treatment plan may not be a substitute for the development of an individual community support plan. The individual community support plan must be developed within 30 days of

client intake and reviewed every 90 days after it is developed. The case manager is responsible for developing the individual community support plan based on a diagnostic assessment and a functional assessment and for implementing and monitoring the delivery of services according to the individual community support plan. To the extent possible, the adult with serious and persistent mental illness, the person's family, advocates, service providers, and significant others must be involved in all phases of development and implementation of the individual or family community support plan.

(b) The client's individual community support plan must state:

(1) the goals of each service;

(2) the activities for accomplishing each goal;

(3) a schedule for each activity; and

(4) the frequency of face-to-face contacts by the case manager, as appropriate to client need and the implementation of the individual community support plan.

Subd. 5. [COORDINATION BETWEEN CASE MANAGER AND COMMUNITY SUPPORT SERVICES.] The county board must establish procedures that ensure ongoing contact and coordination between the case manager and the community support services program as well as other mental health services.

Subd. 6. [AVAILABILITY OF COMMUNITY SUPPORT SERVICES.] County boards must provide or contract for sufficient community support services within the county to meet the needs of adults with serious and persistent mental illness residing in the county. Clients may be required to pay a fee according to section 245.481. The community support services program must be designed to improve the ability of adults with serious and persistent mental illness to:

(1) work in a regular or supported work environment;

(2) handle basic activities of daily living;

(3) participate in leisure time activities;

(4) set goals and plans;

(5) obtain and maintain appropriate living arrangements; and

(6) reduce the use of more intensive, costly, or restrictive placements both in number of admissions and lengths of stay as determined by client need.

Subd. 7. [DAY TREATMENT SERVICES PROVIDED.] (a) By July 1, 1989, day treatment services must be developed as a part of the community support services available to adults with serious and persistent mental illness residing in the county. Clients may be required to pay a fee according to section 245.481. Day treatment services must be designed to:

- (1) provide a structured environment for treatment;
- (2) provide community support;
- (3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client need;
- (4) coordinate with or be offered in conjunction with a local education agency's special education program; and
- (5) operate on a continuous basis throughout the year.

(b) County boards may request a waiver from including day treatment services if they can document that:

- (1) an alternative plan of care exists through the county's community support services for clients who would otherwise need day treatment services;
- (2) day treatment, if included, would be duplicative of other components of the community support services; and
- (3) county demographics and geography make the provision of day treatment services cost ineffective and infeasible.

Subd. 8. [BENEFITS ASSISTANCE.] The county board must offer help to adults with serious and persistent mental illness in applying for federal benefits, including supplemental security income, medical assistance, and Medicare. The help must be offered as a part of the community support program available to adults with serious and persistent mental illness for whom the county is financially responsible and who may qualify for these benefits.

Sec. 18. Minnesota Statutes 1988, section 245.472, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF RESIDENTIAL TREATMENT SERVICES.] By July 1, 1988, county boards must provide or contract for enough residential treatment services to meet the needs of all persons adults with mental illness residing in the county and needing this level of care. Residential treatment services include both intensive and structured residential treatment with length of stay based on client residential treatment need. Services must be as

close to the county as possible. Residential treatment must be designed to:

- (1) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs;
- (2) help clients achieve the highest level of independent living;
- (3) help clients gain the necessary skills to be referred to a community support services program or outpatient services function in a less structured setting; and
- (4) stabilize crisis admissions.

Sec. 19. Minnesota Statutes 1988, section 245.472, is amended by adding a subdivision to read:

Subd. 3. [TRANSITION TO COMMUNITY.] Residential treatment programs must plan for and assist clients in making a transition from residential treatment facilities to other community-based services. In coordination with the client's case manager, if any, residential treatment facilities must also arrange for appropriate follow-up care in the community during the transition period. Before a client is discharged, the residential treatment facility must notify the client's case manager, so that the case manager can monitor and coordinate the transition and arrangements for the client's appropriate follow-up care in the community.

Sec. 20. Minnesota Statutes 1988, section 245.473, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF ACUTE CARE INPATIENT SERVICES.] By July 1, 1988, county boards must make available through contract or direct provision enough acute care hospital inpatient treatment services as close to the county as possible to meet the needs of persons for adults with mental illness residing in the county. Acute care hospital inpatient treatment services must be designed to:

- (1) stabilize the medical and mental health condition of people with acute or serious and persistent mental illness for which admission is required;
- (2) improve functioning to the point where discharge to residential treatment or community-based mental health services is possible; and
- (3) facilitate appropriate referrals, for follow-up, and placements mental health care in the community.

Sec. 21. Minnesota Statutes 1988, section 245.474, is amended to read:

245.474 [REGIONAL TREATMENT CENTER INPATIENT SERVICES.]

Subdivision 1. [AVAILABILITY OF REGIONAL TREATMENT CENTER INPATIENT SERVICES.] By July 1, 1987, the commissioner shall make sufficient regional treatment center inpatient services available to people adults with mental illness throughout the state who need this level of care. Regional treatment centers are responsible to:

- (1) stabilize the medical and mental health condition of the person with mental illness adult requiring the admission;
- (2) improve functioning to the point where discharge to community-based mental health services is possible;
- (3) strengthen family and community support; and
- (4) facilitate appropriate discharge, aftercare, and referrals for follow-up placements mental health care in the community.

Subd. 2. [QUALITY OF SERVICE.] The commissioner shall biennially determine the needs of all mentally ill patients adults with mental illness who are served by regional treatment centers by administering a client-based evaluation system. The client-based evaluation system must include at least the following independent measurements: behavioral development assessment; habilitation program assessment; medical needs assessment; maladaptive behavioral assessment; and vocational behavior assessment. The commissioner shall propose staff ratios to the legislature for the mental health and support units in regional treatment centers as indicated by the results of the client-based evaluation system. The proposed staffing ratios shall include professional, nursing, direct care, medical, clerical, and support staff based on the client-based evaluation system. The commissioner shall recompute staffing ratios and recommendations on a biennial basis.

Subd. 3. [TRANSITION TO COMMUNITY.] Regional treatment centers must plan for and assist clients in making a transition from regional treatment centers to other community-based services. In coordination with the client's case manager, if any, regional treatment centers must also arrange for appropriate follow-up care in the community during the transition period. Before a client is discharged, the regional treatment center must notify the client's case manager, so that the case manager can monitor and coordinate the transition and arrangements for the client's appropriate follow-up care in the community.

Sec. 22. Minnesota Statutes 1988, section 245.476, subdivision 1, is amended to read:

Subdivision 1. [SCREENING REQUIRED.] No later than January 1, ~~1991~~ 1992, the county board shall screen all ~~persons~~ adults before they may be admitted for treatment of mental illness to a residential treatment facility, an acute care hospital, or informally admitted to a regional treatment center if public funds are used to pay for the services. Screening prior to admission must occur within ten days. If a ~~person~~ an adult is admitted for treatment of mental illness on an emergency basis to a residential facility or acute care hospital or held for emergency care by a regional treatment center under section 253B.05, subdivision 1, screening must occur within five days of the admission. ~~Persons~~ Adults must be screened within ten days before or within five days after admission to ensure that:

- (1) an admission is necessary,
- (2) the length of stay is as short as possible consistent with individual client need, and
- (3) the case manager, if assigned, is developing an individual community support plan.

The screening process and placement decision must be documented in the client's record.

An alternate review process may be approved by the commissioner if the county board demonstrates that an alternate review process has been established by the county board and the times of review, persons responsible for the review, and review criteria are comparable to the standards specified in clauses (1) to (3).

Sec. 23. Minnesota Statutes 1988, section 245.476, subdivision 3, is amended to read:

Subd. 3. [INDIVIDUAL PLACEMENT AGREEMENT.] The county board shall enter into an individual placement agreement with a provider of residential treatment services to a ~~person~~ an adult eligible for services under this section. The agreement must specify the payment rate and terms and conditions of county payment for the placement.

Sec. 24. Minnesota Statutes 1988, section 245.476, is amended by adding a subdivision to read:

Subd. 4. [TASK FORCE ON RESIDENTIAL AND INPATIENT TREATMENT SERVICES FOR ADULTS.] The commissioner of human services shall appoint a task force on residential and inpatient treatment services for adults. The task force must include

representatives from each of the mental health professional categories defined in section 245.462, subdivision 18, the Minnesota mental health association, the Minnesota alliance for the mentally ill, the Minnesota mental health law project, the Minnesota association of mental health residential facilities, the Minnesota hospital association, department of human services staff, the department of education, the department of corrections, the ombudsman for mental health and mental retardation, and counties. The task force shall examine and evaluate existing mechanisms that have as their purpose review of appropriate admission and need for continued care for clients admitted to residential treatment, acute care hospital inpatient treatment, and regional treatment center inpatient treatment. These mechanisms shall include at least the following: precommitment screening, licensure and reimbursement rules, county monitoring, technical assistance, nursing home preadmission screening, hospital preadmission certification, and hospital retrospective reviews. The task force shall report to the legislature by February 15, 1990, on how existing mechanisms may be changed to accomplish the goals of screening as described in subdivision 1.

Sec. 25. Minnesota Statutes 1988, section 245.477, is amended to read:

245.477 [APPEALS.]

Any person adult who requests mental health services under sections 245.461 to 245.486 must be advised of services available and the right to appeal at the time of the request and each time the individual community service support plan or individual treatment plan is reviewed. Any person adult whose request for mental health services under sections 245.461 to 245.486 is denied, not acted upon with reasonable promptness, or whose services are suspended, reduced, or terminated by action or inaction for which the county board is responsible under sections 245.461 to 245.486 may contest that action or inaction before the state agency as specified in section 256.045. The commissioner shall monitor the nature and frequency of administrative appeals under this section.

Sec. 26. Minnesota Statutes 1988, section 245.478, subdivision 2, is amended to read:

Subd. 2. [PROPOSAL CONTENT.] The local adult mental health proposal must include:

- (1) the local adult mental health advisory council's or adult mental health subcommittee of an existing advisory council's report on unmet needs of adults and any other needs assessment used by the county board in preparing the local adult mental health proposal;
- (2) a description of the local adult mental health advisory council's

or the adult mental health subcommittee of an existing advisory council's involvement in preparing the local adult mental health proposal and methods used by the county board to obtain ensure adequate and timely participation of citizens, mental health professionals, and providers in development of the local mental health proposal;

(3) information for the preceding year, including the actual number of clients who received each of the mental health services listed in sections 245.468 to 245.476, and actual expenditures for each mental health service and service waiting lists; and

(4) for the first proposal period only, information for the year during which the proposal is being prepared:

(i) a description of the current mental health system identifying each mental health service listed in sections 245.468 to 245.476;

(ii) a description of each service provider, including a listing of the professional qualifications of the staff involved in service delivery; that is either the sole provider of one of the mental health services described in sections 245.468 to 245.476 or that provides over \$10,000 of mental health services per year for the county;

(iii) a description of how the mental health services in the county are unified and coordinated;

(iv) the estimated number of clients receiving each mental health service;

(v) estimated expenditures for each mental health service; and

(5) the following information describing how the county board intends to meet the requirements of sections 245.461 to 245.486 during the proposal period:

(i) specific objectives and outcome goals for each adult mental health service listed in sections 245.468 245.461 to 245.476 245.486;

(ii) a description of each service provider, including county agencies, contractors, and subcontractors, that is expected to either be the sole provider of one of the adult mental health services described in sections 245.468 245.461 to 245.476 245.486 or to provide over \$10,000 of adult mental health services per year, including a listing of the professional qualifications of the staff involved in service delivery for the county;

(iii) a description of how the adult mental health services in the county will be unified and coordinated;

(iv) the estimated number of clients who will receive each adult mental health service; and

(v) estimated expenditures for each adult mental health service and revenues for the entire proposal.

Sec. 27. Minnesota Statutes 1988, section 245.478, subdivision 3, is amended to read:

Subd. 3. [PROPOSAL FORMAT.] The local adult mental health proposal must be made in a format prescribed by the commissioner.

Sec. 28. Minnesota Statutes 1988, section 245.479, is amended to read:

245.479 [COUNTY OF FINANCIAL RESPONSIBILITY.]

For purposes of sections 245.461 to 245.486 and 245.487 to 245.4887, the county of financial responsibility is determined under section 256G.02, subdivision 4. Disputes between counties regarding financial responsibility must be resolved by the commissioner in accordance with section 256G.09.

Sec. 29. Minnesota Statutes 1988, section 245.48, is amended to read:

245.48 [MAINTENANCE OF EFFORT.]

Counties must continue to spend for mental health services specified in sections 245.461 to 245.486 and 245.487 to 245.4887, according to generally accepted budgeting and accounting principles, an amount equal to the total expenditures shown in the county's approved 1987 Community Social Services Act plan under "State CSSA, Title XX and County Tax" for services to persons with mental illness plus the comparable figure for Rule 5 facilities under target populations other than mental illness in the approved 1987 CSSA plan.

Sec. 30. [245.481] [FEES FOR MENTAL HEALTH SERVICES.]

A client or, in the case of a child, the child or the child's parent may be required to pay a fee for mental health services provided under sections 245.461 to 245.486 and 245.487 to 245.4887. The fee must be based on the person's ability to pay according to the fee schedule adopted by the county board. In adopting the fee schedule for mental health services, the county board may adopt the fee schedule provided by the commissioner or adopt a fee schedule recommended by the county board and approved by the commissioner. Agencies or individuals under contract with a county board to provide mental health services under sections 245.461 to 245.486

and 245.487 to 245.4887 must not charge clients whose mental health services are paid wholly or in part from public funds fees which exceed the county board's adopted fee schedule. This section does not apply to regional treatment center fees, which are governed by sections 246.50 to 246.55.

Sec. 31. [245.4815] [EMPLOYABILITY PILOT PROJECTS.]

The commissioner of human services, in cooperation with the commissioner of jobs and training, shall provide grants to county boards for employability pilot projects. The pilot project program shall be a collaborative effort of the division of mental health of the department of human services and the division of rehabilitative services of the department of jobs and training. Pilot projects should:

- (1) be innovative in design and have the potential for replication;
- (2) be coordinated with community support programs and not duplicative of existing programs of division of rehabilitative services;
- (3) be community based and have as their focus the provision of real work opportunities based on client choice and self-determination;
- (4) be capable of serving persons with different functional levels;
- (5) take into consideration individual tolerances; and
- (6) provide a range of work opportunities, from several hours of work to full-time employment.

Pilot projects proposed by counties may include, but are not limited to: world of work and volunteer opportunities, consumer run businesses, cottage industries, enhancement of educational and training experiences, creative job placements, and support tailored to individual choice and need.

At least one pilot project shall be located in rural Minnesota, and at least one pilot project in the Twin Cities metropolitan area.

Sec. 32. Minnesota Statutes 1988, section 245.482, is amended to read:

245.482 [REPORTING AND EVALUATION.]

Subdivision 1. [FISCAL REPORTS.] The commissioner shall develop a unified format for quarterly fiscal reports that will include information that the commissioner determines necessary to carry out sections 245.461 to 245.486, 245.487 to 245.4887, and section

256E.08. The county board shall submit a completed fiscal report in the required format no later than 15 30 days after the end of each quarter.

Subd. 2. [PROGRAM REPORTS.] The commissioner shall develop a unified format formats for an annual program report that reporting, which will include information that the commissioner determines necessary to carry out sections 245.461 to 245.486, 245.487 to 245.4887, and section 256E.10. The county board shall submit a completed program report reports in the required format by March 15 of each year according to the reporting schedule developed by the commissioner.

Subd. 3. [PROVIDER REPORTS.] The commissioner may develop a format formats and procedures for direct reporting from providers to the commissioner to include information that the commissioner determines necessary to carry out sections 245.461 to 245.486 and 245.487 to 245.4887. In particular, the provider reports must include aggregate information by county of residence about mental health services paid for by funding sources other than counties.

Subd. 4. [COMMISSIONER'S CONSOLIDATED REPORTING RECOMMENDATIONS.] The commissioner's reports of February 15, 1990, required under sections 245.461, subdivision 3, and 245.487, subdivision 4, shall include recommended measures to provide coordinated, interdepartmental efforts to ensure early identification and intervention for children with, or at risk of developing, emotional disturbance, to improve the efficiency of the mental health funding mechanisms, and to standardize and consolidate fiscal and program reporting. The recommended measures must provide that client needs are met in an effective and accountable manner and that state and county resources are used as efficiently as possible. The commissioner shall consider the advice of the state advisory council and the children's subcommittee in developing these recommendations.

Subd. 4 5. [INACCURATE OR INCOMPLETE REPORTS.] The commissioner shall promptly notify a county or provider if a required report is clearly inaccurate or incomplete. The commissioner may delay all or part of a mental health fund payment if an appropriately completed report is not received as required by this section.

Subd. 5 6. [STATEWIDE EVALUATION.] The commissioner shall use the county and provider reports required by this section to complete the statewide report required in section sections 245.461 and 245.487.

Sec. 33. Minnesota Statutes 1988, section 245.483, is amended to read:

245.483 [TERMINATION OR RETURN OF AN ALLOCATION.]

Subdivision 1. [FUNDS NOT PROPERLY USED.] If the commissioner determines that a county is not meeting the requirements of sections 245.461 to 245.486 and 245.487 to 245.4887, or that funds are not being used according to the approved local proposal, all or part of the mental health and community social service act funds may be terminated upon 30 days notice to the county board. The commissioner may require repayment of any funds not used according to the approved local proposal. If the commissioner receives a written appeal from the county board within the 30-day period, opportunity for a hearing under the Minnesota administrative procedure act, chapter 14, must be provided before the allocation is terminated or is required to be repaid. The 30-day period begins when the county board receives the commissioner's notice by certified mail.

Subd. 2. [USE OF RETURNED FUNDS.] The commissioner may reallocate the funds returned.

Subd. 3. [DELAYED PAYMENTS.] If the commissioner finds that a county board or its contractors are not in compliance with the approved local proposal or sections 245.461 to 245.486 and 245.487 to 245.4887, the commissioner may delay payment of all or part of the quarterly mental health and community social service act funds until the county board and its contractors meet the requirements. The commissioner shall not delay a payment longer than three months without first issuing a notice under subdivision 2 that all or part of the allocation will be terminated or required to be repaid. After this notice is issued, the commissioner may continue to delay the payment until completion of the hearing in subdivision 2.

Subd. 4. [STATE ASSUMPTION OF RESPONSIBILITY.] If the commissioner determines that services required by sections 245.461 to 245.486 and 245.487 to 245.4887 will not be provided by the county board in the manner or to the extent required by sections 245.461 to 245.486 and 245.487 to 245.4887, the commissioner shall contract directly with providers to ensure that clients receive appropriate services. In this case, the commissioner shall use the county's community social service act and mental health funds to the extent necessary to carry out the county's responsibilities under sections 245.461 to 245.486 and 245.487 to 245.4887. The commissioner shall work with the county board to allow for a return of authority and responsibility to the county board as soon as compliance with sections 245.461 to 245.486 and 245.487 to 245.4887 can be assured.

Sec. 34. Minnesota Statutes 1988, section 245.484, is amended to read:

245.484 [RULES.]

The commissioner shall adopt permanent rules as necessary to carry out Laws 1987, chapter 403 sections 245.461 to 245.486 and sections 1 to 54.

Sec. 35. Minnesota Statutes 1988, section 245.485, is amended to read:

245.485 [NO RIGHT OF ACTION.]

Sections 245.461 to 245.484 and 245.487 to 245.4887 do not independently establish a right of action on behalf of recipients of services or service providers against a county board or the commissioner. A claim for monetary damages must be brought under section 3.736 or 3.751.

Sec. 36. Minnesota Statutes 1988, section 245.486, is amended to read:

245.486 [LIMITED APPROPRIATIONS.]

Nothing in sections 245.461 to 245.485 and 245.487 to 245.4887 shall be construed to require the commissioner or county boards to fund services beyond the limits of legislative appropriations.

Sec. 37. [245.4861] [PUBLIC/ACADEMIC LIAISON INITIATIVE.]

Subdivision 1. [ESTABLISHMENT OF LIAISON INITIATIVE.] The commissioner of human services, in consultation with the appropriate post-secondary institutions, shall establish a public/academic liaison initiative to coordinate and develop brain research and education and training opportunities for mental health professionals in order to improve the quality of staffing and provide state-of-the-art services to residents in regional treatment centers and other state facilities.

Subd. 2. [CONSULTATION.] The commissioner of human services shall consult with the Minnesota department of health, the regional treatment centers, the post-secondary educational system, mental health professionals, and citizen and advisory groups.

Subd. 3. [LIAISON INITIATIVE PROGRAMS.] The liaison initiative shall plan, implement, and administer programs which accomplish the objectives of subdivision 1. These shall include but are not limited to:

(1) encourage and coordinate joint research efforts between academic research institutions throughout the state and regional treatment centers, community mental health centers, and other

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organizations conducting research on mental illness or working with individuals who are mentally ill;

(2) sponsor and conduct basic research on mental illness and applied research on existing treatment models and community support programs;

(3) seek to obtain grants for research on mental illness from the National Institute of Mental Health and other funding sources;

(4) develop and provide grants for training, internship, scholarship, and fellowship programs for mental health professionals, in an effort to combine academic education with practical experience obtained at regional treatment centers and other state facilities, and to increase the number of mental health professionals working in the state.

Subd. 4. [PRIVATE AND FEDERAL FUNDING.] The liaison initiative shall seek private and federal funds to supplement the appropriation provided by the state. Individuals, businesses, and other organizations may contribute to the liaison initiative. All money received shall be administered by the commissioner of human services to implement and administer the programs listed in subdivision 3.

Subd. 5. [REPORT.] By January 15 of each year, the commissioner of human services shall submit to the legislature a liaison initiative report. The annual report shall also contain a financial report for the preceding year, including all receipts and expenditures of the liaison initiative.

Sec. 38. [245.487] [CITATION; DECLARATION OF POLICY; MISSION.]

Subdivision 1. [CITATION.] Sections 245.487 to 245.4887 may be cited as the "Minnesota comprehensive children's mental health act."

Subd. 2. [FINDINGS.] The legislature finds there is a need for further development of existing clinical services for emotionally disturbed children and their families and the creation of new services for this population. Although the services specified in sections 245.487 to 245.4887 are mental health services, sections 245.487 to 245.4887 emphasize the need for a child-oriented and family-oriented approach of therapeutic programming and the need for continuity of care with other community agencies. At the same time, sections 245.487 to 245.4887 emphasize the importance of specialized mental health expertise in children's mental health services because of the unique needs of this population.

Nothing in this act shall be construed to abridge the authority of the court to make dispositions under chapter 260.

Subd. 3. [MISSION OF CHILDREN'S MENTAL HEALTH SERVICE SYSTEM.] As part of the comprehensive children's mental health system established under sections 245.487 to 245.4887, the commissioner of human services shall create and ensure a unified, accountable, comprehensive children's mental health service system that is consistent with the provision of public social services for children as specified in section 256F.01 and that:

- (1) identifies children who are eligible for mental health services;
- (2) makes preventive services available to all children;
- (3) assures access to a continuum of services that:
 - (i) educate the community about the mental health needs of children;
 - (ii) address the unique physical, emotional, social, and educational needs of children;
 - (iii) are coordinated with the range of social and human services provided to children and their families by the departments of education, human services, health, and corrections;
 - (iv) are appropriate to the developmental needs of children; and
 - (v) are sensitive to cultural differences and special needs;
- (4) includes early screening and prompt intervention to:
 - (i) identify and treat the mental health needs of children in the least restrictive setting appropriate to their needs; and
 - (ii) prevent further deterioration;
- (5) provides mental health services to children and their families in the context in which the children live and go to school;
- (6) addresses the unique problems of paying for mental health services for children, including:
 - (i) access to private insurance coverage; and
 - (ii) public funding;

(7) includes the child and the child's family in planning the child's program of mental health services, unless clinically inappropriate to the child's needs; and

(8) when necessary, assures a smooth transition from mental health services appropriate for a child to mental health services needed by a person who is at least 18 years of age.

Subd. 4. [IMPLEMENTATION.] (a) The commissioner shall begin implementing sections 245.487 to 245.4887 by February 15, 1990, and shall fully implement sections 245.487 to 245.4887 by January 1, 1992.

(b) Annually until February 15, 1992, the commissioner shall report to the legislature on all steps taken and recommendations for full implementation of sections 245.487 to 245.4887 and on additional resources needed to further implement those sections.

Subd. 5. [CONTINUATION OF EXISTING MENTAL HEALTH SERVICES FOR CHILDREN.] Counties shall make available case management, community support services, and day treatment to children eligible to receive these services under Minnesota Statutes 1988, section 245.471. No later than August 1, 1989, the county board shall notify providers in the local system of care of their obligations to refer children eligible for case management and community support services as of January 1, 1989. The notice shall indicate which children are eligible, a description of the services, and the name of the county employee designated to coordinate case management activities.

Sec. 39. [245.4871] [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] The definitions in this section apply to sections 245.487 to 245.4887.

Subd. 2. [ACUTE CARE HOSPITAL INPATIENT TREATMENT.] "Acute care hospital inpatient treatment" means short-term medical, nursing, and psychosocial services provided in an acute care hospital licensed under chapter 144.

Subd. 3. [CASE MANAGEMENT SERVICES.] "Case management services" means activities designed to help the child with severe emotional disturbance and the child's family obtain needed mental health services, social services, educational services, health services, vocational services, recreational services, and related services in the areas of volunteer services, advocacy, transportation, and legal services. Case management services include obtaining a comprehensive diagnostic assessment, developing a functional assessment, developing an individual family community support plan, and assisting the child and the child's family in obtaining needed

services by coordination with other agencies and assuring continuity of care. Case managers must assess and reassess the delivery, appropriateness, and effectiveness of these services over time.

Subd. 4. [CASE MANAGER.] (a) "Case manager" means an individual employed by the county or other entity authorized by the county board to provide case management services specified in subdivision 3 for the child with severe emotional disturbance and the child's family. A case manager must have experience and training in working with children.

(b) A case manager must:

(1) have at least a bachelor's degree in one of the behavioral sciences or a related field from an accredited college or university;

(2) have at least 2,000 hours of supervised experience in the delivery of mental health services to children;

(3) have experience and training in identifying and assessing a wide range of children's needs; and

(4) be knowledgeable about local community resources and how to use those resources for the benefit of children and their families.

(c) The case manager may be a member of any professional discipline that is part of the local system of care for children established by the county board.

(d) The case manager must meet in person with a mental health professional at least once each month to obtain clinical supervision.

(e) Case managers with a bachelor's degree but without 2,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbance must:

(1) begin 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of children with severe emotional disturbance before beginning to provide case management services; and

(2) receive clinical supervision regarding individual service delivery from a mental health professional at least once each week until the requirement of 2,000 hours of experience is met.

(f) Clinical supervision must be documented in the child's record. When the case manager is not a mental health professional, the county board must provide or contract for needed clinical supervision.

(g) The county board must ensure that the case manager has the freedom to access and coordinate the services within the local system of care that are needed by the child.

(h) Until June 30, 1991, a refugee who does not have the qualifications specified in this subdivision may provide case management services to child refugees with severe emotional disturbance of the same ethnic group as the refugee if the person:

(1) is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or related fields at an accredited college or university;

(2) completes 40 hours of training as specified in this subdivision; and

(3) receives clinical supervision at least once a week until the requirements of obtaining a bachelor's degree and 2,000 hours of supervised experience are met.

Subd. 5. [CHILD.] "Child" means a person under 18 years of age.

Subd. 6. [CHILD WITH SEVERE EMOTIONAL DISTURBANCE.] For purposes of eligibility for case management and family community support services, "child with severe emotional disturbance" means a child who has an emotional disturbance and who meets one of the following criteria:

(1) the child has been admitted within the last three years or is at risk of being admitted to inpatient treatment or residential treatment for an emotional disturbance; or

(2) the child is a Minnesota resident and is receiving inpatient treatment or residential treatment for an emotional disturbance through the interstate compact; or

(3) the child has one of the following as determined by a mental health professional:

(i) psychosis or a clinical depression; or

(ii) risk of harming self or others as a result of an emotional disturbance; or

(iii) psychopathological symptoms as a result of being a victim of physical or sexual abuse or of psychic trauma within the past year; or

(4) the child, as a result of an emotional disturbance, has significantly impaired home, school, or community functioning that has

lasted at least one year or that, in the written opinion of a mental health professional, presents substantial risk of lasting at least one year.

The term "child with severe emotional disturbance" shall be used only for purposes of county eligibility determinations. In all other written and oral communications, case managers, mental health professionals, mental health practitioners, and all other providers of mental health services shall use the term "child eligible for mental health case management" in place of "child with severe emotional disturbance."

Subd. 7. [CLINICAL SUPERVISION.] "Clinical supervision" means the oversight responsibility for individual treatment plans and individual mental health service delivery, including that provided by the case manager. Clinical supervision does not include authority to make or terminate court-ordered placements of the child. Clinical supervision must be accomplished by full-time or part-time employment of or contracts with mental health professionals. The mental health professional must document the clinical supervision by cosigning individual treatment plans and by making entries in the client's record on supervisory activities.

Subd. 8. [COMMISSIONER.] "Commissioner" means the commissioner of human services.

Subd. 9. [COUNTY BOARD.] "County board" means the county board of commissioners or board established under the joint powers act, section 471.59, or the human services board act, sections 402.01 to 402.10.

Subd. 10. [DAY TREATMENT SERVICES.] "Day treatment," "day treatment services," or "day treatment program" means a structured program of treatment and care provided to a child in:

(1) an outpatient hospital accredited by the joint commission on accreditation of health organizations and licensed under sections 144.50 to 144.55;

(2) a community mental health center under section 245.62;

(3) an entity that is under contract with the county board to operate a program that meets the requirements of section 245.4881, subdivision 7, and Minnesota Rules, parts 9505.0170 to 9505.0475; or

(4) an entity that operates a program that meets the requirements of section 245.4881, subdivision 7, and Minnesota Rules, parts 9505.0170 to 9505.0475, that is under contract with an entity that is under contract with a county board.

Day treatment consists of group psychotherapy and other intensive therapeutic services that are provided for a minimum three-hour time block by a multidisciplinary staff under the clinical supervision of a mental health professional. The services are aimed at stabilizing the child's mental health status, and developing and improving the child's daily independent living and socialization skills. Day treatment services are distinguished from day care by their structured therapeutic program of psychotherapy services. Day treatment services are not a part of inpatient hospital or residential treatment services. Day treatment services for a child are an integrated set of education, therapy, and family interventions.

A day treatment service must be available to a child at least five days a week throughout the year and must be coordinated with, integrated with, or part of an education program offered by the child's school.

Subd. 11. [DIAGNOSTIC ASSESSMENT.] "Diagnostic assessment" means a written evaluation by a mental health professional of:

(1) a child's current life situation and sources of stress, including reasons for referral;

(2) the history of the child's current mental health problem or problems, including important developmental incidents, strengths, and vulnerabilities;

(3) the child's current functioning and symptoms;

(4) the child's diagnosis including a determination of whether the child meets the criteria of severely emotionally disturbed as specified in subdivision 6; and

(5) the mental health services needed by the child.

Subd. 12. [EARLY IDENTIFICATION AND INTERVENTION SERVICES.] "Early identification and intervention services" means services that are designed to identify children who are at risk of needing or who need mental health services and that arrange for intervention and treatment.

Subd. 13. [EDUCATION AND PREVENTION SERVICES.] (a) "Education and prevention services" means services designed to:

(1) educate the general public and groups identified as at risk of developing emotional disturbance under section 245.4872, subdivision 3;

(2) increase the understanding and acceptance of problems associated with emotional disturbances;

(3) improve people's skills in dealing with high-risk situations known to affect children's mental health and functioning; and

(4) refer specific children or their families with mental health needs to mental health services.

(b) The services include distribution to individuals and agencies identified by the county board and the local children's mental health advisory council of information on predictors and symptoms of emotional disturbances, where mental health services are available in the county, and how to access the services.

Subd. 14. [EMERGENCY SERVICES.] "Emergency services" means an immediate response service available on a 24-hour, seven-day-a-week basis for each child having a psychiatric crisis, a mental health crisis, or a mental health emergency.

Subd. 15. [EMOTIONAL DISTURBANCE.] "Emotional disturbance" means an organic disorder of the brain or a clinically significant disorder of thought, mood, perception, orientation, memory, or behavior that:

(1) is listed in the clinical manual of the International Classification of Diseases (ICD-9-CM), current edition, code range 290.0 to 302.99 or 306.0 to 316.0 or the corresponding code in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM-MD), current edition, Axes I, II, or III; and

(2) seriously limits a child's capacity to function in primary aspects of daily living such as personal relations, living arrangements, work, school, and recreation.

"Emotional disturbance" is a generic term and is intended to reflect all categories of disorder described in DSM-MD, current edition, as "usually first evident in childhood or adolescence."

Subd. 16. [FAMILY.] "Family" means a child and one or more of the following persons whose participation is necessary to accomplish the child's treatment goals: (1) a person related to the child by blood, marriage, or adoption; (2) a person who is the child's foster parent or significant other; (3) a person who is the child's legal representative.

Subd. 17. [FAMILY COMMUNITY SUPPORT SERVICES.] "Family community support services" means services provided under the clinical supervision of a mental health professional and designed to help each child with severe emotional disturbance to function and remain with the child's family in the community.

Family community support services do not include acute care hospital inpatient treatment, residential treatment services, or regional treatment center services. Family community support services include:

(1) client outreach to each child with severe emotional disturbance and the child's family;

(2) medication monitoring where necessary;

(3) assistance in developing independent living skills;

(4) assistance in developing parenting skills necessary to address the needs of the child with severe emotional disturbance;

(5) assistance with leisure and recreational activities;

(6) crisis assistance, including crisis placement and respite care;

(7) professional home-based family treatment;

(8) foster care with therapeutic supports;

(9) day treatment;

(10) assistance in locating respite care and special needs day care; and

(11) assistance in obtaining potential financial resources, including those benefits listed in section 245.4881, subdivision 10.

Subd. 18. [FUNCTIONAL ASSESSMENT.] "Functional assessment" means an assessment by the case manager of the child's:

(1) mental health symptoms as presented in the child's diagnostic assessment;

(2) mental health needs as presented in the child's diagnostic assessment;

(3) use of drugs and alcohol;

(4) vocational and educational functioning;

(5) social functioning, including the use of leisure time;

(6) interpersonal functioning, including relationships with the child's family;

- (7) self-care and independent living capacity;
- (8) medical and dental health;
- (9) financial assistance needs;
- (10) housing and transportation needs; and
- (11) other needs and problems.

Subd. 19. [INDIVIDUAL FAMILY COMMUNITY SUPPORT PLAN.] "Individual family community support plan" means a written plan developed by a case manager in conjunction with the family and the child with severe emotional disturbance on the basis of a diagnostic assessment and a functional assessment. The plan identifies specific services needed by a child and the child's family to:

- (1) treat the symptoms and dysfunctions determined in the diagnostic assessment;
- (2) relieve conditions leading to emotional disturbance and improve the personal well-being of the child;
- (3) improve family functioning;
- (4) enhance daily living skills;
- (5) improve functioning in education and recreation settings;
- (6) improve interpersonal and family relationships;
- (7) enhance vocational development; and
- (8) assist in obtaining transportation, housing, health services, and employment.

Subd. 20. [INDIVIDUAL PLACEMENT AGREEMENT.] "Individual placement agreement" means a written agreement or supplement to a service contract entered into between the county board and a service provider on behalf of a child to provide residential treatment services.

Subd. 21. [INDIVIDUAL TREATMENT PLAN.] "Individual treatment plan" means a written plan of intervention, treatment, and services for a child with an emotional disturbance that is developed by a service provider under the clinical supervision of a mental health professional on the basis of a diagnostic assessment. An individual treatment plan for a child must be developed in

conjunction with the family unless clinically inappropriate. The plan identifies goals and objectives of treatment, treatment strategy, a schedule for accomplishing treatment goals and objectives, and the individuals responsible for providing treatment to the child with an emotional disturbance.

Subd. 22. [LEGAL REPRESENTATIVE.] "Legal representative" means a guardian, conservator, or guardian ad litem of a child with an emotional disturbance authorized by the court to make decisions about mental health services for the child.

Subd. 23. [LOCAL MENTAL HEALTH PROPOSAL.] "Local mental health proposal" means the proposal developed by the county board, reviewed by the commissioner, and described in section 245.4872.

Subd. 24. [LOCAL SYSTEM OF CARE.] "Local system of care" means services that are locally available to the child and the child's family. The services are mental health, social services, correctional services, education services, health services, and vocational services.

Subd. 25. [MENTAL HEALTH FUNDS.] "Mental health funds" are funds expended under sections 245.73 and 256E.12, federal mental health block grant funds, and funds expended under sections 256D.06 and 256D.37 to facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690.

Subd. 26. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" means a person providing services to children with emotional disturbances. A mental health practitioner must have training and experience in working with children. A mental health practitioner must be qualified in at least one of the following ways:

(1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university and has at least 2,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbances;

(2) has at least 6,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbances;

(3) is a graduate student in one of the behavioral sciences or related fields and is formally assigned by an accredited college or university to an agency or facility for clinical training; or

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or

university and has less than 4,000 hours post-master's experience in the treatment of emotional disturbance.

Subd. 27. [MENTAL HEALTH PROFESSIONAL.] "Mental health professional" means a person providing clinical services in the diagnosis and treatment of children's emotional disorders. A mental health professional must have training and experience in working with children consistent with the age group to which the mental health professional is assigned. A mental health professional must be qualified in at least one of the following ways:

(1) in psychiatric nursing, the mental health professional must be a registered nurse who is licensed under sections 148.171 to 148.285 and who is certified as a clinical specialist in psychiatric or mental health nursing by the American nurses association;

(2) in clinical social work, the mental health professional must be a person licensed as an independent clinical social worker under section 148B.21, subdivision 6, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental disorders;

(3) in psychology, the mental health professional must be a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental disorders;

(4) in psychiatry, the mental health professional must be a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry; or

(5) in allied fields, the mental health professional must be a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of emotional disturbances.

Subd. 28. [MENTAL HEALTH SERVICES.] "Mental health services" means at least all of the treatment services and case management activities that are provided to children with emotional disturbances and are described in sections 245.487 to 245.4887.

Subd. 29. [OUTPATIENT SERVICES.] "Outpatient services" means mental health services, excluding day treatment and community support services programs, provided by or under the clinical supervision of a mental health professional to children with emotional disturbances who live outside a hospital. Outpatient services include clinical activities such as individual, group, and family

therapy; individual treatment planning; diagnostic assessments; medication management; and psychological testing.

Subd. 30. [PARENT.] "Parent" means the birth or adoptive mother or father of a child. This definition does not apply to a person whose parental rights have been terminated in relation to the child.

Subd. 31. [PROFESSIONAL HOME-BASED FAMILY TREATMENT.] "Professional home-based family treatment" means intensive mental health services provided to children (1) who are at risk of out-of-home placement; (2) who are in out-of-home placement; or (3) who are returning from out-of-home placement because of an emotional disturbance. Services are provided to the child and the child's family primarily in the child's home environment or other location appropriate to the child. Examples of appropriate locations include, but are not limited to, the child's school, day care center, home, and any other living arrangement of the child. Services must be provided on an individual family basis, must be child-oriented and family-oriented, and must be designed to meet the specific mental health needs of the child and the child's family. Services include family and individual therapy and family living skills training and must be coordinated with other service providers.

Subd. 32. [RESIDENTIAL TREATMENT.] "Residential treatment" means a 24-hour-a-day program under the clinical supervision of a mental health professional, in a community residential setting other than an acute care hospital or regional treatment center inpatient unit, that must be licensed as a residential treatment program for children with emotional disturbances under Minnesota Rules, parts 9545.0900 to 9545.1090, or other rules adopted by the commissioner.

Subd. 33. [SERVICE PROVIDER.] "Service provider" means either a county board or an individual or agency including a regional treatment center under contract with the county board that provides children's mental health services funded under sections 245.487 to 245.4887.

Subd. 34. [THERAPEUTIC SUPPORT OF FOSTER CARE.] "Therapeutic support of foster care" means the mental health training and mental health support services and clinical supervision provided by a mental health professional to foster families caring for children with severe emotional disturbance to provide a therapeutic family environment and support for the child's improved functioning.

Sec. 40. [245.4872] [PLANNING FOR A CHILDREN'S MENTAL HEALTH SYSTEM.]

Subdivision 1. [PLANNING EFFORT.] Starting on the effective date of sections 245.487 to 245.4887 and ending January 1, 1992, the

commissioner and the county agencies shall plan for the development of a unified, accountable, and comprehensive statewide children's mental health system. The system must be planned and developed by stages until it is operating at full capacity.

Subd. 2. [TECHNICAL ASSISTANCE.] The commissioner shall provide ongoing technical assistance to county boards to develop local mental health proposals as specified in section 245.4887, to improve system capacity and quality. The commissioner and county boards shall exchange information as needed about the numbers of children with emotional disturbances residing in the county and the extent of existing treatment components locally available to serve the needs of those persons. County boards shall cooperate with the commissioner in obtaining necessary planning information upon request.

Subd. 3. [INFORMATION TO COUNTIES.] By January 1, 1990, the commissioner shall provide each county with information about the predictors and symptoms of children's emotional disturbances and information about groups identified as at risk of developing emotional disturbance.

Sec. 41. [245.4873] [COORDINATION OF CHILDREN'S MENTAL HEALTH SYSTEM.]

Subdivision 1. [STATE AND LOCAL COORDINATION.] Coordination of the development and delivery of mental health services for children shall occur on the state and local levels to assure the availability of services to meet the mental health needs of children in a cost-effective manner.

Subd. 2. [STATE LEVEL; COORDINATION.] The commissioners or designees of commissioners of the departments of human services, health, education, state planning, and corrections, and a representative of the Minnesota district judges association juvenile committee, in conjunction with the commissioner of commerce or a designee of the commissioner shall meet at least quarterly through 1992 to:

(1) educate each agency about the policies, procedures, funding, and services for children with emotional disturbances of all agencies represented;

(2) develop mechanisms for interagency coordination on behalf of children with emotional disturbances;

(3) identify barriers including policies and procedures within all agencies represented that interfere with delivery of mental health services for children;

(4) recommend policy and procedural changes needed to improve

development and delivery of mental health services for children in the agency or agencies they represent;

(5) identify mechanisms for better use of federal and state funding in the delivery of mental health services for children; and

(6) prepare an annual report on the policy and procedural changes needed to implement a coordinated, effective, and cost-efficient children's mental health delivery system.

This report shall be submitted to the legislature and the state mental health advisory council annually until February 15, 1992, as part of the report required under section 245.487, subdivision 4. The report shall include information from each department represented on:

(1) the number of children in each department's system who require mental health services;

(2) the number of children in each system who receive mental health services;

(3) how mental health services for children are funded within each system;

(4) how mental health services for children could be coordinated to provide more effectively appropriate mental health services for children; and

(5) recommendations for the provision of early screening and identification of mental illness in each system.

Subd. 3. [LOCAL LEVEL COORDINATION.] (a) Each agency represented in the local system of care coordinating council, including mental health, social services, education, health, corrections, and vocational services as specified in section 245.4875, subdivision 6, is responsible for local coordination and delivery of mental health services for children. The county board shall establish a coordinating council that provides at least:

(1) written interagency agreements with the providers of the local system of care to coordinate the delivery of services to children; and

(2) an annual report of the council to the local county board and the children's mental health advisory council about the unmet children's needs and service priorities.

(b) Each coordinating council shall collect information about the local system of care and report annually to the commissioner of human services on forms and in the manner provided by the

commissioner. The report must include a description of the services provided through each of the service systems represented on the council, the various sources of funding for services and the amounts actually expended, a description of the numbers and characteristics of the children and families served during the previous year, and an estimate of unmet needs. Each service system represented on the council shall provide information to the council as necessary to compile the report.

Subd. 4. [INDIVIDUAL CASE COORDINATION.] The case manager designated under section 245.4881 is responsible for ongoing coordination with any other person responsible for planning, development, and delivery of social services, education, corrections, health, or vocational services for the individual child. The family community support plan developed by the case manager shall reflect the coordination among the local service system providers.

Subd. 5. [DUTIES OF THE COMMISSIONER.] The commissioner shall supervise the development and coordination of locally available children's mental health services by the county boards in a manner consistent with sections 245.487 to 245.4887. The commissioner shall review local mental health service proposals developed by county boards as specified in section 245.4872 and provide technical assistance to county boards in developing and maintaining locally available and coordinated children's mental health services. The commissioner shall monitor the county board's progress in developing its full system capacity and quality through ongoing review of the county board's children's mental health proposals and other information as required by sections 245.487 to 245.4887.

Subd. 6. [PRIORITIES.] By January 1, 1992, the commissioner shall require that each of the treatment services and management activities described in sections 245.487 to 245.4887 be developed for children with emotional disturbances within available resources based on the following ranked priorities:

(1) the provision of locally available mental health emergency services;

(2) the provision of locally available mental health services to all children with severe emotional disturbance;

(3) the provision of early identification and intervention services to children who are at risk of needing or who need mental health services;

(4) the provision of specialized mental health services regionally available to meet the special needs of all children with severe emotional disturbance, and all children with emotional disturbances;

(5) the provision of locally available services to children with emotional disturbances; and

(6) the provision of education and preventive mental health services.

Sec. 42. [245.4874] [DUTIES OF COUNTY BOARD.]

The county board in each county shall use its share of mental health and community social service act funds allocated by the commissioner according to a biennial local children's mental health service proposal required under section 245.4887, and approved by the commissioner. The county board must:

(1) develop a system of affordable and locally available children's mental health services according to sections 245.487 to 245.4887;

(2) coordinate the delivery of children's mental health services with services provided by social services, education, corrections, health, and vocational agencies to improve the availability of mental health services to children and the cost effectiveness of their delivery;

(3) assure that mental health services delivered according to sections 245.487 to 245.4887 are appropriate to the child's diagnostic assessment and individual treatment plan;

(4) provide the community with information about predictors and symptoms of emotional disturbances and how to access children's mental health services according to sections 245.4877 and 245.4878;

(5) provide for case management services to each child with severe emotional disturbance according to sections 245.486; 245.4871, subdivisions 3 and 4; and 245.4881, subdivisions 1, 3, and 5;

(6) provide for screening of each child under section 245.4885 upon admission to a residential treatment facility, acute care hospital inpatient treatment, or informal admission to a regional treatment center;

(7) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 245.487 to 245.4887;

(8) assure that mental health professionals, mental health practitioners, and case managers employed by or under contract to the county to provide mental health services are qualified under section 245.4871; and

(9) assure that children's mental health services are coordinated with adult mental health services specified in sections 245.461 to 245.486 so that a continuum of mental health services is available to serve persons with mental illness, regardless of the person's age.

Sec. 43. [245.4875] [LOCAL SERVICE DELIVERY SYSTEM.]

Subdivision 1. [DEVELOPMENT OF CHILDREN'S SERVICES.] The county board in each county is responsible for using all available resources to develop and coordinate a system of locally available and affordable children's mental health services. The county board may provide some or all of the children's mental health services and activities specified in subdivision 2 directly through a county agency or under contracts with other individuals or agencies. A county or counties may enter into an agreement with a regional treatment center under section 246.57 to enable the county or counties to provide the treatment services in subdivision 2. Services provided through an agreement between a county and a regional treatment center must meet the same requirements as services from other service providers. County boards shall demonstrate their continuous progress toward fully implementing sections 245.487 to 245.4887 during the period July 1, 1989, to January 1, 1992. County boards must develop fully each of the treatment services prescribed by sections 245.487 to 245.4887 by January 1, 1992, according to the priorities established in section 245.4873 and the local children's mental health services proposal approved by the commissioner under section 245.4887.

Subd. 2. [CHILDREN'S MENTAL HEALTH SERVICES.] The children's mental health service system developed by each county board must include the following services:

- (1) education and prevention services according to section 245.4877;
- (2) early identification and intervention services according to section 245.4878;
- (3) emergency services according to section 245.4879;
- (4) outpatient services according to section 245.488;
- (5) family community support services according to section 245.4881;
- (6) day treatment services according to section 245.4881, subdivision 7;
- (7) residential treatment services according to section 245.4882;

(8) acute care hospital inpatient treatment services according to section 245.4883;

(9) screening according to section 245.4885;

(10) case management according to section 245.4881;

(11) therapeutic support of foster care according to section 245.4881, subdivision 9; and

(12) professional home-based family treatment according to section 245.4881, subdivision 9.

Subd. 3. [LOCAL CONTRACTS.] The county board shall review all proposed county agreements, grants, or other contracts related to children's mental health services from any local, state, or federal governmental sources. Contracts with service providers must:

(1) name the commissioner as a third party beneficiary;

(2) identify monitoring and evaluation procedures not in violation of the Minnesota government data practices act, chapter 13, which are necessary to ensure effective delivery of quality services;

(3) include a provision that makes payments conditional on compliance by the contractor and all subcontractors with sections 245.487 to 245.4887 and all other applicable laws, rules, and standards; and

(4) require financial controls and auditing procedures.

Subd. 4. [JOINT COUNTY MENTAL HEALTH AGREEMENTS.] To efficiently provide the children's mental health services required by sections 245.487 to 245.4887, counties are encouraged to join with one or more county boards to establish a multicounty local children's mental health authority under the joint powers act, section 471.59, the human service board act, sections 402.01 to 402.10, community mental health center provisions, section 245.62, or enter into multicounty mental health agreements. Participating county boards shall establish acceptable ways of apportioning the cost of the services.

Subd. 5. [LOCAL CHILDREN'S ADVISORY COUNCIL.] (a) By October 1, 1989, the county board, individually or in conjunction with other county boards, shall establish a local children's mental health advisory council or children's mental health subcommittee of the existing local mental health advisory council or shall include persons on its existing mental health advisory council who are representatives of children's mental health interests. The following individuals must serve on the local children's mental health advisory council:

sory council, the children's mental health subcommittee of an existing local mental health advisory council, or be included on an existing mental health advisory council: (1) at least one person who was in a mental health program as a child or adolescent; (2) at least one parent of a child or adolescent with severe emotional disturbance; (3) one children's mental health professional; (4) representatives of minority populations of significant size residing in the county; (5) a representative of the children's mental health local coordinating council; and (6) one family community support services program representative.

(b) The local children's mental health advisory council or children's mental health subcommittee of an existing advisory council shall meet at least quarterly to review, evaluate, and make recommendations regarding the local children's mental health system. Annually, the local children's mental health advisory council or children's mental health subcommittee of the existing local mental health advisory council shall:

(1) arrange for input from the local system of care providers regarding coordination of care between the services; and

(2) identify for the county board the individuals, providers, agencies, and associations as specified in section 245.4877, clause (2).

(c) The county board shall consider the advice of its local children's mental health advisory council or children's mental health subcommittee of the existing local mental health advisory council in carrying out its authorities and responsibilities.

Subd. 6. [LOCAL SYSTEM OF CARE; COORDINATING COUNCIL.] The county board shall establish, by January 1, 1990, a council representing all members of the local system of care including mental health services, social services, correctional services, educational services, health services, and vocational services. The council shall include a representative of an Indian reservation authority where a reservation exists within the county. The council must also include a representative of juvenile court or the court responsible for juvenile issues and law enforcement. The members of the coordinating council shall meet at least quarterly to develop recommendations to improve coordination and funding of services to children with severe emotional disturbances. A county may use an existing child-focused interagency task force to fulfill the requirements of this subdivision if the representatives and duties of the existing task force are expanded to include those specified in this subdivision and section 245.4873, subdivision 3.

Subd. 7. [OTHER LOCAL AUTHORITY.] The county board may establish procedures and policies that are not contrary to those of the commissioner or sections 245.487 to 245.4887 regarding local

children's mental health services and facilities. The county board shall perform other acts necessary to carry out sections 245.487 to 245.4887.

Sec. 44. [245.4876] [QUALITY OF SERVICES.]

Subdivision 1. [CRITERIA.] Children's mental health services required by sections 245.487 to 245.4887 must be:

- (1) based, when feasible, on research findings;
- (2) based on individual clinical, cultural, and ethnic needs, and other special needs of the children being served;
- (3) delivered in a manner that improves family functioning when clinically appropriate;
- (4) provided in the most appropriate, least restrictive setting available to the county board to meet the child's treatment needs;
- (5) accessible to all age groups of children;
- (6) appropriate to the developmental age of the child being served;
- (7) delivered in a manner that provides accountability to the child for the quality of service delivered and continuity of services to the child during the years the child needs services from the local system of care;
- (8) provided by qualified individuals as required in sections 245.487 to 245.4887;
- (9) coordinated with children's mental health services offered by other providers;
- (10) provided under conditions that protect the rights and dignity of the individuals being served; and
- (11) provided in a manner and setting most likely to facilitate progress toward treatment goals.

Subd. 2. [DIAGNOSTIC ASSESSMENT.] All residential treatment facilities and acute care hospital inpatient treatment services that provide mental health services for children must complete a diagnostic assessment for each of their child clients within five working days of admission. Providers of outpatient and day treatment services for children must complete a diagnostic assessment within ten working days of admission. In cases where a diagnostic assessment is available and has been completed within 90 days preceding admission, only updating is necessary.

Subd. 3. [INDIVIDUAL TREATMENT PLANS.] All outpatient services, day treatment services, family community support services, professional home-based family treatment, residential treatment facilities, acute care hospital inpatient treatment facilities, and regional treatment centers that provide mental health facilities for children must develop an individual treatment plan for each child client. The individual treatment plan must be based on a diagnostic assessment. To the extent appropriate, the child shall be involved in all phases of developing and implementing the individual treatment plan. The individual treatment plan must be developed within ten working days of client intake or admission and reviewed every 90 days after that date, except that the administrative review of the treatment plan of a child placed in a residential facility shall be as specified in section 257.071, subdivisions 2 and 4.

Subd. 4. [REFERRAL FOR CASE MANAGEMENT.] Each provider of emergency services, outpatient treatment, community support services, family community support services, day treatment services, professional home-based family treatment services, residential treatment facilities, acute care hospital inpatient treatment facilities, or regional treatment center services must inform each child with severe emotional disturbance, and the child's parent or legal representative, of the availability and potential benefits to the child of case management. The information shall be provided as specified in subdivision 5. If consent is obtained according to subdivision 5, the provider must refer the child by notifying the county employee designated by the county board to coordinate case management activities of the child's name and address and by informing the child's family of whom to contact to request case management. The provider must document compliance with this subdivision in the child's record.

Subd. 5. [CONSENT FOR SERVICES OR FOR RELEASE OF INFORMATION.] (a) Although sections 245.487 to 245.4887 require each county board, within the limits of available resources, to make the mental health services listed in those sections available to each child residing in the county who needs them, the county board shall not provide any services, either directly or by contract, unless consent to the services is obtained under this subdivision. The case manager assigned to a child with a severe emotional disturbance shall not disclose to any person other than the case manager's immediate supervisor and the mental health professional providing clinical supervision of the case manager information on the child, the child's family, or services provided to the child or the child's family without informed written consent unless required to do so by statute or under the Minnesota government data practices act. Informed written consent must comply with section 13.05, subdivision 4, paragraph (d), and specify the purpose and use for which the case manager may disclose the information.

(b) The consent or authorization must be obtained from the child's

parent unless: (1) the parental rights are terminated; or (2) consent is otherwise provided under sections 144.341 to 144.347; 253B.04, subdivision 1; 260.133; 260.135; and 260.191, subdivision 1, the terms of appointment of a court-appointed guardian or conservator, or federal regulations governing chemical dependency services.

Subd. 6. [INFORMATION FOR BILLING.] Each provider of outpatient treatment, family community support services, day treatment services, emergency services, professional home-based family treatment services, residential treatment, or acute care hospital inpatient treatment must include the name and home address of each child for whom services are included on a bill submitted to a county, if the release of that information under subdivision 5 has been obtained and if the county requests the information. Each provider must try to obtain the consent of the child's family. Each provider must explain to the child's family that the information can only be released with the consent of the child's family and may be used only for purposes of payment and maintaining provider accountability. The provider shall document the attempt in the child's record.

Subd. 7. [RESTRICTED ACCESS TO DATA.] The county board shall establish procedures to ensure that the names and addresses of children receiving mental health services and their families are disclosed only to:

(1) county employees who are specifically responsible for determining county of financial responsibility or making payments to providers; and

(2) staff who provide treatment services or case management and their clinical supervisors.

Release of mental health data on individuals submitted under subdivisions 5 and 6, to persons other than those specified in this subdivision, or use of this data for purposes other than those stated in subdivisions 5 and 6, results in civil or criminal liability under section 13.08 or 13.09.

Sec. 45. [245.4877] [EDUCATION AND PREVENTION SERVICES.]

Education and prevention services must be available to all children residing in the county. Education and prevention services must be designed to:

(1) convey information regarding emotional disturbances, mental health needs, and treatment resources to the general public and groups identified as at high risk of developing emotional disturbance under section 245.4872, subdivision 3;

(2) at least annually, distribute to individuals and agencies identified by the county board and the local children's mental health advisory council information on predictors and symptoms of emotional disturbances, where mental health services are available in the county, and how to access the services;

(3) increase understanding and acceptance of problems associated with emotional disturbances;

(4) improve people's skills in dealing with high-risk situations known to affect children's mental health and functioning;

(5) prevent development or deepening of emotional disturbances; and

(6) refer each child with emotional disturbance or the child's family with additional mental health needs to appropriate mental health services.

Sec. 46. [245.4878] [EARLY IDENTIFICATION AND INTERVENTION.]

Early identification and intervention services must be available to meet the needs of all children and their families residing in the county, consistent with section 245.4873. Early identification and intervention services must be designed to identify children who are at risk of needing or who need mental health services. The county board must provide intervention and offer treatment services to each child who is identified as needing mental health services. The county board must offer intervention services to each child who is identified as being at risk of needing mental health services.

Sec. 47. [245.4879] [EMERGENCY SERVICES.]

Subdivision 1. [AVAILABILITY OF EMERGENCY SERVICES.] County boards must provide or contract for enough mental health emergency services within the county to meet the needs of children in the county who are experiencing an emotional crisis or emotional disturbance. A child or the child's parent may be required to pay a fee according to section 245.481. Emergency service providers shall not delay the timely provision of emergency service because of delays in determining this fee or because of the unwillingness or inability of the parent to pay the fee. Emergency services must include assessment, intervention, and appropriate case disposition. Emergency services must:

(1) promote the safety and emotional stability of children with emotional disturbances or emotional crises;

(2) minimize further deterioration of the child with emotional disturbance or emotional crisis;

(3) help each child with an emotional disturbance or emotional crisis to obtain ongoing care and treatment; and

(4) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet the child's needs.

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that all service providers of emergency services to the child with an emotional disturbance provide immediate direct access to a mental health professional during regular business hours. For evenings, weekends, and holidays, the service may be by direct toll-free telephone access to a mental health professional, a mental health practitioner, or until January 1, 1991, a designated person with training in human services who receives clinical supervision from a mental health professional. When emergency service during nonbusiness hours is provided by anyone other than a mental health professional, a mental health professional must be available for at least telephone consultation within 30 minutes.

Sec. 48. [245.488] [OUTPATIENT SERVICES.]

Subdivision 1. [AVAILABILITY OF OUTPATIENT SERVICES.]

(a) County boards must provide or contract for enough outpatient services within the county to meet the needs of each child with emotional disturbance residing in the county and the child's family. A child or a child's parent may be required to pay a fee based in accordance with section 245.481. Outpatient services include:

(1) conducting diagnostic assessments;

(2) conducting psychological testing;

(3) developing or modifying individual treatment plans;

(4) making referrals and recommending placements as appropriate;

(5) treating the child's mental health needs through therapy; and

(6) prescribing and managing medication and evaluating the effectiveness of prescribed medication.

(b) County boards may request a waiver allowing outpatient services to be provided in a nearby trade area if it is determined that the child requires necessary and appropriate services that are only available outside the county.

(c) Outpatient services offered by the county board to prevent placement must be at the level of treatment appropriate to the child's diagnostic assessment.

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that a service provider of outpatient services to children:

(1) meets the professional qualifications contained in sections 245.487 to 245.4887;

(2) uses a multidisciplinary mental health professional staff including, at a minimum, arrangements for psychiatric consultation, licensed consulting psychologist consultation, and other necessary multidisciplinary mental health professionals;

(3) develops individual treatment plans; and

(4) provides initial appointments within three weeks, except in emergencies where there must be immediate access as described in section 245.4879.

Sec. 49. [245.4881] [CASE MANAGEMENT AND FAMILY COMMUNITY SUPPORT SERVICES.]

Subdivision 1. [AVAILABILITY OF CASE MANAGEMENT SERVICES.] (a) By January 1, 1991, the county board shall provide case management activities for each child with severe emotional disturbance residing in the county and the child's family who request or consent to the services. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must meet the requirements in section 245.4871, subdivision 4.

(b) Case management services provided to children with severe emotional disturbance eligible for medical assistance must be billed to the medical assistance program under sections 256B.02, subdivision 8, and 256B.0625.

Subd. 2. [NOTIFICATION OF CASE MANAGEMENT ELIGIBILITY.] The county board shall notify, as appropriate, the child, child's parent, or legal representative of the child's potential eligibility for case management services within five working days after receiving a request from an individual or a referral from a provider under section 245.4876, subdivision 4.

The county board shall send a written notice that identifies the designated case management providers. The county board shall send the notice, as appropriate, to the child, the child's parent, or the child's legal representative, if any.

Subd. 3. [DUTIES OF CASE MANAGER.] (a) The case manager

shall promptly arrange for a diagnostic assessment of the child when one is not available as described in section 245.4876, subdivision 2, to determine the child's eligibility as a child with severe emotional disturbance for family community support services. The county board shall notify in writing, as appropriate, the child, the child's parent, or the child's legal representative, if any, if the child is determined ineligible for family community support services.

(b) Upon a determination of eligibility for family support services, the case manager shall develop an individual family community support plan for a child as specified in subdivision 4, review the child's progress, and monitor the provision of services. If services are to be provided in a host county that is not the county of financial responsibility, the case manager shall consult with the host county and obtain a letter demonstrating the concurrence of the host county regarding the provision of services.

The case manager shall perform a functional assessment and note in the client's record the services needed by the child and the child's family, the services requested by the family, services that are not available, and the child and family's unmet needs. The information required under section 245.4886 shall be provided in writing to the child and the child's family. The case manager shall note this provision in the client record.

Subd. 4. [INDIVIDUAL FAMILY COMMUNITY SUPPORT PLAN.] (a) For each child, the case manager must develop an individual family community support plan that incorporates the child's individual treatment plan. The individual treatment plan may not be a substitute for the development of an individual family community support plan. The case manager is responsible for developing the individual family community support plan within 30 days of intake based on a diagnostic assessment and a functional assessment and for implementing and monitoring the delivery of services according to the individual family community support plan. The case manager must review the plan every 90 calendar days after it is developed. To the extent appropriate, the child with severe emotional disturbance, the child's family, advocates, service providers, and significant others must be involved in all phases of development and implementation of the individual family community support plan. Notwithstanding the lack of a community support plan, the case manager shall assist the child and family in accessing the needed services listed in subdivision 6.

(b) The child's individual family community support plan must state:

(1) the goals and expected outcomes of each service and criteria for evaluating the effectiveness and appropriateness of the service;

(2) the activities for accomplishing each goal;

- (3) a schedule for each activity; and
- (4) the frequency of face-to-face contacts by the case manager, as appropriate to client need and the implementation of the individual family community support plan.

Subd. 5. [COORDINATION BETWEEN CASE MANAGER AND FAMILY COMMUNITY SUPPORT SERVICES.] The county board must establish procedures that ensure ongoing contact and coordination between the case manager and the family community support services as well as other mental health services for each child.

Subd. 6. [AVAILABILITY OF FAMILY COMMUNITY SUPPORT SERVICES.] By July 1, 1990, county boards must provide or contract for sufficient family community support services within the county to meet the needs of each child with severe emotional disturbance who resides in the county and the child's family. Children or their parents may be required to pay a fee in accordance with section 245.481.

Family community support services must be designed to improve the ability of children with severe emotional disturbance to:

- (1) handle basic activities of daily living;
- (2) improve functioning in school settings;
- (3) participate in leisure time or community youth activities;
- (4) set goals and plans;
- (5) reside with the family in the community;
- (6) participate in after school and summer activities;
- (7) make a smooth transition between mental health services provided to children; and
- (8) make a smooth transition into the adult mental health system as appropriate.

In addition, family community support services must be designed to improve overall family functioning if clinically appropriate to the child's needs, and to reduce the use of placements more intensive, costly, or restrictive both in number of admissions and lengths of stay than indicated by the child's diagnostic assessment.

Subd. 7. [DAY TREATMENT SERVICES PROVIDED.] (a) Day treatment services must be part of the family community support services available to each child with severe emotional disturbance

residing in the county. A child or the child's parent may be required to pay a fee according to section 245.481. Day treatment services must be designed to:

(1) provide a structured environment for treatment;

(2) provide family and community support;

(3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet the child's need;

(4) coordinate with or be offered in conjunction with the school's education program;

(5) provide therapy and family intervention for children that are coordinated with education services provided and funded by schools; and

(6) operate during all 12 months of the year.

(b) County boards may request a waiver from including day treatment services if they can document that:

(1) alternative services exist through the county's family community support services for each child who would otherwise need day treatment services; and

(2) county demographics and geography make the provision of day treatment services cost ineffective and unfeasible.

Subd. 8. [PROFESSIONAL HOME-BASED FAMILY TREATMENT PROVIDED.] (a) By January 1, 1991, county boards must provide or contract for sufficient professional home-based family treatment within the county to meet the needs of each child with severe emotional disturbance who is at risk of out-of-home placement due to the child's emotional disturbance or who is returning to the home from out-of-home placement. The child or the child's parent may be required to pay a fee according to section 245.481. The county board shall require that all service providers of professional home-based family treatment set fee schedules approved by the county board that are based on the child's or family's ability to pay. The professional home-based family treatment must be designed to assist each child with severe emotional disturbance who is at risk of or who is returning from out-of-home placement and the child's family to:

(1) improve overall family functioning in all areas of life;

(2) treat the child's symptoms of emotional disturbance that contribute to a risk of out-of-home placement;

(3) provide a positive change in the emotional, behavioral, and mental well-being of children and their families; and

(4) reduce risk of out-of-home placement for the identified child with severe emotional disturbance and other siblings or successfully reunify and reintegrate into the family a child returning from out-of-home placement due to emotional disturbance.

(b) Professional home-based family treatment must be provided by a team consisting of a mental health professional and others who are skilled in the delivery of mental health services to children and families in conjunction with other human service providers. The professional home-based family treatment team must maintain flexible hours of service availability and must provide or arrange for crisis services for each family, 24 hours a day, seven days a week. Case loads for each professional home-based family treatment team must be small enough to permit the delivery of intensive services and to meet the needs of the family. Professional home-based family treatment providers shall coordinate services and service needs with case managers assigned to children and their families. Individual treatment plans must be developed that identify the specific treatment objectives for both the child and the family.

Subd. 9. [THERAPEUTIC SUPPORT OF FOSTER CARE.] By January 1, 1992, county boards must provide or contract for foster care with therapeutic support as defined in section 245.4871, subdivision 34. Foster families caring for children with severe emotional disturbance must receive training and supportive services, as necessary, at no cost to the foster families within the limits of available resources.

Subd. 10. [BENEFITS ASSISTANCE.] The county board must offer help to a child with severe emotional disturbance and the child's family in applying for federal benefits, including supplemental security income, medical assistance, and Medicare.

Sec. 50. [245.4882] [RESIDENTIAL TREATMENT SERVICES.]

Subdivision 1. [AVAILABILITY OF RESIDENTIAL TREATMENT SERVICES.] County boards must provide or contract for enough residential treatment services to meet the needs of each child with emotional disturbance residing in the county and needing this level of care. Length of stay is based on the child's residential treatment need and shall be subject to the six-month review process established in section 257.071, subdivisions 2 and 4. Services must be made available as close to the county as possible. Residential treatment must be designed to:

(1) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet the child's needs;

(2) help the child improve family living and social interaction skills;

(3) help the child gain the necessary skills to return to the community;

(4) stabilize crisis admissions; and

(5) work with families throughout the placement to improve the ability of the families to care for children with emotional disturbance in the home.

Subd. 2. [SPECIFIC REQUIREMENTS.] A provider of residential services to children must be licensed under applicable rules adopted by the commissioner and must be clinically supervised by a mental health professional.

Subd. 3. [TRANSITION TO COMMUNITY.] Residential treatment facilities and regional treatment centers serving children must plan for and assist those children and their families in making a transition to less restrictive community-based services. Residential treatment facilities must also arrange for appropriate follow-up care in the community. Before a child is discharged, the residential treatment facility or regional treatment center shall provide notification to the child's case manager, if any, so that the case manager can monitor and coordinate the transition and make timely arrangements for the child's appropriate follow-up care in the community.

Sec. 51. [245.4883] [ACUTE CARE HOSPITAL INPATIENT SERVICES.]

Subdivision 1. [AVAILABILITY OF ACUTE CARE INPATIENT SERVICES.] County boards must make available through contract or direct provision enough acute care hospital inpatient treatment services as close to the county as possible for children with emotional disturbances residing in the county needing this level of care. Acute care hospital inpatient treatment services must be designed to:

(1) stabilize the medical and mental health condition for which admission is required;

(2) improve functioning to the point where discharge to residential treatment or community-based mental health services is possible;

(3) facilitate appropriate referrals for follow-up mental health care in the community;

(4) work with families to improve the ability of the families to care for those children with emotional disturbances at home; and

(5) assist families and children in the transition from inpatient services to community-based services or home setting, and provide notification to the child's case manager, if any, so that the case manager can monitor the transition and make timely arrangements for the child's appropriate follow-up care in the community.

Subd. 2. [SPECIFIC REQUIREMENTS.] Providers of acute care hospital inpatient services for children must meet applicable standards established by the commissioners of health and human services.

Sec. 52. [245.4885] [SCREENING FOR INPATIENT AND RESIDENTIAL TREATMENT.]

Subdivision 1. [SCREENING REQUIRED.] The county board shall ensure that all children are screened according to section 256F.07 or 257.071, whichever applies, upon admission for treatment of emotional disturbance to a residential treatment facility, an acute care hospital, or informally admitted to a regional treatment center if public funds are used to pay for the services. If a child is admitted to a residential treatment facility or acute care hospital for emergency treatment of emotional disturbance or held for emergency care by a regional treatment center under section 253.05, subdivision 1, screening must occur within five working days of admission. Screening shall determine whether:

(1) an admission is necessary;

(2) the length of stay is as short as possible consistent with the individual child's need; and

(3) the case manager, if assigned, is developing an individual family community support plan.

The screening process and placement decision must be documented in the child's record.

An alternate review process may be approved by the commissioner if the county board demonstrates that an alternate review process has been established by the county board and the times of review, persons responsible for the review, and review criteria are comparable to the standards in clauses (1) to (3).

Subd. 2. [QUALIFICATIONS.] No later than January 1, 1992,

screening of children for residential and inpatient services shall include participation of a mental health professional. Mental health professionals providing screening for inpatient and residential services must not be financially affiliated with any acute care inpatient hospital, residential treatment facility, or regional treatment center. The commissioner may waive this requirement for mental health professional participation in sparsely populated areas.

Subd. 3. [INDIVIDUAL PLACEMENT AGREEMENT.] The county board shall enter into an individual placement agreement with a provider of residential treatment services to a child eligible for county-paid services under this section. The agreement must specify the payment rate and terms and conditions of county payment for the placement.

Subd. 4. [TASK FORCE ON RESIDENTIAL AND INPATIENT TREATMENT SERVICES FOR CHILDREN.] The commissioner of human services shall appoint a task force on residential and inpatient treatment services for children that includes representatives from each of the mental health professional categories defined in section 245.4871, subdivision 27, the Minnesota mental health association, the Minnesota alliance for the mentally ill, the children's mental health initiative, the Minnesota mental health law project, the Minnesota district judges association juvenile committee, department of human services staff, the department of education, local community-based corrections, the department of corrections, the ombudsman for mental health and mental retardation, residential treatment facilities for children, inpatient hospital facilities for children, and counties. The task force shall examine and evaluate existing mechanisms that have as their purpose review of appropriate admission and need for continued care for all children with emotional disturbances who are admitted to residential treatment facilities or acute care hospital inpatient treatment. These mechanisms shall include at least the following: precommitment screening, preplacement screening for children, licensure and reimbursement rules, county monitoring, technical assistance, hospital preadmission certification, and hospital retrospective reviews. The task force shall report to the legislature by February 15, 1990, on how existing mechanisms may be changed to accomplish the goals of screening as described in section 245.4885, subdivision 1.

Sec. 53. [245.4886] [APPEALS.]

A child or a child's family, as appropriate, who requests mental health services under sections 245.487 to 245.4887 must be advised of services available and the right to appeal as described in this section at the time of the request and each time the individual family community support plan or individual treatment plan is reviewed. A child whose request for mental health services under sections 245.487 to 245.4887 is denied, not acted upon with reason-

able promptness, or whose services are suspended, reduced, or terminated by action or inaction for which the county board is responsible under sections 245.487 to 245.4887 may contest that action or inaction before the state agency according to section 256.045. The commissioner shall monitor the nature and frequency of administrative appeals under this section.

Sec. 54. [245.4887] [CHILDREN'S SECTION OF LOCAL MENTAL HEALTH PROPOSAL.]

Subdivision 1. [TIME PERIOD.] The county board shall submit its first complete children's section of its local mental health proposal to the commissioner by November 15, 1989. Subsequent proposals must be on the same two-year cycle as community social service plans. If a proposal complies with sections 245.487 to 245.4887, it satisfies the requirement of the community social service plan for the emotionally disturbed target population as required by section 256E.09. The proposal must be made available upon request to all residents of the county at the same time it is submitted to the commissioner.

Subd. 2. [PROPOSAL CONTENT.] The children's section of the local mental health proposal must include:

(1) a report of the local children's mental health advisory council or children's mental health subcommittee of the existing local mental health advisory council on unmet needs of children and any other needs assessment used by the county board in preparing the local mental health proposal, including the report of the local coordinating council or local interagency task force specified in section 245.4875, subdivision 6;

(2) a description of the involvement of the local children's mental health advisory council or the children's mental health subcommittee of the existing local mental health advisory council in preparing the local mental health proposal and methods used by the county board to ensure adequate and timely participation of citizens, mental health professionals, and providers in development of the local mental health proposal;

(3) information for the preceding year, including the actual number of children who received each of the mental health services listed in sections 245.487 to 245.4887, and actual expenditures for each mental health service and service waiting lists; and

(4) the following information describing how the county board intends to meet the requirements of sections 245.487 to 245.4887 during the proposal period:

(i) specific objectives and outcome goals for each mental health service listed in sections 245.487 to 245.4887;

(ii) a description of each service provider, including county agencies, contractors, and subcontractors, that is expected to either be the sole provider of one of the mental health services described in sections 245.487 to 245.4887 or to provide over \$10,000 of mental health services per year, including a listing of the professional qualifications of the staff involved in service delivery for the county;

(iii) a description of how the mental health services in the county will be unified and coordinated, including the mechanism established by the county board providing for interagency coordination as specified in section 245.4875, subdivision 6;

(iv) the estimated number of children who will receive each mental health service; and

(v) estimated expenditures for each mental health service and revenues for the entire proposal.

Subd. 3. [PROPOSAL FORMAT.] The children's section of the local mental health proposal must be made in a format prescribed by the commissioner.

Subd. 4. [PROVIDER APPROVAL.] The commissioner's review of the children's section of the local mental health proposal must include a review of the qualifications of each service provider required to be identified in the children's section of the local mental health proposal under subdivision 2. The commissioner may reject a county board's proposal for a particular provider if:

(1) the provider does not meet the professional qualifications contained in sections 245.487 to 245.4887;

(2) the provider does not have adequate fiscal stability or controls to provide the proposed services as determined by the commissioner;
or

(3) the provider is not in compliance with other applicable state laws or rules.

Subd. 5. [SERVICE APPROVAL.] The commissioner's review of the children's section of the local mental health proposal must include a review of the appropriateness of the amounts and types of children's mental health services in the children's section of the local mental health proposal. The commissioner may reject the county board's proposal if the commissioner determines that the amount and types of services proposed are not cost effective, do not

meet the child's needs, or do not comply with sections 245.487 to 245.4887.

Subd. 6. [PROPOSAL APPROVAL.] The commissioner shall review each children's section of the local mental health proposal within 90 days and work with the county board to make any necessary modifications to comply with sections 245.487 to 245.4887. After the commissioner has approved the proposal, the county board is eligible to receive an allocation of mental health and community social service act funds.

Subd. 7. [PARTIAL OR CONDITIONAL APPROVAL.] If the children's section of the local mental health proposal is in substantial compliance, but not in full compliance with sections 245.487 to 245.4887, and necessary modifications cannot be made before the proposal period begins, the commissioner may grant partial or conditional approval and withhold a proportional share of the county board's mental health and community social service act funds until full compliance is achieved.

Subd. 8. [AWARD NOTICE.] Upon approval of the county board proposal, the commissioner shall send a notice of approval for funding. The notice must specify any conditions of funding and is binding on the county board. Failure of the county board to comply with the approved proposal and funding conditions may result in withholding or repayment of funds according to section 245.483.

Subd. 9. [PLAN AMENDMENT.] If the county board finds it necessary to make significant changes in the approved children's section of the local mental health proposal, it must present the proposed changes to the commissioner for approval at least 30 days before the changes take effect. "Significant changes" means:

(1) the county board proposes to provide a children's mental health service through a provider other than the provider listed for that service in the approved local proposal;

(2) the county board expects the total annual expenditures for any single children's mental health service to vary more than ten percent or \$5,000, whichever is greater, from the amount in the approved local proposal;

(3) the county board expects a combination of changes in expenditures per children's mental health service to exceed more than ten percent of the total children's mental health services expenditures;
or

(4) the county board proposes a major change in the specific objectives and outcome goals listed in the approved local children's mental health proposal.

Sec. 55. Minnesota Statutes 1988, section 245.62, subdivision 3, is amended to read:

Subd. 3. [~~CLINICAL DIRECTOR SUPERVISOR.~~] All community mental health center services shall be provided under the clinical ~~direction~~ supervision of a licensed consulting psychologist licensed under sections 148.88 to 148.98, or a physician who is board certified or eligible for board certification in psychiatry, and who is licensed under section 147.02.

Sec. 56. Minnesota Statutes 1988, section 245.696, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC DUTIES.] In addition to the powers and duties already conferred by law, the commissioner of human services shall:

(1) review and evaluate local programs and the performance of administrative and mental health personnel and make recommendations to county boards and program administrators;

(2) provide consultative staff service to communities and advocacy groups to assist in ascertaining local needs and in planning and establishing community mental health programs;

(3) employ qualified personnel to implement this chapter;

(4) ~~as part of the biennial budget process, report to the legislature on staff use and staff performance, including in the report a description of duties performed by each person in the mental health division;~~

(5) adopt rules for minimum standards in community mental health services as directed by the legislature;

(6) (5) cooperate with the commissioners of health and jobs and training to coordinate services and programs for people with mental illness;

(7) (6) convene meetings with the commissioners of corrections, health, education, and commerce at least four times each year for the purpose of coordinating services and programs for ~~children with mental illness and~~ children with emotional or behavioral disorders;

(8) (7) evaluate the needs of people with mental illness as they relate to assistance payments, medical benefits, nursing home care, and other state and federally funded services;

(9) (8) provide data and other information, as requested, to the advisory council on mental health;

~~(10)~~ (9) develop and maintain a data collection system to provide information on the prevalence of mental illness, the need for specific mental health services and other services needed by people with mental illness, funding sources for those services, and the extent to which state and local areas are meeting the need for services;

~~(11)~~ (10) apply for grants and develop pilot programs to test and demonstrate new methods of assessing mental health needs and delivering mental health services;

~~(12)~~ (11) study alternative reimbursement systems and make waiver requests that are deemed necessary by the commissioner;

~~(13)~~ (12) provide technical assistance to county boards to improve fiscal management and accountability and quality of mental health services, and consult regularly with county boards, public and private mental health agencies, and client advocacy organizations for purposes of implementing this chapter;

~~(14)~~ (13) promote coordination between the mental health system and other human service systems in the planning, funding, and delivery of services; entering into cooperative agreements with other state and local agencies for that purpose as deemed necessary by the commissioner;

~~(15)~~ (14) conduct research regarding the relative effectiveness of mental health treatment methods as the commissioner deems appropriate, and for this purpose, enter treatment facilities, observe clients, and review records in a manner consistent with the Minnesota government data practices act, chapter 13; and

~~(16)~~ (15) enter into contracts and promulgate rules the commissioner deems necessary to carry out the purposes of this chapter.

Sec. 57. Minnesota Statutes 1988, section 245.697, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] A state advisory council on mental health is created. The council must have ~~25~~ 30 members appointed by the governor in accordance with federal requirements. The council must be composed of:

(1) the assistant commissioner of mental health for the department of human services;

(2) a representative of the department of human services responsible for the medical assistance program;

(3) one member of each of the four core mental health professional disciplines (psychiatry, psychology, social work, nursing);

(4) one representative from each of the following advocacy groups: mental health association of Minnesota, Minnesota alliance for the mentally ill, and Minnesota mental health law project;

(5) providers of mental health services;

(6) consumers of mental health services;

(7) family members of persons with mental illnesses;

(8) legislators;

(9) social service agency directors;

(10) county commissioners; and

(11) other members reflecting a broad range of community interests, as the United States Secretary of Health and Human Services may prescribe by regulation or as may be selected by the governor.

Terms, compensation, and removal of members and filling of vacancies are governed by section 15.059, ~~except that members shall not receive a per diem.~~ The council ~~expires~~ does not expire as provided in section 15.059.

Sec. 58. Minnesota Statutes 1988, section 245.697, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The state advisory council on mental health shall:

(1) advise the governor, the legislature, and heads of state departments and agencies about policy, programs, and services affecting people with mental illness;

(2) advise the commissioner of human services on all phases of the development of mental health aspects of the biennial budget;

(3) advise the governor and the legislature about the development of innovative mechanisms for providing and financing services to people with mental illness;

(4) encourage state departments and other agencies to conduct needed research in the field of mental health;

(5) review recommendations of the subcommittee on children's mental health;

(6) educate the public about mental illness and the needs and potential of people with mental illness; and

(7) review and comment on all grants dealing with mental health and on the development and implementation of state and local mental health plans; and

(8) coordinate the work of local children's and adult mental health advisory councils and subcommittees.

Sec. 59. Minnesota Statutes 1988, section 245.697, subdivision 2a, is amended to read:

Subd. 2a. [SUBCOMMITTEE ON CHILDREN'S MENTAL HEALTH.] The state advisory council on mental health (the "advisory council") must have a subcommittee on children's mental health. The subcommittee must make recommendations to the advisory council on policies, laws, regulations, and services relating to children's mental health. Members of the subcommittee must include:

(1) the commissioners or designees of the commissioners of the departments of human services, health, education, state planning, and corrections;

(2) the commissioner of commerce or a designee of the commissioner who is knowledgeable about medical insurance issues;

(3) at least one representative of an advocacy group for children with ~~mental illness~~ emotional disturbances;

(4) providers of children's mental health services, including at least one provider of services to preadolescent children, one provider of services to adolescents, and one hospital-based provider;

(5) parents of children who have ~~mental illness or emotional or behavioral disorders~~ disturbances;

(6) a present or former consumer of adolescent mental health services;

(7) ~~educators experienced in~~ currently working with emotionally disturbed children;

(8) people knowledgeable about the needs of emotionally disturbed children of minority races and cultures;

(9) people experienced in working with emotionally disturbed children who have committed status offenses;

(10) members of the advisory council; and

(11) one person from the local corrections department and one representative of the Minnesota district judges association juvenile committee; and

(12) county commissioners and social services agency representatives.

The chair of the advisory council shall appoint subcommittee members described in clauses (3) to (11) through the process established in section 15.0597. The chair shall appoint members to ensure a geographical balance on the subcommittee. Terms, compensation, removal, and filling of vacancies are governed by subdivision 1, except that terms of subcommittee members who are also members of the advisory council are coterminous with their terms on the advisory council. The subcommittee shall meet at the call of the subcommittee chair who is elected by the subcommittee from among its members. The subcommittee expires with the expiration of the advisory council.

Sec. 60. Minnesota Statutes 1988, section 245.713, subdivision 2, is amended to read:

Subd. 2. [TOTAL FUNDS AVAILABLE; ALLOCATION.] Funds granted to the state by the federal government under United States Code, title 42, sections 300X to 300X-9 each federal fiscal year for mental health services must be allocated as follows:

(a) Any amount set aside by the commissioner of human services for American Indian organizations within the state, which funds shall not duplicate any direct federal funding of American Indian organizations and which funds shall be at least 25 percent of the total federal allocation to the state for mental health services; provided that sufficient applications for funding are received by the commissioner which meet the specifications contained in requests for proposals. Money from this source may be used for special committees to advise the commissioner on mental health programs and services for American Indians and other minorities or underserved groups. For purposes of this subdivision, "American Indian organization" means an American Indian tribe or band or an organization providing mental health services that is legally incorporated as a nonprofit organization registered with the secretary of state and governed by a board of directors having at least a majority of American Indian directors.

(b) An amount not to exceed ~~ten~~ five percent of the federal block grant allocation for mental health services to be retained by the commissioner for administration.

(c) Any amount permitted under federal law which the commissioner approves for demonstration or research projects for severely disturbed children and adolescents, the underserved, special populations or multiply disabled mentally ill persons. The groups to be served, the extent and nature of services to be provided, the amount and duration of any grant awards are to be based on criteria set forth in the Alcohol, Drug Abuse and Mental Health Block Grant Law, United States Code, title 42, sections 300X to 300X-9, and on state policies and procedures determined necessary by the commissioner. Grant recipients must comply with applicable state and federal requirements and demonstrate fiscal and program management capabilities that will result in provision of quality, cost-effective services.

(d) The amount required under federal law, for federally mandated expenditures.

(e) An amount not to exceed ~~ten~~ 15 percent of the federal block grant allocation for mental health services to be retained by the commissioner for planning and evaluation.

Sec. 61. Minnesota Statutes 1988, section 245.73, subdivision 4, is amended to read:

Subd. 4. [RULES; REPORTS.] The commissioner shall promulgate an emergency and permanent rule to govern grant applications, approval of applications, allocation of grants, and maintenance of service and financial records by grant recipients. The commissioner shall require collection of data for compliance, monitoring and evaluation purposes and shall require periodic reports to demonstrate the effectiveness of the services in helping adult mentally ill persons remain and function in their own communities. As a part of the report required by section 245.461, the commissioner shall report to the legislature no later than December 31 of each even-numbered year as to the effectiveness of this program and recommendations regarding continued funding.

Sec. 62. Minnesota Statutes 1988, section 245A.095, is amended to read:

245A.095 [REVIEW OF RULES FOR PROGRAMS SERVING PERSONS WITH MENTAL ILLNESSES.]

Subdivision 1. [LICENSE REQUIRED.] Residential programs for five or more persons with a mental illness must be licensed under sections 245A.01 to 245A.16. To assure that this requirement is met, the commissioner of health, in cooperation with the commissioner of human services, shall monitor licensed boarding care homes, board and lodging houses, and supervised living facilities.

By January 1, 1989, the commissioner of health shall recommend to the legislature an appropriate method for enforcing this requirement.

Subd. 1a. [RULES.] In developing rules for serving persons with mental illness, the commissioner of human services shall assure that persons with mental illness are provided with needed treatment or support in the least restrictive, most appropriate environment, that supportive residential care in small homelike settings is available for persons needing that care, and that a mechanism is developed to ensure that no person is placed in a care or treatment setting inappropriate for meeting the person's needs. To the maximum extent possible, the rule shall assure that length of stay is governed solely by client need and shall allow for a variety of innovative and flexible approaches in meeting residential and support needs of persons with mental illness.

Subd. 2. [SPECIFIC REVIEW OF RULES.] The commissioner shall:

(1) provide in rule for various levels of care additional types of programs and services, including but not limited to supportive small group residential care, semi-independent and apartment living services, and crisis and respite services, to address the residential treatment and support needs of persons with mental illness;

(2) review category I and II programs established in Minnesota Rules, parts 9520.0500 to 9520.0690 to ensure that the categories of programs provide a continuum of residential service programs for persons with mental illness, including but not limited to programs meeting needs for intensive treatment, crisis and respite care, and rehabilitation and training;

(3) provide in rule for a definition of the term "treatment" as used in relation to persons with mental illness;

(4) adjust funding mechanisms by rule as needed to reflect the requirements established by rule for services being provided;

(5) review and recommend staff educational requirements and staff training as needed; and

(6) review and make changes in rules relating to residential care and service programs for persons with mental illness as the commissioner may determine necessary; and

(7) the commissioner shall report to the legislature by January 1, 1990, on the status of rulemaking with respect to clauses (1) to (6).

Subd. 3. [HOUSING SERVICES FOR PERSONS WITH MENTAL

ILLNESS.] The commissioner of human services shall study the housing needs of people with mental illness and shall articulate a continuum of services from residential treatment as the most intensive service through housing programs as the least intensive. The commissioner shall develop recommendations for implementing the continuum of services and shall present the recommendations to the legislature by January 31, 1988.

Sec. 63. Minnesota Statutes 1988, section 246.015, is amended to read:

246.015 [CONSULTATIVE SERVICES; AFTERCARE OF PATIENTS; PUBLIC INFORMATION; RECRUITMENT OF PSYCHIATRISTS; FUNDS.]

Subd. 3. Within the limits of the appropriations available, the commissioner of human services may provide consultative services for courts, and state welfare agencies, supervise the placement and aftercare of patients provisionally or otherwise discharged from a state hospital or institution, and may promote and conduct programs of education for the people of the state relating to the problem of mental health and mental hygiene. The commissioner shall administer, expend and distribute federal funds which may be made available to the state and funds other than those appropriated by the legislature, which may be made available to the state for mental health and mental hygiene purposes.

Subd. 4. The commissioner of human services shall recruit and hire psychiatrists, psychologists, psychiatric nurses, and other mental health professionals to work at the regional treatment centers.

Sec. 64. [246.0175] [OFFICE OF MEDICAL DIRECTOR.]

Subdivision 1. [ESTABLISHED.] The office of medical director within the department of human services is established.

Subd. 2. [MEDICAL DIRECTOR.] The commissioner of human services shall appoint a medical director. The medical director must be a psychiatrist certified by the board of psychiatry.

Subd. 3. [DUTIES.] The medical director shall:

(1) oversee the clinical provision of inpatient mental health services provided in the state's regional treatment centers;

(2) recruit and retain psychiatrists to serve on the state medical staff established in subdivision 4;

(3) consult with the commissioner of human services, the assistant commissioner of mental health, community mental health center

directors, and the regional treatment center governing bodies to develop standards for treatment and care of patients in regional treatment centers and outpatient programs;

(4) develop and oversee a continuing education program for members of the regional treatment center medical staff;

(5) consult with the commissioner on the appointment of the chief executive officers for regional treatment centers; and

(6) participate and cooperate in the development and maintenance of a quality assurance program for regional treatment centers that assures that residents receive quality inpatient care and continuous quality care once they are discharged or transferred to an outpatient setting.

Subd. 4. [REGIONAL TREATMENT CENTER MEDICAL STAFF] (a) The commissioner of human services shall establish a regional treatment center medical staff which shall be administered by the office of medical director.

(b) The regional treatment center medical staff shall consist of all physicians who are employed by or under contract with regional treatment centers and who spend at least 50 percent of their professional time providing care to patients in a regional treatment center.

(c) The medical director, in conjunction with the regional treatment center medical staff, shall:

(1) establish standards and define qualifications for physicians who care for residents in regional treatment centers;

(2) monitor the performance of physicians who care for residents in regional treatment centers; and

(3) recommend to the commissioner changes in procedures for operating regional treatment centers that are needed to improve the provision of medical care in those facilities.

Sec. 65. [APPROPRIATION.]

(a) \$ is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991. Of this appropriation, \$5,000 is to be provided to each county board to fund educational activities of the local adult and children's mental health advisory councils, or the adult and children's subcommittees of an existing advisory council. Up to \$1,500 of the \$5,000 may be used to hire an intern to assist in these educational activities.

(b) \$ is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for the division of mental health. This appropriation shall be used to:

(1) provide staff support for the state advisory council on mental health;

(2) coordinate the mental health activities of the state advisory council on mental health and the local mental health advisory councils; and

(3) provide coordination between the department of human services and the public/academic liaison initiative.

(c) \$ is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for the division of mental health to:

(1) direct the development and implementation of divisional programs, services, and policies to meet the goals of the housing mission statement;

(2) assume responsibility for interdivision and interagency cooperation required to effectively implement the housing mission statement; and

(3) provide technical assistance to counties, providers, developers, state and federal housing agencies, and persons with mental illness on actions required to meet the goals of the housing mission statement.

(d) \$ is provided from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for the employability pilot projects required by section 31. Of this amount, \$ shall be appropriated to the division of mental health to administer section 31.

(e) \$ is appropriated to the commissioner of human services for the biennium ending June 30, 1991, for the public/academic liaison initiative established in section 37.

(f) \$ is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for the purposes of sections 62 and 63. The staff complement of the department of human services is increased by three persons.

Sec. 66. [USE OF GRANT MONEY FOR DEMONSTRATION PROJECTS FOR THERAPEUTIC FOSTER CARE.]

If money is appropriated to the commissioner of human services for the biennium ending June 30, 1991, for demonstration projects for therapeutic foster care programs, one grant must be awarded to Olmsted county for an existing program.

Sec. 67. [REPEALER.]

Minnesota Statutes 1988, sections 245.462, subdivision 25; 245.471; 245.475; 245.64; 245.698; and 245A.095, subdivision 3, are repealed.

Sec. 68. [EFFECTIVE DATE.]

Section 38, subdivision 5, is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to human services; amending the comprehensive mental health act; establishing a mental health system for adults and for children; requiring case management; establishing mental health interagency coordinating councils; establishing task forces; allowing fees for mental health services; requiring family community support services and home-based family treatment; establishing a public/academic liaison initiative and an office of medical director; appropriating money; amending Minnesota Statutes 1988, sections 245.461; 245.462; 245.463, subdivision 2; 245.464; 245.465; 245.466, subdivisions 1, 2, 5, and 6; 245.467, subdivisions 3, 4, and 5; 245.468; 245.469; 245.470, subdivision 1; 245.472, subdivision 1, and by adding a subdivision; 245.473, subdivision 1; 245.474; 245.476, subdivisions 1, 3, and by adding a subdivision; 245.477; 245.478, subdivisions 2 and 3; 245.479; 245.48; 245.482; 245.483; 245.484; 245.485; 245.486; 245.62, subdivision 3; 245.696, subdivision 2; 245.697, subdivisions 1, 2, and 2a; 245.713, subdivision 2; 245.73, subdivision 4; 245A.095; and 246.015; proposing coding for new law in Minnesota Statutes, chapters 245 and 246; repealing Minnesota Statutes 1988, sections 245.462, subdivision 25; 245.471; 245.475; 245.64; 245.698; and 245A.095, subdivision 3."

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

The report was adopted.

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

H. F. No. 890, A bill for an act relating to human services;

providing for allocation of funds for chemical dependency programs; amending Minnesota Statutes 1988, sections 254B.02, subdivision 1; 254B.03, subdivision 4; 254B.04, subdivision 2; 254B.06, subdivision 1; and 254B.09, subdivisions 1, 4, and 5; repealing Minnesota Statutes 1988, sections 254B.09, subdivision 3; and 254B.10.

Reported the same back with the following amendments:

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1988, section 246.64, subdivision 3, is amended to read:

Subd. 3. [RESPONSIBILITIES OF COMMISSIONER.] The commissioner shall credit all receipts from billings for rates set in subdivision 1, except those credited according to subdivision 2, to the chemical dependency fund. This money must not be used for a regional treatment center activity that is not a chemical dependency service or an allocation of expenditures that are included in the base for computation of the rates under subdivision 1. The commissioner may expand chemical dependency services so long as expenditures are recovered by patient fees, transfer of funds, or supplementary appropriations. The commissioner may expand ~~or reduce~~ chemical dependency staff complement as long as expenditures are recovered by patient fees, transfer of funds, or supplementary appropriations. ~~An increase or decrease in and shall reduce chemical dependency staff shall not result in an increase or decrease in staff in any facility or unit not providing chemical dependency services complement to the extent that such funds are not available. Notwithstanding chapters 176 and 268, the commissioner shall provide for the self-insurance of regional treatment center chemical dependency programs for the costs of unemployment compensation and workers' compensation claims. The commissioner shall provide a biennial report to the chairs of the senate finance subcommittee on health and human services, the house of representatives human services division of appropriations, and the senate and house of representatives health and human services committees."~~

Page 2, after line 18, insert:

"Sec. 3. Minnesota Statutes 1988, section 254B.03, subdivision 1, is amended to read:

Subdivision 1. [LOCAL AGENCY DUTIES.] (a) Every local agency shall provide chemical dependency services to persons residing within its jurisdiction who meet criteria established by the commissioner for placement in a chemical dependency residential or non-residential treatment service. Chemical dependency money must be administered by the local agencies according to law and rules adopted by the commissioner under sections 14.01 to 14.69.

(b) In order to contain costs, the county board shall, with the approval of the commissioner of human services, select eligible vendors of chemical dependency services who can provide economical and appropriate treatment. Unless the local agency is a social services department directly administered by a county or human services board, the local agency shall not be an eligible vendor under section 254B.05. The commissioner may approve proposals from county boards to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. If a county implements a demonstration or experimental medical services funding plan, the commissioner shall transfer the money as appropriate. If a county selects a vendor located in another state, the county shall ensure that the vendor is in compliance with the rules governing licensure of programs located in the state.

(c) A culturally specific vendor that provides assessments under a variance under Minnesota Rules, part 9530.6610, shall be allowed to provide assessment services to persons not covered by the variance.

Page 3, line 11, strike "shall" and insert "may"

Page 5, line 18, delete "1, 3, 4, and 8" and insert "2, 5, 6, and 10"

Page 5, line 20, delete "2, 5, 6, 7, and 8" and insert "4, 7, 8, 9, and 10"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "sections" insert "246.64, subdivision 3;"

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

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 953, A bill for an act relating to transportation; deregulating persons who provide transportation service under contract to and with assistance from the department of transportation; amending Minnesota Statutes 1988, sections 221.022; 221.025; and 221.031, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 14, after "regulate" insert "passenger transportation" and after the period insert "A provider of passenger transportation service under contract to the department may not provide charter service without first having obtained a permit to operate as a charter carrier."

Page 3, line 11, delete "a person providing" and insert "passenger" and after "service" insert "that is not charter service and that is"

Page 3, line 21, after the period insert "This subdivision does not apply to a local transit commission, a transit authority created by the legislature, or special transportation service certified by the commissioner under section 174.30."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 965, A bill for an act relating to human services; establishing reporting requirements; defining the functions and responsibilities of the commissioner in supervising community social services administered by the counties; requiring the commissioner of human services to ensure compliance with applicable program laws and regulations; implementing corrective action plans; providing sanctions and establishing an incentive program; amending Minnesota Statutes 1988, sections 245.482; 245.716; 245.73, subdivision 4; 252.275, subdivision 7; 256.01, subdivision 2; 256.72; 256.736, subdivision 15; 256.871, subdivision 6; 256.935, subdivision 1; 256B.05, subdivision 1; 256B.20; 256D.04; 256D.39; 256E.05, subdivision 3, and by adding subdivisions; 256E.08, subdivisions 1 and 8; 256F.06, subdivision 4; 256H.09, subdivision 1; and 257.3575, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 245.482, is amended to read:

245.482 [REPORTING AND EVALUATION.]

Subdivision 1. [REPORTS.] The commissioner shall specify re-

quirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17).

Subd. 2. [FISCAL REPORTS.] The commissioner shall develop a unified format for quarterly fiscal reports that will include information that the commissioner determines necessary to carry out sections 245.461 to 245.486 and section 256E.08. The county board shall submit a completed fiscal report in the required format no later than 15 days after the end of each quarter.

Subd. 2 3. [PROGRAM REPORTS.] The commissioner shall develop a unified format for an annual program report that will include information that the commissioner determines necessary to carry out sections 245.461 to 245.486 and section 256E.10. The county board shall submit a completed program report in the required format by March 15 of each year.

Subd. 3 4. [PROVIDER REPORTS.] The commissioner may develop a format and procedures for direct reporting from providers to the commissioner to include information that the commissioner determines necessary to carry out sections 245.461 to 245.486. In particular, the provider reports must include aggregate information by county of residence about mental health services paid for by funding sources other than counties.

Subd. 4 5. [INACCURATE OR INCOMPLETE REPORTS.] The commissioner shall promptly notify a county or provider if a required report is clearly inaccurate or incomplete. The commissioner may delay all or part of a mental health fund payment if an appropriately completed report is not received as required by this section.

Subd. 5 6. [STATEWIDE EVALUATION.] The commissioner shall use the county and provider reports required by this section to complete the statewide report required in section 245.461.

Sec. 2. Minnesota Statutes 1988, section 245.716, is amended to read:

245.716 [REPORTS; DATA COLLECTION.]

Subdivision 1. [PERIODIC REPORTS.] The commissioner shall require collection of data for compliance, monitoring, and evaluation purposes and shall require periodic reports from the counties on the use of funds under the federal block grant by counties for qualified community mental health centers. The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17).

Subd. 2. [QUARTERLY FINANCIAL STATEMENTS.] Begin-

ning in calendar year 1982; each county shall include in its quarterly financial accounting report to the commissioner of the county's community social services fund a separate statement identifying the use of funds, including those received under the federal block grant for qualified community mental health centers as specified in section 256E.08, subdivision 3, clauses (a) and (b). The initial quarterly statement shall be submitted not later than 15 days after the end of the first calendar quarter in which funds are allocated to the counties in accordance with section 245.713, subdivisions 1 and 2.

Subd. 3. [SOCIAL SERVICES REPORT.] Beginning in calendar year 1983, each county shall include in the report required by section 256E.10 a part or subpart which addresses the items specified in section 256E.10, subdivision 1, clauses (a) and (b), as they pertain to the use of funds available from the federal government for services of qualified community mental health centers.

Sec. 3. Minnesota Statutes 1988, section 245.73, subdivision 4, is amended to read:

Subd. 4. [RULES; REPORTS.] The commissioner shall promulgate an emergency and permanent rule to govern grant applications, approval of applications, allocation of grants, and maintenance of service and financial records by grant recipients. The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The commissioner shall require collection of data for compliance, monitoring and evaluation purposes and shall require periodic reports to demonstrate the effectiveness of the services in helping adult mentally ill persons remain and function in their own communities. The commissioner shall report to the legislature no later than December 31 of each even-numbered year as to the effectiveness of this program and recommendations regarding continued funding.

Sec. 4. Minnesota Statutes 1988, section 252.275, subdivision 7, is amended to read:

Subd. 7. [REPORTS.] ~~The commissioner shall require collection of data and periodic reports necessary to demonstrate the effectiveness of semi-independent living services in helping persons with mental retardation or related conditions achieve self-sufficiency and independence. The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17).~~

Sec. 5. Minnesota Statutes 1988, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of

section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require local agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of local agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require local agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017; and

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds.

(2) Inform local agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to local agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private

institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) The commissioner is designated as guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by local agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical

care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The proposed comprehensive plan including estimated project costs and the proposed order establishing the waiver shall be filed with the secretary of the senate and chief clerk of the house of representatives at least 60 days prior to its effective date.

(b) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(c) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) In accordance with federal requirements establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and AFDC programs, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being

distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$400,000. When the balance in the account exceeds \$400,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children pursuant to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(17) Have the authority to establish and enforce the following county reporting requirements:

(a) The commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced.

(b) The county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner.

(c) If the required reports are not received by the deadlines established in clause (b), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction or delay in federal funding, the funding for the county board with the late report shall be reduced by an amount equal to the reduction in federal funding until full federal funding is received. In no case shall the reduction in funding exceed the amount to which the county would otherwise have been entitled.

(d) A county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance.

(e) The final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period.

(f) The commissioner may not delay payments, withhold funds, or require repayment under paragraph (c) or (e) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and training on completion of the reporting forms. If the county board disagrees with an action taken by the commissioner under paragraph (c) or (e), the county board may appeal the action according to sections 14.57 to 14.69.

(g) Counties subject to withholding of funds under paragraph (c) or forfeiture or repayment of funds under paragraph (e) shall not reduce or withhold benefits or services to clients to cover costs

incurred due to actions taken by the commissioner under paragraph (c) or (e).

Sec. 6. Minnesota Statutes 1988, section 256.72, is amended to read:

256.72 [DUTIES OF COUNTY AGENCIES.]

The county agencies shall:

(1) Administer the provisions of sections 256.72 to 256.87 in the respective counties subject to the rules prescribed by the state agency pursuant to the provisions of those sections and to the supervision of the commissioner of human services specified in section 256.01;

(2) Report to the state agency at such times and in such manner and form as the state agency may from time to time direct; and required under section 256.01, subdivision 2, paragraph (17).

(3) Submit quarterly and annually to the county board of commissioners a budget containing an estimate and supporting data setting forth the amount of money needed to carry out the provisions of those sections.

(4) In addition to providing financial assistance, provide such services as will help to maintain and strengthen family life and promote the support and personal independence of parents and relatives insofar as such help is consistent with continuing parental care and protection.

Sec. 7. Minnesota Statutes 1988, section 256.736, subdivision 15, is amended to read:

Subd. 15. [REPORTING.] The commissioner of human services, in cooperation with the commissioner of jobs and training shall develop reporting requirements for local agencies and employment and training service providers according to section 256.01, subdivision 2, paragraph (17). Reporting requirements must, to the extent possible, use existing client tracking systems and must be within the limits of funds available. The requirements must include summary information necessary for state agencies and the legislature to evaluate the effectiveness of the services.

Sec. 8. Minnesota Statutes 1988, section 256.871, subdivision 6, is amended to read:

Subd. 6. [REPORTS OF ESTIMATED EXPENDITURES; PAYMENTS.] The county agency shall submit to the state agency an estimate of reports required under section 256.01, subdivision 2,

paragraph (17). Fiscal reports shall estimate expenditures for each succeeding month in such form as required by the state agency. For the period from January 1 to June 30, payment shall be made monthly in advance by the state agency to the counties, of federal funds available for that purpose for each succeeding month, together with an amount of state funds equal to ten percent of the difference between the total estimated cost and the federal funds so available, except as provided for in section 256.017. Subsequent to July 1 of each year the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.017. For the period from July 1 to December 31, payment shall be made monthly in advance by the state agency to the counties, of all state and federal funds available for that purpose for the succeeding month, except as provided for in section 256.017. Payment shall be made on the basis of federal and state participation rates described in this subdivision. Effective January 1, 1989, the state rate of participation shall be determined as a percentage that equals the difference between 100 percent and the percentage rate of federal financial participation. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month.

Sec. 9. Minnesota Statutes 1988, section 256.935, subdivision 1, is amended to read:

Subdivision 1. On the death of any person receiving public assistance through aid to dependent children, the county agency shall pay an amount for funeral expenses not exceeding \$370 and actual cemetery charges. No funeral expenses shall be paid if the estate of the deceased is sufficient to pay such expenses or if the children, or spouse, who were legally responsible for the support of the deceased while living, are able to pay such expenses; provided, that the additional payment or donation of the cost of cemetery lot, interment, religious service, or for the transportation of the body into or out of the community in which the deceased resided, shall not limit payment by the county agency as herein authorized. Freedom of choice in the selection of a funeral director shall be granted to persons lawfully authorized to make arrangements for the burial of any such deceased recipient. In determining the sufficiency of such estate, due regard shall be had for the nature and marketability of the assets of the estate. The county agency may grant funeral expenses where the sale would cause undue loss to the estate. Any amount paid for funeral expenses shall be a prior claim against the estate, as provided in section 524.3-805, and any amount recovered shall be reimbursed to the agency which paid the expenses. The commissioner shall specify requirements for reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17). For the period from January 1 to June 30, the state shall reimburse the county for 50 percent of any payments made for funeral expenses except as provided for in section 256.017. Subsequent to July 1 of

each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period. For the period from July 1 to December 31, the state shall reimburse the county for 100 percent of any payments made for funeral expenses except as provided for in section 256.017.

Sec. 10. Minnesota Statutes 1988, section 256B.05, subdivision 1, is amended to read:

Subdivision 1. The county agencies shall administer medical assistance in their respective counties under the supervision of the state agency and the commissioner of human services as specified in section 256.01, and shall make such reports, prepare such statistics, and keep such records and accounts in relation to medical assistance as the state agency may require under section 256.01, subdivision 2, paragraph (17).

Sec. 11. Minnesota Statutes 1988, section 256B.20, is amended to read:

256B.20 [COUNTY APPROPRIATIONS.]

The providing of funds necessary to carry out the provisions hereof on the part of the counties and the manner of administering the funds of the counties and the state shall be as follows:

(1) The board of county commissioners of each county shall annually set up in its budget an item designated as the county medical assistance fund and levy taxes and fix a rate therefor sufficient to produce the full amount of such item, in addition to all other tax levies and tax rate, however fixed or determined, sufficient to carry out the provisions hereof and sufficient to pay in full the county share of assistance and administrative expense for the ensuing year; and annually on or before October 10 shall certify the same to the county auditor to be entered by the auditor on the tax rolls. Such tax levy and tax rate shall make proper allowance and provision for shortage in tax collections.

(2) Any county may transfer surplus funds from any county fund, except the sinking or ditch fund, to the general fund or to the county medical assistance fund in order to provide money necessary to pay medical assistance awarded hereunder. The money so transferred shall be used for no other purpose, but any portion thereof no longer needed for such purpose shall be transferred back to the fund from which taken.

(3) Upon the order of the county agency the county auditor shall draw a warrant on the proper fund in accordance with the order, and the county treasurer shall pay out the amounts ordered to be paid out as medical assistance hereunder. When necessary by reason of

failure to levy sufficient taxes for the payment of the medical assistance in the county, the county auditor shall carry any such payments as an overdraft on the medical assistance funds of the county until sufficient tax funds shall be provided for such assistance payments. The board of county commissioners shall include in the tax levy and tax rate in the year following the year in which such overdraft occurred, an amount sufficient to liquidate such overdraft in full.

(4) Claims for reimbursement and reports shall be presented to the state agency by the respective counties in such manner as the state agency shall prescribe, not later than ten days after the close of the month in which the expenditures were made as required under section 256.01, subdivision 2, paragraph (17). The state agency shall audit such claims and certify to the commissioner of finance the amounts due the respective counties without delay. The amounts so certified shall be paid within ten days after such certification, from the state treasury upon warrant of the commissioner of finance from any money available therefor. The money available to the state agency to carry out the provisions hereof, including all federal funds available to the state, shall be kept and deposited by the state treasurer in the revenue fund and disbursed upon warrants in the same manner as other state funds.

Sec. 12. Minnesota Statutes 1988, section 256D.04, is amended to read:

256D.04 [DUTIES OF THE COMMISSIONER.]

In addition to any other duties imposed by law, the commissioner shall:

(1) Supervise according to section 256.01 the administration of general assistance and general assistance medical care by local agencies as provided in sections 256D.01 to 256D.21;

(2) Promulgate uniform rules consistent with law for carrying out and enforcing the provisions of sections 256D.01 to 256D.21 to the end that general assistance may be administered as uniformly as possible throughout the state; rules shall be furnished immediately to all local agencies and other interested persons; in promulgating rules, the provisions of sections 14.01 to 14.69, shall apply;

(3) Allocate money appropriated for general assistance and general assistance medical care to local agencies as provided in section 256D.03, subdivisions 2 and 3;

(4) Accept and supervise the disbursement of any funds that may be provided by the federal government or from other sources for use

in this state for general assistance and general assistance medical care;

(5) Cooperate with other agencies including any agency of the United States or of another state in all matters concerning the powers and duties of the commissioner under sections 256D.01 to 256D.21;

(6) Cooperate to the fullest extent with other public agencies empowered by law to provide vocational training, rehabilitation, or similar services; and

(7) Gather and study current information and report at least annually to the governor and legislature on the nature and need for general assistance and general assistance medical care, the amounts expended under the supervision of each local agency, and the activities of each local agency and publish such reports for the information of the public.

(8) Specify requirements for general assistance and general assistance medical care reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17).

Sec. 13. Minnesota Statutes 1988, section 256D.39, is amended to read:

256D.39 [FISCAL AND ADMINISTRATIVE PROCEDURES.]

The commissioner of human services shall supervise county administration of supplemental aid, and shall, by rule, establish necessary administrative and fiscal procedures. The procedures may include, but not be limited to:

(a) Procedures for processing claims of the counties for reimbursement by the state for expenditures made by the counties that include requirements for reports, including fiscal reports, required under section 256.01, subdivision 2, paragraph (17);

(b) Procedures by which county liability for supplemental aid may be deducted from state liability to the county under any other public assistance program authorized by law;

(c) Procedures by which the local agencies may contract with the commissioner of human services for state administration of supplemental aid.

Sec. 14. Minnesota Statutes 1988, section 256E.05, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL DUTIES.] The commissioner shall also:

(a) Provide necessary forms and instructions to the counties for plan format and information;

(b) Identify and then amend or repeal the portions of all applicable department rules which mandate counties to provide specific community social services or programs, unless state or federal law requires the commissioner to mandate a service or program. The commissioner shall be exempt from the rulemaking provisions of chapter 14 in amending or repealing rules pursuant to this clause. However, when the commissioner proposes to amend or repeal any rule under the authority granted by this clause, notice shall be provided by publication in the State Register. When the commissioner proposes to amend a rule, the notice shall include that portion of the existing rule necessary to provide adequate notice of the nature of the proposed change. On proposing to repeal an entire rule, the commissioner need only publish that fact, giving the exact citation to the rule to be repealed. In all cases, the notice shall contain a statement indicating that interested persons may submit comment on the proposed repeal or amendment for a period of 30 days after publication of the notice. The commissioner shall take no final action until after the close of the comment period. The commissioner's actions shall not be effective until five days after the commissioner publishes notice of adoption in the State Register. If the final action is the same as the action originally proposed, publication may be made by notice in the State Register that the amendment and repeals have been adopted as proposed, and by citing the prior publication. If the final action differs from the action as previously proposed in the State Register, the text which differs from the original proposal shall be included in the notice of adoption together with a citation to the prior State Register publication. The commissioner shall provide to all county boards separate notice of all final actions which become effective under this clause, advising the boards with respect to services or programs which have now become optional, to be provided at county discretion;

(c) Provide to the chair of each county board, in addition to notice required pursuant to sections 14.05 to 14.36, timely advance notice and a written summary of the fiscal impact of any proposed new rule or changes in existing rule which will have the effect of increasing county costs for community social services;

(d) (c) Provide training, technical assistance, and other support services to county boards to assist in needs assessment, planning, implementing, and monitoring social services programs in the counties;

(e) (d) Design and implement a method of monitoring and evaluating social services, including site visits that utilize quality control audits to assure county compliance with applicable standards, guidelines, and the county and state social services plans;

(f) (e) Design and implement a system that uses corrective action procedures as established in subdivision 5 and a schedule of fines to ensure county compliance with statutes, rules, federal laws, and federal regulations governing community social services. In determining the amount of the fine, the commissioner may consider the number of community social services clients or applicants affected by the county's failure to comply with the law or rule, the severity of the noncompliance, and the duration of the noncompliance as determined by the commissioner. Fines levied against a county under this subdivision must not exceed ten percent of the county's community social services allocation for the year in which the fines are levied;

(f) Design and implement an incentive program for the benefit of counties that perform at a level that consistently meets or exceeds the minimum standards in law and rule. Fines collected under paragraph (e) may be placed in an incentive fund and used for the benefit of counties that meet and exceed the minimum standards;

(g) Specify requirements for reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17), to account for aids distributed under section 256E.06, funds from Title XX of the Social Security Act distributed under Minnesota Statutes, section 256E.07, claims under Title IV-E of the Social Security Act, mental health funding, and other social service expenditures and activities;

(h) Annually publish a report on community social services which shall reflect the contents of the individual county reports. The report shall be submitted to the governor and the legislature with an evaluation of community social services and recommendations for changes needed to fully implement state social service policies; and

(g) (i) Request waivers from federal programs as necessary to implement sections 256E.01 to 256E.12.

Sec. 15. Minnesota Statutes 1988, section 256E.05, is amended by adding a subdivision to read:

Subd. 4. [REDUCTION OF FEDERAL FISCAL SANCTIONS.] The commissioner shall establish and maintain a monitoring program designed to reduce the possibility of noncompliance with federal laws and federal regulations that may result in federal fiscal sanctions. If a county is not complying with federal law or federal regulation and the noncompliance may result in federal fiscal sanctions, the commissioner may withhold a portion of the county's share of state and federal funds for that program. The amount withheld must be equal to the percentage difference between the level of compliance maintained by the county and the level of compliance required by the federal regulations, multiplied by the county's share of state and federal funds for the program. The state

and federal funds may be withheld until the county is found to be in compliance with all federal laws or federal regulations applicable to the program. If a county remains out of compliance for more than six consecutive months, the commissioner may reallocate the funds withheld to counties that are in compliance with the federal regulations.

Sec. 16. Minnesota Statutes 1988, section 256E.05, is amended by adding a subdivision to read:

Subd. 5. [CORRECTIVE ACTION PROCEDURE.] The commissioner must comply with the following procedures when imposing fines under subdivision 3, paragraph (e), or reducing county funds under subdivision 4.

(a) The commissioner shall notify the county, by certified mail, of the statute, rule, federal law, or federal regulation with which the county has not complied.

(b) The commissioner shall give the county 30 days to demonstrate to the commissioner that the county is in compliance with the statute, rule, federal law, or federal regulation cited in the notice or to develop a corrective action plan to address the problem. Upon request from the county, the commissioner shall provide technical assistance to the county in developing a corrective action plan. The county shall have 30 days from the date the technical assistance is provided to develop the corrective action plan.

(c) The commissioner shall take no further action if the county demonstrates compliance.

(d) The commissioner shall review and approve or disapprove the corrective action plan within 30 days after the commissioner receives the corrective action plan.

(e) If the commissioner approves the corrective action plan submitted by the county, the county has 90 days after the date of approval to implement the corrective action plan.

(f) If the county fails to demonstrate compliance or fails to implement the corrective action plan approved by the commissioner, the commissioner may fine the county according to subdivision 3, paragraph (e), or may reduce the county's share of state or federal funds according to subdivision 4.

(g) The commissioner may not impose a fine or reduce funds under this subdivision if the county demonstrates that the commissioner failed to provide the technical assistance identified in the corrective action plan as needed to enable the county to comply with the requirements.

(h) The county may appeal the fine or the reduction in funds under section 256E.06, subdivision 10.

Sec. 17. Minnesota Statutes 1988, section 256E.05, is amended by adding a subdivision to read:

Subd. 6. [COUNTY OBLIGATION TO FUND COMMUNITY SOCIAL SERVICES.] Counties subject to a fine or reduction of funds under subdivision 5, paragraph (f), shall not reduce the level of funding of community social services to cover the cost of the fine or reduction of funds.

Sec. 18. Minnesota Statutes 1988, section 256E.08, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITIES.] The county board of each county shall be responsible for administration, planning and funding of community social services. Each county board shall singly or in combination with other county boards as provided in section 256E.09 prepare a social services plan and shall update the plan biennially. Upon final approval of the plan by the county board or boards, the plan shall be submitted to the commissioner. The county board shall distribute money available pursuant to sections 256E.06 and 256E.07 for community social services.

The authority and responsibilities of county boards for social services for groups of persons identified in section 256E.03, subdivision 2, shall include contracting for or directly providing:

(1) information about the symptoms and characteristics of specific problems of the identified groups to increase understanding and acceptance by the general public, to help alleviate fears of seeking help, and to enable access to appropriate assistance;

(2) an assessment of the needs of each person applying for assistance which estimates the nature and extent of the problem to be addressed and identifies the means available to meet the person's needs. These diagnostic and evaluation activities shall evaluate the functioning of each person with regard to an illness or disability, screen for placement, and determine the need for services;

(3) protection aimed at alleviating urgent needs of each person by determining urgent need, shielding persons in hazardous conditions when they are unable to care for themselves, and providing urgently needed assistance;

(4) supportive and rehabilitative activities that assist each person to function at the highest level of independence possible for the person, preferably without removing the person from home. These

activities include both increasing the client's level of functioning and maintaining current levels of functioning;

(5) a means of facilitating access of physically handicapped or impaired persons to activities appropriate to their needs; and

(6) administrative activities to coordinate and facilitate the effective use of formal and informal helping systems to best address client needs and goals. This includes assisting the client in making informed decisions about opportunities and services, assuring timely access to needed assistance, providing opportunities and encouragement for self-help activities, and coordinating all services to meet the client's needs and goals. County case management shall be responsible for determining appropriate care and activities.

If, after appropriate notice, a county does not fulfill its responsibilities or is not in compliance with the applicable department rule, the commissioner shall certify a reduction of up to 20 percent of the county's annual community social services act funding, or an equivalent amount from state administrative aids, and the state shall assume the responsibilities in this subdivision. When a county is notified of this action, it may appeal according to the provisions in section 256E.06, subdivision 10.

A county board may delegate to a county welfare board established under chapter 393 authority to provide or approve contracts for the purchase of the kinds of community social services that were provided or contracted for by the county welfare boards before the enactment of Laws 1979, chapter 324. The county board must determine how citizens will participate in the planning process, give final approval to the community social services plan, and distribute community social services money.

Sec. 19. Minnesota Statutes 1988, section 256E.08, subdivision 8, is amended to read:

Subd. 8. [FINANCIAL REPORTING BY COUNTIES.] Beginning in calendar year 1980 each county shall submit to the commissioner of human services a financial accounting of the county's community social services fund. A quarterly statement shall be submitted no later than 15 days after the end of the calendar quarter, and, and other data required by the commissioner under section 256E.05, subdivision 3, paragraph (g), shall include:

(a) A detailed statement of income and expenses attributable to the fund in the preceding quarter; and

(b) A statement of the source and application of all money used for social services programs by the county during the preceding quarter, including the number of clients served and expenditures for each

service provided, as required by the commissioner of human services.

In addition, each county shall submit to the commissioner of human services no later than February 15 of each year, a detailed balance sheet of the community social development fund for the preceding calendar year.

If county boards have joined or designated human service boards for purposes of providing community social services programs, the county boards may submit a joint statement or the human service board shall submit the statement, as applicable.

Sec. 20. Minnesota Statutes 1988, section 256E.12, subdivision 3, is amended to read:

Subd. 3. The commissioner shall allocate grants under this section to finance up to 90 percent of each county's costs for services to persons with serious and persistent mental illness. The commissioner shall promulgate permanent rules to govern grant applications, approval of applications, allocation of grants, and maintenance of financial statements by grant recipients. The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The commissioner shall require collection of data and periodic reports as the commissioner deems necessary to demonstrate the effectiveness of the services in helping persons with serious and persistent mental illness remain and function in their own communities.

Sec. 21. Minnesota Statutes 1988, section 256F.06, subdivision 4, is amended to read:

Subd. 4. [FINANCIAL STATEMENT BY COUNTIES REPORTING.] A county receiving a permanency planning grant shall submit to the commissioner an accounting of the county's expenditures of grant money. A quarterly statement must be submitted no later than 15 days after the end of the calendar quarter and The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The reports must include:

(1) a detailed statement of expenses attributable to the grant during the preceding quarter; and

(2) a statement of the expenditure of money for placement prevention and family reunification services by the county during the preceding quarter, including the number of clients served and the expenditures, by client, for each service provided.

Sec. 22. Minnesota Statutes 1988, section 256H.09, subdivision 1, is amended to read:

Subdivision 1. [QUARTERLY REPORTS.] The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). Counties and post-secondary educational systems shall submit on forms prescribed by the commissioner a quarterly financial and program activity report which is due 20 calendar days after the end of each quarter. The financial and program activity report must include:

(1) a detailed accounting of the expenditures and revenues for the program during the preceding quarter by funding source and by eligibility group;

(2) a description of activities and concomitant expenditures that are federally reimbursable under the AFDC employment special needs program;

(3) a description of activities and concomitant expenditures of set-aside money;

(4) information on money encumbered at the quarter's end but not yet reimbursable, for use in adjusting allocations as provided in section 256H.05, subdivision 4; 256H.06, subdivision 3; and 256H.07, subdivision 3; and

(5) other data the commissioner considers necessary to account for the program or to evaluate its effectiveness in preventing and reducing participants' dependence on public assistance and in providing other benefits, including improvement in the care provided to children.

Sec. 23. Minnesota Statutes 1988, section 257.3575, subdivision 2, is amended to read:

Subd. 2. [QUARTERLY REPORT.] The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). Each quarter, an approved program receiving an Indian child welfare grant shall submit a report to the commissioner that includes:

(1) a detailed accounting of grant money expended during the preceding quarter, specifying expenditures by line item and year to date; and

(2) a description of Indian child welfare activities conducted during the preceding quarter, including the number of clients served and the type of services provided.

The quarterly reports must be submitted no later than 15 30 days after the end of each quarter of the state fiscal year.”

Delete the title and insert:

“A bill for an act relating to human services; establishing reporting requirements; defining the functions and responsibilities of the commissioner in supervising community social services administered by the counties; requiring the commissioner of human services to ensure compliance with applicable program laws and regulations; implementing corrective action plans; providing sanctions and establishing an incentive program; amending Minnesota Statutes 1988, sections 245.482; 245.716; 245.73, subdivision 4; 252.275, subdivision 7; 256.01, subdivision 2; 256.72; 256.736, subdivision 15; 256.871, subdivision 6; 256.935, subdivision 1; 256B.05, subdivision 1; 256B.20; 256D.04; 256D.39; 256E.05, subdivision 3, and by adding subdivisions; 256E.08, subdivisions 1 and 8; 256E.12, subdivision 3; 256F.06, subdivision 4; 256H.09, subdivision 1; and 257.3575, subdivision 2.”

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1183, A resolution memorializing the President and Congress to address problems in the solid waste stream caused by the amount and types of materials used to package consumer products.

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

The report was adopted.

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

H. F. No. 1212, A bill for an act relating to natural resources; authorizing a grant to the Red Lake watershed district, Clearwater county, to construct an improved and enlarged lake on Walker Brook; authorizing the sale of state bonds; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [WALKER BROOK LAKE IMPROVEMENT.]

Subdivision 1. [APPROPRIATION.] \$2,000,000 is appropriated from the state building fund to the commissioner of natural resources to make a loan to the Red Lake watershed district to construct an improved and enlarged lake on Walker Brook, Clearwater county. Loan money may be used to engineer the project, acquire land, construct utilities, and relocate housing. Loan money must not be used for normal operation of the district or for any other project.

Subd. 2. [CONDITIONS.] (a) Before any actual construction, the Red Lake watershed district and Clearwater county shall prepare an official land use plan covering all lands lying within 2,000 feet of the future ordinary high water mark of the lake. The land use plan must be approved by the board of managers of Red Lake watershed district, the board of commissioners of Clearwater county, the commissioner of natural resources, the pollution control agency, and the board of water and soil resources. No change or variance in the plan may be made without the approval of these entities.

(b) Before any actual construction, the Red Lake watershed district shall get all necessary permits from all regulating agencies including Clearwater county, the Red Lake watershed district, the department of natural resources, the Minnesota pollution control agency, the Minnesota health department, and the United States Army Corps of Engineers.

(c) This loan is subject to review by the attorney general and audit by the legislative auditor and state auditor.

Subd. 3. [ASSESSMENT.] (a) The Red Lake watershed district shall assess the project costs for which Clearwater county is liable under this section to lands benefited by the project. The Red Lake watershed district by resolution of the board of managers may defer the collection of the levy for the assessment on any portion of the benefited lands until it is developed, sold, or subdivided, whichever occurs first.

(b) The Red Lake watershed district shall, in accordance with Minnesota Statutes, chapter 112, appoint appraisers who will view the project and assign appropriate benefits. The Red Lake watershed district shall then prepare a deferred assessment roll reflecting what the benefits will be when the deferred assessments are paid. The assessments, when paid to Clearwater county, must be forwarded to the commissioner of natural resources, who shall deposit them in the state treasury and credit them to the state bond fund, unless otherwise directed by law.

Subd. 4. [BOND AUTHORIZATION.] To provide the money appropriated in this act from the state building fund the commissioner of finance on request of the governor shall sell and issue bonds of the state in an amount up to \$2,000,000 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.

Sec. 2. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to natural resources; authorizing a loan to the Red Lake watershed district, Clearwater county, to construct an improved and enlarged lake on Walker Brook; authorizing the sale of state bonds; appropriating money."

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

The report was adopted.

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

H. F. No. 1236, A bill for an act relating to health; establishing a grant for a prenatal care media campaign; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 256B.04, is amended by adding a subdivision to read:

Subd. 17. [PRENATAL CARE OUTREACH.] (a) The commissioner of human services shall award a grant to an eligible organization to conduct a statewide media campaign promoting early prenatal care. The goals of the campaign are to increase public awareness of the importance of early and continuous prenatal care and to inform the public about public and private funds available for prenatal care.

(b) In order to receive a grant under this section, an applicant must:

- (1) have experience conducting prenatal care outreach;
 - (2) have an established statewide constituency or service area;
and
 - (3) demonstrate an ability to accomplish the purposes in this subdivision.
- (c) Money received under this subdivision may be used for purchase of materials and supplies, staff fees and salaries, consulting fees, and other goods and services necessary to accomplish the goals of the campaign. Money may not be used for capital expenditures.

Sec. 2. [APPROPRIATION.]

\$50,000 is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for the purposes of section 1."

Delete the title and insert:

"A bill for an act relating to health; establishing a grant for a prenatal care media campaign; appropriating money; amending Minnesota Statutes, section 256B.04, by adding a subdivision."

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

The report was adopted.

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

H. F. No. 1289, A bill for an act relating to forestry; directing a study and report on urban reforestation; appropriating money.

Reported the same back with the following amendments:

Page 2, line 11, delete "council" and insert "committee"

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

The report was adopted.

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

H. F. No. 1310, A bill for an act relating to natural resources; establishing a prescribed burn program; requiring permits for prescribed burns; providing assistance for prescribed burns; establishing the position of prescribed burn coordinator; appropriating money; amending Minnesota Statutes 1988, section 84.97.

Reported the same back with the following amendments:

Page 1, line 15, after "the" insert "forest and" and after "prairie" insert "areas"

Page 1, line 23, delete everything before the period and insert "desiring financial and technical assistance" and after "application" insert "for assistance"

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

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1389, A bill for an act relating to Goodhue county; permitting the county to establish certain payment procedures.

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

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1454, A bill for an act relating to Itasca county; authorizing a petition to annex unorganized territory to the town of Spang to be signed by residents of the town.

Reported the same back with the following amendments:

Page 1, line 17, delete "the day following final enactment" and insert "January 1, 1990"

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1506, A bill for an act relating to commerce; regulating certain rentals of real property, membership camping practices, and subdivided land sales; amending Minnesota Statutes 1988, sections 82.18; 82.20, subdivision 13; 82A.02, subdivision 6; 83.20, by adding a subdivision; 83.30, subdivision 1; and 83.38, subdivisions 1 and 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 82A.02, is amended by adding a subdivision to read:

Subd. 1a. [ADVANCED PAYMENT.] "Advanced payment" means any money paid in advance regardless of its descriptive nomenclature, including, but not limited to, a management fee, listing, security, or advance fee or payment.

Sec. 2. Minnesota Statutes 1988, section 82A.04, subdivision 2, is amended to read:

Subd. 2. [APPLICATION CONTENTS.] The application for registration shall include:

(1) an irrevocable appointment of the commissioner to receive service of any lawful process as required by section 82A.22, subdivision 1;

(2) the name of the campground, the membership camping operator's name and the address of its principal place of business, the form, date of organization, and jurisdiction of its organization; and the name and address of each of its offices in this state;

(3) a copy of the membership camping operator's articles of incorporation, partnership agreement, or joint venture agreement as contemplated or currently in effect;

(4) the name, address, and principal occupation for the past five years of the membership camping operator and of each controlling person of the membership camping operator, and the extent and nature of each such person's interest in the membership camping

operator as of a specified date within 30 days prior to the filing of the application;

(5) a statement indicating whether or not the membership camping operator, or any of the persons identified in clause (4), within the past ten years has been:

(i) convicted of a felony; or

(ii) enjoined or received any adverse administrative order relating to the sale of securities, land, or campgrounds or based on violations of any consumer protection statutes. If any of the above has occurred, the name of the person involved, the jurisdiction, offense, and date of the offense shall be listed;

(6) a legal description of each campground owned or operated in this state by the membership camping operator which is represented to be available for use by purchasers, and a map or maps showing the location of all campgrounds, wherever located, which are owned or operated by the membership camping operator and represented to be available for use by purchasers, and a statement identifying the existing amenities at each such campground and the planned amenities represented as to be available for use by purchasers in the future at each such campground;

(7) the states or jurisdictions in which an application for registration or similar document has been filed by the membership camping operator pursuant to any statute similar to this chapter regulating membership camping contracts and any adverse order, judgment, or decree entered against the operator in connection with membership camping contracts by any regulatory authority in any jurisdiction or by any court;

(8) a statement of the condition of the title to the campground owned or operated in this state by the membership camping operator and represented to be available for use by purchasers, including all encumbrances, deed restrictions, and covenants applicable thereto with data as to recording, as of a specified date within 30 days prior to the date of application, by a title opinion of a licensed attorney or by a title insurance policy, naming the operator or lender as beneficiaries and issued by an insurance company authorized to do business in this state, or by any evidence of title acceptable to the commissioner;

(9) copies of the instruments by which the membership camping operator's interest in the campgrounds in this state was acquired;

(10) copies of all recorded or unrecorded instruments, known to the membership campground operator, that evidence blanket encum-

brances that materially adversely affect the campgrounds in this state;

(11) if there is a blanket encumbrance which materially adversely affects the campgrounds located in this state, a legal description of the encumbrance, and a description of the steps taken to protect purchasers, in accordance with section 82A.14, clause (1), in case of failure to discharge the lien or encumbrance;

(12) evidence showing compliance with the zoning and other applicable environmental or land use laws, ordinances, and rules affecting the use of the campgrounds located in this state;

(13) a statement of the existing and planned provisions for the following with respect to campgrounds located in this state:

(i) purchasers' access to the campgrounds;

(ii) the availability of sewage disposal facilities and other public utilities, including but not limited to water, electricity, gas, and telephone facilities in the campgrounds;

(iii) the proximity of community fire and police protection;

(iv) a statement of the amenities which will be represented to purchasers as guaranteed to be constructed or installed, whether the operator will be responsible for their cost, installation and maintenance and an estimated cost of and schedule for completion of the same; provided that the estimated completion dates need not be more precise than the year in which completion is estimated to occur, and may be extended for the period of any delays caused by or deferred due to the occurrence of events such as acts of God, strikes, and other causes outside the reasonable control of the membership camping operator; and assurance that such amenities will be completed by filing a bond or irrevocable letter of credit, depositing funds in an escrow account, or such other provision as the commissioner may by order allow. The amount of the bond or escrow account shall be reduced monthly in proportion to the amount paid for completion of the amenities during such period. The bond, letter of credit, or escrow account shall be issued or held by a bank or insurance or surety company authorized to do business in this state;

(v) a statement of the amenities to be represented to purchasers as planned for construction and installation, but not guaranteed, whether the operator will be responsible for their costs, installation, and maintenance, and an estimated cost of and schedule for completion of the same; provided that the estimated completion dates need not be more precise than the year in which completion is estimated to occur and may be extended for the period of any delays caused by or deferred due to the occurrence of events such as acts of God,

strikes, and other causes outside the reasonable control of the membership camping operator;

(14) the proposed disclosure statement as required by section 82A.05, subdivision 1, and the proposed separate disclosure, if applicable, as required by section 82A.05, subdivision 6;

(15) a financial statement of the membership camping operator as of the end of the membership camping operator's most recent fiscal year, prepared by an independent public accountant and certified by the camping operator; and, if the fiscal year end of the membership camping operator is in excess of 180 days prior to the date of filing the application, a financial statement, which may be unaudited, as of a date within 180 days of the date of application;

(16) a statement of the applicable material permits, other than building permits, not yet obtained but required to be obtained from various federal, state, and local agencies to operate the membership campground in this state, stating which have been applied for. If any permit has been refused, the reasons for the refusal and the effect the refusal will have on subsequent development of the campgrounds must be disclosed;

(17) a copy of each type of membership camping contract to be sold in this state, the purchase price of each type and, if the price varies, the reason for the variance;

(18) the number of membership camping contracts proposed to be sold at each campground located in this state and a statement describing the method used to determine the number;

(19) rules of general applicability governing use and occupancy of the campgrounds; but not including any temporary or emergency rules, or any rules adopted in response to unique local or immediate needs;

(20) copies of applications for and contracts with any reciprocal program entity in which the membership camping operator is to participate and represents as available for use by purchasers;

(21) information concerning purchase or lease costs, rules, forms, and any fees, other than the initial membership fee and annual dues, which are required for purchaser usage of in-park trailers, recreational vehicles, tents, or other overnight accommodations, provided by or through the membership camping operator, for purchasers as an alternative to using the purchaser's own mobile accommodations; and

(22) any additional information the commissioner reasonably deems appropriate to administer the provisions of this chapter.

Sec. 3. Minnesota Statutes 1988, section 82A.13, subdivision 2, is amended to read:

Subd. 2. [FRAUD.] No person shall, in connection with the offer or sale of any membership camping contract, directly or indirectly:

- (1) employ any device, scheme, or artifice to defraud;
- (2) make any untrue statement of a material fact, or omit to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or
- (3) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; or
- (4) accept an advance payment for services rendered by an agent in connection with the resale of a membership camping contract.

Sec. 4. Minnesota Statutes 1988, section 83.20, is amended by adding a subdivision to read:

Subd. 15. "Advance payment" means any money paid in advance regardless of its descriptive nomenclature, including but not limited to, management fee, listing, security, or advance fee or payment in connection with the resale of a timeshare interest.

Sec. 5. Minnesota Statutes 1988, section 83.30, subdivision 1, is amended to read:

Subdivision 1. [FORM; DUE DATE.] During the period a registration is effective, the subdivider shall file an annual report in a format the commissioner may by rule prescribe. The report must include a financial statement of the subdivider's most recent fiscal year, prepared by an accountant and certified by the subdivider. An audited financial statement shall not be required. Every annual report shall be due by the 120th day following the end of the subdivider's fiscal year, unless extended in writing by the commissioner for good cause.

The rulemaking authority in this subdivision does not include emergency rulemaking authority pursuant to chapter 14.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment. Section 5 is effective retroactive to January 1, 1989, and applies to any report due on or after that date."

Delete the title and insert:

"A bill for an act relating to commerce; regulating certain rentals of real property, membership camping practices, and subdivided land sales; amending Minnesota Statutes 1988, sections 82A.02, by adding a subdivision; 82A.04, subdivision 2; 82A.13, subdivision 2; 83.20, by adding a subdivision; and 83.30, subdivision 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1540, A bill for an act relating to local government; regulating storm sewer improvements in Plymouth and Golden Valley; amending Laws 1979, chapter 303, article 10, section 15.

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

The report was adopted.

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

H. F. No. 1560, A bill for an act relating to natural resources; authorizing the Elephant Creek impoundment in St. Louis county.

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

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1589, A bill for an act relating to the city of Minneapolis; giving the city certain powers pertaining to the delivery of energy and environmental services.

Reported the same back with the following amendments:

Page 2, after line 22, insert:

"Sec. 4. [COMBINED HEARINGS.]

The Minneapolis city council may conduct the hearing on the improvement required by Minnesota Statutes, section 429.031, and the hearing on the assessments required by Minnesota Statutes, section 429.061, at the same time pursuant to notices which include all of the information required by both sections. If the council proceeds in this manner, the proposed assessments shall be calculated on the basis of the engineer's estimate and other estimates of the council. If the actual cost of the improvement is less than the estimated cost adopted by the council or portion of it determined to be paid from special assessments, the council must provide for the cancellation and annulment or refunding of assessments in the manner provided in Minnesota Statutes, section 430.07, subdivision 5, or section 435.203.

Sec. 5. Minnesota Statutes 1988, section 430.07, subdivision 5, is amended to read:

Subd. 5. [MISTAKEN ESTIMATES.] If, in proceedings under this chapter, the actual cost of the improvement of a street, park, or parkway is less than the estimated cost adopted by the city council, the council shall cancel and annul the assessments made in the proceedings to a total amount that does not exceed the fractional part of the total amount of the excess of estimated cost over the actual cost equivalent to the fraction obtained by dividing the total amount of the assessments by the total amount of the estimated cost.

If the assessments in a proceeding have not been entirely collected, or if the city council considers that assessments cannot be fully collected, the council may direct the city comptroller to keep in the fund in the proceeding an amount the city council thinks will cover the deficiencies in the collection of the assessments. The city council shall direct that the rest of the excess of estimated cost must be disposed of in the following manner. The city council shall direct the city comptroller to certify the amount of this balance to the county auditor. The auditor shall deduct the amount from the first installment of the assessment to be collected after the receipt of the certificate. This deduction must be made from the assessment against each piece or parcel of property in the proportion that the excess, as certified by the city comptroller, bears to the total of the installment of the assessment. If the balance as certified exceeds one installment, it must be deducted from succeeding installments until it is fully deducted. Alternatively, the city council may direct that the city comptroller's certification of the excess be accompanied by a request that the excess be applied to reduce all unpaid installments in proportion to the amount of such unpaid installments. In that case, the assessment rolls shall be recomputed by reducing the amount of the original assessment against each piece or parcel of property in the proportion that the excess, as certified by the city comptroller, bears to the total original assessment. The balance for each piece or parcel of property, after deduction of principal installments previously paid or in the process of collection, shall then be

divided into equal annual installments of principal or equal annual installments of principal and interest, whichever method was used for the original assessments. The same rate of interest and collection period shall apply to the new installments as was provided for the original assessment.

If the assessment against a piece or parcel of property has been paid in full, and the amount to be refunded does not exceed \$1, the city council may deposit the amount of the potential refund in the city's permanent improvement fund or bond redemption fund.

If the amount to be refunded exceeds \$1, but does not exceed \$20, the city comptroller shall mail to the current owner of the property a notice stating that the refund is available. The notice must be mailed within 60 days after the city council determines the actual cost of the improvement.

If the amount to be refunded exceeds \$20 the following notice procedure must be followed. The city comptroller shall mail to the person who owned the property when the assessment was paid, at the person's last known address, a notice stating that the refund is available. The notice must be mailed within 60 days after the city council determines the actual cost of the improvement. If a response is not received from the owner within ten days of the date of mailing, a second notice must be mailed. If the refund is not claimed by the person who owned the property when the assessment was paid within 30 days of the date of mailing the last required notice, the city council may deposit the amount of the potential refund in the city's permanent improvement fund or bond redemption fund."

Page 2, line 24, delete "This act is" and insert "Sections 1 to 4 are"

Renumber the remaining section

Amend the title as follows:

Page 1, line 4, after "services" insert "; providing for combined hearings on improvements and assessments; amending Minnesota Statutes 1988, section 430.07, subdivision 5"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1620, A bill for an act relating to natural resources; reallocating costs assessed against the game and fish fund; appro-

priating money; amending Minnesota Statutes 1988, sections 97A.055, by adding a subdivision; 97A.061, subdivision 1; and 97A.165; proposing coding for new law in Minnesota Statutes, chapter 84.

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1689, A resolution memorializing the President and Congress of the United States to take action to review and revise the statutory framework of the laws of the United States with respect to hostile takeovers and stock accumulations having certain adverse effects and to permit certain state regulation.

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1709, A bill for an act relating to commerce; regulating divesting transactions involving a principal domestic subsidiary; authorizing the metropolitan airports commission to approve a change in control of a major tenant at the Minneapolis-St. Paul International Airport; modifying standards that may be considered by certain investment fiduciaries; providing for worker and consumer protections after a leveraged buyout; imposing a tax on golden parachute compensation agreements; amending Minnesota Statutes 1988, sections 80B.01, subdivisions 1, 10, and by adding subdivisions; 268.07, subdivision 2; and 302A.011, subdivision 41, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 80B; 290; 300; 302A; and 325E; proposing coding for new law as Minnesota Statutes, chapters 268A; and 360A.

Reported the same back with the following amendments:

Page 4, line 20, delete "fully audited" and after "information" insert "(audited, if available)"

Page 5, line 18, delete "based on clear and convincing evidence," and insert "that the acquiring person has established"

Page 5, line 19, delete "will" and insert "is not likely to"

Page 10, line 35, delete "50" and insert "25"

Page 10, line 36, delete "and assets, revenues, and" and insert "or net"

Page 11, line 1, delete "operating"

Page 20, line 16, delete "31" and insert "12"

Page 21, line 6, delete "May 1" and insert "April 17"

Page 22, line 23, delete "Notwithstanding any law to the contrary,"

Page 22, line 34, delete the period and insert ", including the possibility that these interests may be best served by the continued independence of the Minnesota public company."

Subd. 2. [NONLIABILITY.] Notwithstanding anything to the contrary contained in Minnesota statutes or otherwise and except as set forth in subdivisions 3 and 4, no person having investment or voting power or discretion who determines, in good faith, on the basis of the authority granted by subdivision 1, that securities issued by a Minnesota public company shall not be tendered into a takeover offer or otherwise tendered, sold, or exchanged, or that the securities shall be voted in effect in favor of the continued independence of a Minnesota public company, including voting against any action to change or otherwise affect the composition of the board of directors or other governing body of the Minnesota public company or against any other action to directly or indirectly facilitate or effect a takeover or change of control of a Minnesota public company, shall be liable to any person as a result of that determination and the exercise of power or discretion pursuant thereto."

Page 22, line 35, delete "2" and insert "3"

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

The report was adopted.

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

S. F. No. 264, A bill for an act relating to health; requiring that health care providers timely furnish patient health records and

reports; amending Minnesota Statutes 1988, section 144.335, subdivisions 2 and 3.

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

The report was adopted.

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

S. F. No. 297, A bill for an act relating to game and fish; authorizing party hunting for small game; authorizing party fishing by angling; proposing coding for new law in Minnesota Statutes, chapters 97B and 97C.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 97B.031, subdivision 1, is amended to read:

Subdivision 1. [FIREARMS AND AMMUNITION THAT MAY BE USED TO TAKE BIG GAME.] (a) A person may take big game with a firearm only if:

(1) the rifle, shotgun, and handgun used is a caliber of at least .23 inches;

(2) the firearm is loaded only with single projectile ammunition;

(3) a projectile used is a caliber of at least .23 inches and has a soft point or is an expanding bullet type;

(4) the ammunition has a case length of at least 1.285 inches;

(5) the muzzle-loader used is incapable of being loaded at the breech;

(6) the smooth-bore muzzle-loader used is a caliber of at least .45 inches; and

(7) the rifled muzzle-loader used is a caliber of at least .40 inches.

(b) A person may not take big game with a .30 caliber M-1 carbine cartridge.

(c) A person may take big game with a ten millimeter cartridge.

Sec. 2. [97B.603] [SMALL GAME PARTY HUNTING.]

While two or more persons are hunting small game as a party and maintaining unaided visual and vocal contact, a member of the party may take and possess more than one limit of small game, but the total number of small game taken and possessed by the party may not exceed the limit of the number of persons in the party that may take and possess small game.

Sec. 3. [97C.317] [FISHING AS A PARTY.]

While two or more persons are taking fish by angling as a party, the total number of fish taken and the total number of fish possessed by the party may not exceed the limit of the number of persons in the party that may take and possess fish by angling. For the purpose of this section a party means, for persons who are not on the water that the persons are maintaining unaided visual and vocal contact, and for persons who are on the water that the persons are angling from a single watercraft.

Sec. 4. [EFFECTIVE DATE.]

Sections 2 and 3 are effective the day following final enactment."

Amend the title as follows:

Page 1, line 2, after the semicolon insert "regulating ammunition that may be used to take big game;"

Page 1, line 4, before "proposing" insert "amending Minnesota Statutes 1988, section 97B.031, subdivision 1;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

S. F. No. 388, A resolution memorializing the President and Congress to enact legislation to allow the use of flexible highway design standards in the interstate highway 35W corridor, to make federal money available for a light rail transit system, and to make funds available for the completion and repair of federal aid highways.

Reported the same back with the following amendments:

Delete everything after the title and insert:

“Whereas, activities have been undertaken, including the preparation of a draft environmental impact statement, which may eventually lead to a major highway construction project in the corridor of interstate highway 35W in the cities of Minneapolis, Richfield, Bloomington, and Burnsville; and

Whereas, these activities have generated apprehensiveness in established residential neighborhoods concerning the potential disruption which a major construction project would produce; and

Whereas, the interstate highway 35W corridor presents an opportunity to deal with urban freeway traffic congestion in a creative manner by examining alternatives which could avoid the necessity of adding new freeway lanes north of the intersection of interstate highway 35W and interstate highway 494; and

Whereas, the use of intensive traffic management techniques, accident reduction and mitigation strategies, and increased transit use through existing and new modes hold the potential of substantially expanding the corridor’s capacity for moving traffic without disrupting neighborhoods with extensive new construction; and

Whereas, the Congress of the United States has once before recognized a unique transportation situation in the Twin Cities metropolitan area by authorizing federal funding in a “high density urban highway intermodal transportation connection” demonstration project in the trunk highway 55 corridor in the city of Minneapolis; and

Whereas, the Congress of the United States can again recognize a unique transportation situation by authorizing greater flexibility for the state of Minnesota in using federal funds made available for improvements on interstate highway 35W and more flexible design standards in making such improvements; and

Whereas, greater flexibility in the use of federal funds and the use of flexible highway design standards in the interstate highway 35W corridor would test whether a combination of new and enhanced transit and new and intensive traffic management techniques can reduce the need for increased highway capacity; and

Whereas, greater flexibility in fund use and design standards would encourage the implementation of transit and shared ride facilities such as high occupancy vehicle lanes and bypasses of freeway meters, and allow for flexibility in implementing the stages of the project; and

Whereas, greater flexibility in fund use and design standards

could result in substantial cost savings for both the state and federal governments as well as limiting the potential adverse impact caused by new urban freeway construction; *Now, Therefore,*

Be It Resolved by the Legislature of the State of Minnesota that the Congress of the United States is urged to enact, and the President of the United States is urged to approve, legislation authorizing greater flexibility in the use by the state of Minnesota of federal funds made available for improvements on interstate highway 35W than is now allowed under the federal 4-R program, including the use of flexible design standards and the use of these federal funds for transportation system management techniques and transit promotion.

Be It Further Resolved that the Congress of the United States make sufficient highway funds available to the states so that Minnesota and other states can proceed to timely completion of the interstate system and needed reconstruction and repair of federal aid highways.

Be It Further Resolved that since light rail transit has great potential in the metropolitan area to alleviate freeway congestion and increase the capacity to efficiently move people, the Legislature of the State of Minnesota urges Congress and the President to make federal grant money available to the regional rail authorities for design, construction, and capital costs of a light rail transit system.

Be It Further Resolved that the Secretary of State of the State of Minnesota is directed to prepare certified copies of this resolution and to transmit them to the President of the United States, the President and Secretary of the United States Senate, the Speaker and Chief Clerk of the United States House of Representatives, and to Minnesota's Senators and Representatives in Congress."

Amend the title as follows:

Page 1, line 3, after "allow" insert "greater flexibility in the use of federal funds and"

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 619, 728, 953, 965, 1389, 1454, 1506, 1540, 1560 and 1589 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 827, 1270, 695, 264, 297 and 388 were read for the second time.

**INTRODUCTION AND FIRST READING
OF HOUSE BILLS**

The following House Files were introduced:

Pauly, Himle and Kelso introduced:

H. F. No. 1729, A bill for an act relating to appropriations; appropriating money to upgrade a segment of county state-aid highway 18 in Hennepin county.

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

O'Connor introduced:

H. F. No. 1730, A bill for an act relating to commerce; requiring seating furniture in public occupancies to meet flammability and labeling standards; proposing coding for new law in Minnesota Statutes, chapter 299F.

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

Jefferson introduced:

H. F. No. 1731, A bill for an act relating to education; appropriating money for Education Is Our Goal, Inc.'s community-based basic skills training program.

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

Carlson, D., introduced:

H. F. No. 1732, A bill for an act relating to local government; providing for the board membership of the Moose Lake and Windemere sanitary sewer district; amending Laws 1974, chapter 400, section 4, subdivision 2, as amended.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Limmer, Tjornhom, Bertram, Valento and Pugh introduced:

H. F. No. 1733, A bill for an act relating to taxation; income; providing a subtraction for certain expenses related to the adoption of a child; amending Minnesota Statutes 1988, section 290.01, subdivision 19b.

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

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 787.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 787, A bill for an act relating to human services; establishing reporting requirements; defining the functions and responsibilities of the commissioner in supervising community social services administered by the counties; requiring the commissioner of human services to ensure compliance with applicable program laws and regulations; implementing corrective action plans; providing sanctions and establishing an incentive program; amending Minnesota Statutes 1988, sections 245.482; 245.716; 245.73, subdivision 4; 252.275, subdivision 7; 256.01, subdivision 2; 256.72; 256.736, subdivision 15; 256.871, subdivision 6; 256.935, subdivision 1; 256B.05, subdivision 1; 256B.20; 256D.04; 256D.39; 256E.05, subdivision 3, and by adding subdivisions; 256E.08, subdivisions 1 and 8; 256E.12, subdivision 3; 256F.06, subdivision 4; 256H.09, subdivision 1; and 257.3575, subdivision 2.

The bill was read for the first time.

Jefferson moved that S. F. No. 787 and H. F. No. 965, now on

Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

CONSENT CALENDAR

S. F. No. 1241, A bill for an act relating to education; changing a requirement for teaching in barber school; amending Minnesota Statutes 1988, section 154.065, subdivision 2.

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

The question was taken on the passage of the bill and the roll was called. There were 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Lasley	Omann	Scheid
Anderson, G.	Frederick	Lieder	Onnen	Schreiber
Anderson, R.	Frerichs	Limmer	Orenstein	Seaberg
Battaglia	Girard	Long	Osthoff	Skogtund
Bauerly	Gruenes	Lynch	Ostrom	Solberg
Beard	Hartle	Macklin	Otis	Sparby
Begich	Hasskamp	Marsh	Ozment	Stanius
Bennett	Haukoos	McDonald	Pauly	Steensma
Bertram	Heap	McEachern	Pellow	Swiggum
Bishop	Henry	McGuire	Pelowski	Tjornhom
Blatz	Himle	McPherson	Peterson	Tompkins
Boo	Hugoson	Milbert	Poppenhagen	Tunheim
Brown	Jacobs	Miller	Price	Uphus
Burger	Janezich	Morrison	Pugh	Valento
Carlson, D.	Jefferson	Munger	Redalen	Vellenga
Carlson, L.	Jennings	Murphy	Reding	Wagenius
Carruthers	Johnson, A.	Nelson, C.	Rest	Waltman
Clark	Johnson, R.	Nelson, K.	Rice	Weaver
Conway	Johnson, V.	Neuenschwander	Richter	Welle
Cooper	Kalis	O'Connor	Rodosovich	Wenzel
Dauner	Kelso	Ogren	Rukavina	Williams
Dawkins	Kinkel	Olsen, S.	Runbeck	Winter
Dempsey	Knickerbocker	Olson, E.	Sarna	Wynia
Dorn	Kostohryz	Olson, K.	Schafer	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1282, A bill for an act relating to mechanics' liens; clarifying and simplifying the contractors' and subcontractors' notice; amending Minnesota Statutes 1988, section 514.011, subdivisions 1, 2, and 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 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Limmer	Orenstein	Segal
Anderson, G.	Frerichs	Long	Osthoff	Skoglund
Anderson, R.	Girard	Lynch	Ostrom	Solberg
Battaglia	Gruenes	Macklin	Otis	Sparby
Bauerly	Hartle	Marsh	Ozment	Stanius
Beard	Hasskamp	McDonald	Pauly	Steensma
Begich	Haukoos	McEachern	Pellow	Sviggum
Bennett	Heap	McGuire	Pelowski	Tjornhom
Bertram	Henry	McLaughlin	Peterson	Tompkins
Bishop	Himle	McPherson	Poppenhagen	Tunheim
Blatz	Hugoson	Milbert	Price	Uphus
Boo	Jacobs	Miller	Pugh	Valento
Brown	Janezich	Morrison	Redalen	Vellenga
Burger	Jefferson	Munger	Reding	Wagenius
Carlson, D.	Jennings	Murphy	Rest	Waltman
Carlson, L.	Johnson, A.	Nelson, C.	Rice	Weaver
Carruthers	Johnson, R.	Nelson, K.	Richter	Welle
Clark	Johnson, V.	Neuenschwander	Rodosovich	Wenzel
Conway	Kalis	O'Connor	Rukavina	Williams
Cooper	Kelso	Ogren	Runbeck	Winter
Dauner	Kinkel	Olsen, S.	Sarna	Wynia
Dawkins	Knickerbocker	Olson, E.	Schafer	Spk. Vanasek
Dempsey	Kostohryz	Olson, K.	Scheid	
Dorn	Lasley	Omman	Schreiber	
Forsythe	Lieder	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1445, A bill for an act relating to agriculture; making technical changes in the seed and dairy inspection laws; amending Minnesota Statutes 1988, sections 21.89, subdivisions 2 and 4; and 32.103.

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

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Burger	Frerichs	Jefferson	Lieder
Anderson, G.	Carlson, D.	Girard	Jennings	Limmer
Anderson, R.	Carlson, L.	Gruenes	Johnson, A.	Long
Battaglia	Carruthers	Hartle	Johnson, R.	Lynch
Bauerly	Clark	Hasskamp	Johnson, V.	Macklin
Beard	Conway	Haukoos	Kalis	Marsh
Begich	Cooper	Heap	Kelly	McDonald
Bennett	Dauner	Henry	Kelso	McEachern
Bertram	Dawkins	Himle	Kinkel	McGuire
Bishop	Dempsey	Hugoson	Knickerbocker	McLaughlin
Blatz	Dorn	Jacobs	Kostohryz	McPherson
Boo	Forsythe	Janezich	Krueger	Milbert
Brown	Frederick	Jaros	Lasley	Miller

Morrison	Orenstein	Redalen	Skoglund	Wagenius
Munger	Osthoff	Reding	Solberg	Waltman
Murphy	Ostrom	Rest	Sparby	Weaver
Nelson, C.	Otis	Rice	Stanisus	Welle
Nelson, K.	Ozment	Richter	Steensma	Wenzel
Neuenschwander	Pappas	Rodosovich	Sviggum	Williams
O'Connor	Pauly	Rukavina	Tjornhom	Winter
Ogren	Pellow	Runbeck	Tompkins	Wynia
Olsen, S.	Pelowski	Sarna	Trimble	Spk. Vanasek
Olsen, E.	Peterson	Schafer	Tunheim	
Oison, K.	Poppenhagen	Scheid	Uphus	
Omann	Price	Schreiber	Valento	
Onnen	Pugh	Seaberg	Vellenga	

The bill was passed and its title agreed to.

S. F. No. 69, A bill for an act relating to education; requiring a school district to make reasonable efforts to accommodate a pupil who wishes to be absent from school for religious observances; proposing coding for new law in Minnesota Statutes, chapter 120.

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

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

Those who voted in the affirmative were:

Abrams	Frerichs	Lasley	Onnen	Seaberg
Anderson, G.	Girard	Lieder	Orenstein	Segal
Anderson, R.	Greenfield	Limmer	Osthoff	Skoglund
Battaglia	Gruenes	Long	Ostrom	Solberg
Bauerly	Hartle	Lynch	Otis	Sparby
Beard	Hasskamp	Macklin	Ozment	Stanisus
Begich	Haukoos	Marsh	Pappas	Steensma
Bennett	Heap	McDonald	Pauly	Sviggum
Bertram	Henry	McEachern	Pellow	Tjornhom
Bishop	Himle	McGuire	Pelowski	Tompkins
Blatz	Hugoson	McLaughlin	Peterson	Trimble
Boo	Jacobs	McPherson	Poppenhagen	Tunheim
Brown	Janezich	Milbert	Price	Uphus
Burger	Jaros	Miller	Pugh	Valento
Carlson, D.	Jefferson	Morrison	Redalen	Vellenga
Carlson, L.	Jennings	Munger	Reding	Wagenius
Carruthers	Johnson, A.	Murphy	Rest	Waltman
Clark	Johnson, R.	Nelson, C.	Rice	Weaver
Conway	Johnson, V.	Nelson, K.	Richter	Welle
Cooper	Kalis	Neuenschwander	Rodosovich	Wenzel
Dauner	Kelly	O'Connor	Rukavina	Williams
Dawkins	Kelso	Ogren	Runbeck	Winter
Dempsey	Kinkel	Olsen, S.	Sarna	Wynia
Dorn	Knickerbocker	Olsen, E.	Schafer	Spk. Vanasek
Forsythe	Kostohryz	Olson, K.	Scheid	
Frederick	Krueger	Omann	Schreiber	

The bill was passed and its title agreed to.

S. F. No. 936, A bill for an act relating to state lands; authorizing

exchange of state property with city of St. Cloud.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Omann	Schreiber
Anderson, G.	Girard	Lasley	Onnen	Seaberg
Anderson, R.	Greenfield	Lieder	Orenstein	Segal
Battaglia	Gruenes	Limmer	Osthoff	Skoglund
Bauerly	Hartle	Long	Ostrom	Solberg
Beard	Hasskamp	Lynch	Otis	Sparby
Begich	Haukoos	Macklin	Ozment	Stanius
Bennett	Heap	Marsh	Pappas	Steenasma
Bertram	Henry	McDonald	Pauly	Sviggum
Bishop	Himle	McEachern	Pellow	Tjornhom
Blatz	Hugoson	McGuire	Pelowski	Tompkins
Boo	Jacobs	McLaughlin	Peterson	Trimble
Brown	Janezich	McPherson	Poppenhagen	Tunheim
Burger	Jaros	Milbert	Price	Uphus
Carlson, D.	Jefferson	Miller	Pugh	Valento
Carlson, L.	Jennings	Morrison	Redalen	Vellenga
Carruthers	Johnson, A.	Munger	Reding	Wagenius
Clark	Johnson, R.	Murphy	Rest	Waltman
Conway	Johnson, V.	Nelson, C.	Rice	Weaver
Cooper	Kahn	Nelson, K.	Richter	Welle
Dauner	Kalis	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kelly	O'Connor	Rukavina	Williams
Dempsey	Kelso	Ogren	Runbeck	Winter
Dorn	Kinkel	Olsen, S.	Sarna	Wynia
Forsythe	Knickerbocker	Olson, E.	Schafer	Spk. Vanasek
Frederick	Kostohryz	Olson, K.	Scheid	

The bill was passed and its title agreed to.

H. F. No. 146, A bill for an act relating to the education code; revising the text of certain chapters of the code without changing their meaning; amending Minnesota Statutes 1988, chapters 128; 128A; 128B; and 129; repealing Minnesota Statutes 1988, sections 128.04; 128.06; 128.069; 128A.04; 129.02; and 129.05 to 129.10.

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

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

Those who voted in the affirmative were:

Abrams	Bauerly	Bertram	Brown	Carruthers
Anderson, G.	Beard	Bishop	Burger	Clark
Anderson, R.	Begich	Blatz	Carlson, D.	Conway
Battaglia	Bennett	Boo	Carlson, L.	Cooper

Dauner	Johnson, A.	McPherson	Pellow	Sparby
Dawkins	Johnson, R.	Milbert	Pelowski	Stanius
Dempsey	Johnson, V.	Morrison	Peterson	Steensma
Dorn	Kahn	Munger	Poppenhagen	Sviggum
Forsythe	Kalis	Murphy	Price	Tjornhom
Frederick	Kelly	Nelson, C.	Pugh	Tompkins
Frerichs	Kelso	Nelson, K.	Redalen	Trimble
Girard	Kinkel	Neuenschwander	Reding	Tunheim
Greenfield	Knickerbocker	O'Connor	Rest	Uphus
Gruenes	Kostohryz	Ogren	Rice	Valento
Hartle	Krueger	Olsen, S.	Richter	Vellenga
Hasskamp	Lasley	Olson, E.	Rodosovich	Wagenius
Haukoos	Lieder	Olson, K.	Rukavina	Waltman
Heap	Limmer	Omman	Runbeck	Weaver
Henry	Long	Onnen	Sarna	Welle
Himle	Lynch	Orenstein	Schafer	Wenzel
Hugoson	Macklin	Osthoff	Scheid	Williams
Jacobs	Marsh	Ostrom	Schreiber	Winter
Janezich	McDonald	Otis	Seaberg	Wynia
Jaros	McEachern	Ozment	Segal	Spk. Vanasek
Jefferson	McGuire	Pappas	Skoglund	
Jennings	McLaughlin	Pauly	Solberg	

The bill was passed and its title agreed to.

H. F. No. 390, A bill for an act relating to appropriations; requiring recommendations of the legislative advisory commission to be made at a meeting of the commission except in certain circumstances; amending Minnesota Statutes 1988, section 3.30, 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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Johnson, A.	McLaughlin	Ozment
Anderson, G.	Dempsey	Johnson, R.	McPherson	Pappas
Anderson, R.	Dorn	Johnson, V.	Milbert	Pauly
Battaglia	Forsythe	Kahn	Miller	Pellow
Bauerly	Frederick	Kalis	Morrison	Pelowski
Beard	Frerichs	Kelly	Munger	Peterson
Begich	Girard	Kelso	Murphy	Poppenhagen
Bennett	Greenfield	Kinkel	Nelson, C.	Price
Bertram	Gruenes	Knickerbocker	Nelson, K.	Pugh
Bishop	Hartle	Kostohryz	Neuenschwander	Redalen
Blatz	Hasskamp	Krueger	O'Connor	Reding
Boo	Haukoos	Lasley	Ogren	Rest
Brown	Heap	Lieder	Olsen, S.	Rice
Burger	Henry	Limmer	Olson, E.	Richter
Carlson, D.	Himle	Long	Olson, K.	Rodosovich
Carlson, L.	Hugoson	Lynch	Omman	Rukavina
Carruthers	Jacobs	Macklin	Onnen	Runbeck
Clark	Janezich	Marsh	Orenstein	Sarna
Conway	Jaros	McDonald	Osthoff	Schafer
Cooper	Jefferson	McEachern	Ostrom	Scheid
Dauner	Jennings	McGuire	Otis	Schreiber

Seaberg
Segal
Skoglund
Solberg
Sparby

Stanis
Steensma
Sviggum
Tjornhom
Tompkins

Trimble
Tunheim
Uphus
Valento
Vellenga

Wagenius
Waltman
Weaver
Welle
Wenzel

Williams
Winter
Wynia
Spk. Vanasek

The bill was passed and its title agreed to.

S. F. No. 169 was reported to the House.

Abrams and Hartle moved to amend S. F. No. 169, as follows:

Page 2, after line 16, insert:

“Sec. 2. Minnesota Statutes 1988, section 169.345, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purpose of this section, “physically handicapped person” means a person who:

- (1) because of disability cannot walk without significant risk of falling;
- (2) because of disability cannot walk 200 feet without stopping to rest;
- (3) because of disability cannot walk without the aid of another person, a walker, a cane, crutches, braces, a prosthetic device, or a wheelchair;
- (4) is restricted by a respiratory disease to such an extent that the person's forced (respiratory) expiratory volume for one second, when measured by spirometry, is less than one meter;
- (5) has an arterial oxygen tension (PAO₂) of less than 60 mm/hg on room air at rest;
- (6) uses portable oxygen; or
- (7) has a cardiac condition to the extent that the person's functional limitations are classified in severity as class III or class IV according to standards set by the American Heart Association; or
- (8) has lost an arm or a leg and does not have or cannot use an artificial limb.”

Amend the title as follows:

Page 1, line 4, after the semicolon insert “defining a handicapped person for purposes of parking privileges.”

Page 1, line 5, delete "section" and insert "sections" and before the period insert "; and 169.345, subdivision 2"

The motion prevailed and the amendment was adopted.

S. F. No. 169, A bill for an act relating to motor vehicles; allowing custodial parent of handicapped minor to obtain special license plates for the handicapped; amending Minnesota Statutes 1988, section 168.021, subdivisions 1 and 3.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Onnen	Seaberg
Anderson, G.	Greenfield	Lieder	Orenstein	Segal
Anderson, R.	Gruenes	Limmer	Osthoff	Skoglund
Battaglia	Hartle	Long	Ostrom	Solberg
Bauerly	Hasskamp	Lynch	Otis	Sparby
Beard	Haukoos	Macklin	Ozment	Stanius
Bennett	Heap	Marsh	Pappas	Steensma
Bertram	Henry	McDonald	Pauly	Sviggum
Bishop	Himle	McEachern	Pellow	Tjornhom
Blatz	Hugoson	McGuire	Pelowski	Tompkins
Boo	Jacobs	McLaughlin	Peterson	Trimble
Brown	Janezich	McPherson	Poppenhagen	Tunheim
Burger	Jaros	Milbert	Price	Uphus
Carlson, D.	Jefferson	Miller	Pugh	Valento
Carlson, L.	Jennings	Morrison	Redalen	Vellenga
Carruthers	Johnson, A.	Munger	Reding	Wagenius
Clark	Johnson, R.	Murphy	Rest	Waltman
Conway	Johnson, V.	Nelson, C.	Rice	Weaver
Cooper	Kahn	Nelson, K.	Richter	Welle
Dauner	Kalis	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kelly	O'Connor	Rukavina	Williams
Dempsey	Kelso	Ogren	Runbeck	Winter
Dorn	Kinkel	Olsen, S.	Sarna	Wynia
Forsythe	Knickerbocker	Olson, E.	Schafer	Spk. Vanasek
Frederick	Kostohryz	Olson, K.	Scheid	
Frerichs	Krueger	Omänn	Schreiber	

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

S. F. No. 701, A bill for an act relating to insurance; requiring coverage for child health supervision and prenatal services; clarifying certain definitions; amending Minnesota Statutes 1988, section 62A.047.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Omann	Schreiber
Anderson, G.	Girard	Lasley	Onnen	Seaberg
Anderson, R.	Greenfield	Lieder	Orenstein	Segal
Battaglia	Gruenes	Limmer	Osthoff	Skoglund
Bauerly	Hartle	Long	Ostrom	Solberg
Beard	Hasskamp	Lynch	Otis	Sparby
Begich	Haukoos	Macklin	Ozment	Stanius
Bennett	Heap	Marsh	Pappas	Steensma
Bertram	Henry	McDonald	Pauly	Sviggum
Bishop	Himle	McEachern	Pellow	Tjornhom
Blatz	Hugoson	McGuire	Pelowski	Tompkins
Boo	Jacobs	McLaughlin	Peterson	Trimble
Brown	Janezich	McPherson	Poppenhagen	Tunheim
Burger	Jaros	Milbert	Price	Uphus
Carlson, D.	Jefferson	Miller	Fugh	Valento
Carlson, L.	Jennings	Morrison	Redalen	Vellenga
Carruthers	Johnson, A.	Munger	Reding	Wagenius
Clark	Johnson, R.	Murphy	Rest	Waltman
Conway	Johnson, V.	Nelson, C.	Rice	Weaver
Cooper	Kahn	Nelson, K.	Richter	Welle
Dauner	Kalis	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kelly	O'Connor	Rukavina	Williams
Dempsey	Kelso	Ogren	Runbeck	Winter
Dorn	Kinkel	Olsen, S.	Sarna	Wynia
Forsythe	Knickerbocker	Olson, E.	Schafer	Spk. Vanasek
Frederick	Kostohryz	Olson, K.	Scheid	

The bill was passed and its title agreed to.

SPECIAL ORDERS

H. F. No. 1408 was reported to the House.

Carruthers moved to amend H. F. No. 1408, the second engrossment, as follows:

Page 3, line 4, delete "By January 1,"

Page 3, line 5, delete "1990,"

Page 4, line 8, after "developed," insert "owned,"

Page 8, line 19, delete "review" and insert "completion"

Page 8, line 20, strike "by the"; delete "board"

Page 12, line 10, after "and" insert "where applicable"

Page 12, line 11, after the period, insert "Each relevant organization shall nominate at least two persons for each position."

Page 13, line 32, delete "1½" and insert "2"

Page 15, line 14, strike everything after the period

Page 15, strike line 15

Page 16, line 15, delete "facility, shops, yards, or" and insert "shop, yard, and"

Page 16, line 34, before "Sections" insert "Sections 1 to 21 are effective the day following final enactment."; delete "18" and insert "19"

The motion prevailed and the amendment was adopted.

Carruthers moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 10, after line 12, insert:

"Subd. 2. [COUNCIL REVIEW.] The council may review, comment, and recommend changes with respect to any aspect of the joint management plan and preliminary and final design plans and may transmit its comments and recommendations to the transit board, the joint board, regional rail authorities, and the commissioner of transportation."

Renumber subdivisions in sequence

The motion prevailed and the amendment was adopted.

Pappas moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 2, delete lines 13 to 15

Renumber clauses in sequence

Page 2, line 23, delete "(3)" and insert "(2)"

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

The motion did not prevail and the amendment was not adopted.

Trimble moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 4, line 26, delete everything after the period

Page 4, delete line 27

Page 4, line 28, delete everything before "Before"

Page 9, line 23, delete everything after "approved"

Page 9, delete line 24

Page 9, line 25, delete everything before the period

A roll call was requested and properly seconded.

The question was taken on the Trimble amendment and the roll was called. There were 74 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Limmer	Omann	Sparby
Anderson, R.	Hartle	Long	Orenstein	Stanius
Bennett	Haukoos	Lynch	Pappas	Sviggum
Blatz	Heap	Macklin	Pellow	Tjornhom
Boo	Henry	Marsh	Pelowski	Trimble
Brown	Himle	McDonald	Poppenhagen	Tunheim
Burger	Hugoson	McEachern	Price	Uphus
Dauner	Jacobs	McGuire	Redalen	Valento
Dawkins	Jaros	McPherson	Richter	Vellenga
Dempsey	Jennings	Miller	Rodosovich	Waltman
Dille	Kahn	Morrison	Rukavina	Weaver
Dorn	Kelly	Neuenschwander	Runbeck	Winter
Forsythe	Knickerbocker	O'Connor	Schafer	Wynia
Frederick	Kostohryz	Olson, E.	Schreiber	Spk. Vanasek
Girard	Krueger	Olson, K.	Seaberg	

Those who voted in the negative were:

Abrams	Conway	Kinkel	Onnen	Sarna
Battaglia	Cooper	Lasley	Osthoff	Scheid
Bauerly	Frerichs	Lieder	Ostrom	Segal
Beard	Greenfield	McLaughlin	Otis	Skoglund
Begich	Hasskamp	Milbert	Ozment	Solberg
Bertram	Janezich	Munger	Pauly	Steensma
Bishop	Jefferson	Murphy	Peterson	Tompkins
Carlson, D.	Johnson, A.	Nelson, C.	Pugh	Wagenius
Carlson, L.	Johnson, V.	Nelson, K.	Reding	Welle
Carruthers	Kalis	Ogren	Rest	Wenzel
Clark	Kelso	Olsen, S.	Rice	Williams

The motion prevailed and the amendment was adopted.

Osthoff moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 12, line 2, after "and" insert "at least six"

The motion prevailed and the amendment was adopted.

Vellenga moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 3, line 34, after the comma, insert "showing ten-year capital development objectives and a schedule of specific capital improvements and acquisitions."

The motion prevailed and the amendment was adopted.

Valento moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 2, line 5, after "in" insert "(i) an efficient, cost-effective manner, and (ii)"

Page 3, line 4, delete "By January 1,"

Page 3, line 5, delete "1990,"

Page 3, line 14, after "in" insert "(i) an efficient, cost-effective manner, and (ii)"

Page 3, line 16, delete "The"

Page 3, delete line 17, and insert:

"(d) The joint board shall complete the first part of the management plan by January 1, 1990. The first part consists of a system-wide capital development and financial plan, which must include the following elements:

(1) a statement of objectives for capital development for a prospective ten-year period, describing priorities and needs based on capacity requirements and ridership projections for the various segments of the system, the total capital costs, and a general plan and recommendations for long-term capital financing;

(2) a five-year capital improvements plan, setting forth a schedule of specific capital improvements and acquisitions for a five-year period following the commencement of construction of facilities;

(3) a five-year financial plan showing, for the improvements and acquisitions scheduled in the capital improvements plan: (i) the anticipated capital expenditures, (ii) total annual debt service

requirements, (iii) anticipated annual operating costs, (iv) anticipated annual operating revenues based on ridership projections, both for total riders and for new riders attributable to the light rail facilities, (v) annual operating subsidy levels, and (vi) policies and recommendations on the source of funds for capital expenditures, debt service, and the operating subsidy, including the share of the subsidy to be paid by regional railroad authorities; and

(4) a general plan for organizing and coordinating acquisition, construction, ownership, and operation of the system, including in particular, coordination of vehicle specifications, provisions for a single light rail transit operator for the system, and the organization and coordination method required if a turn-key approach to facility acquisition is used by a regional railroad authority.

For any segments of rail line that may be constructed below the surface elevation, the financial plan must estimate the additional capital costs, debt service, and subsidy level that are attributable to the below grade construction.

(e) The joint board shall complete the second part of the management plan by July 1, 1990. The second part consists of a system-wide implementation plan, which must include the following elements:"

Page 3, delete lines 25 to 30

Page 3, line 31, delete "(4)" and insert "(3)"

Page 3, delete lines 33 to 36

Page 4, delete lines 1 to 3

Page 4, line 4, delete "(6)" and insert "(4)"

Page 4, line 5, after "plans" insert ", including a description of the requirements for joint board review of design plans under subdivision 4"

Page 4, line 6, delete "(7)" and insert "(5)"

Page 4, line 8, after "in" insert "(i) an efficient and cost-effective manner, and (ii)"

Page 4, line 20, delete "by March 1, 1990" and insert "for review. The first part of the plan, under paragraph (d), must be submitted by January 1, 1990. The second part of the plan, under paragraph (e), must be submitted by July 1, 1990"

Reletter paragraphs

Page 5, line 2, after "employed" insert "by,"; delete "on"

Page 5, line 3, delete everything before "regional" and insert "or for professional services to,"

Page 5, line 4, delete "by"

Page 5, line 5, delete "by" in both places

Page 5, line 8, after the first "plan" insert ", plan part,"

Page 5, line 19, before "Each" insert "Following approval of the regional management plan or part thereof,"

Page 5, line 22, delete everything after "approved" and insert "plan or plan part."

Page 5, line 25, after "its" insert "preliminary and"

Page 5, line 27, after "plan" insert "or plan part"; after "its" insert "preliminary and"

Page 6, line 12, after "crossings" insert ", including whether the track is elevated, on the surface, or below ground"

Page 6, line 13, delete everything after the semicolon

Page 6, delete line 14

Page 6, line 17, delete "acquisition and"; delete "strategy" and insert "method"

Page 6, line 24, after "engineering;" insert "standards and specifications for facilities and equipment; environmental impacts and mitigation measures;"

Page 7, line 30, after "(b)" insert "The board shall refer the plans to the metropolitan council for review, comment, and approval or disapproval for conformity with metropolitan transportation system plans."

Page 8, line 7, delete "and"

Page 8, line 9, after the first "plans" insert ", and the conformity of the plans with the regional capital development and financial plan prepared under section 3, subdivision 1, paragraph (d)"

Page 8, line 13, after the period, insert "The board may disapprove and require modification in the plans for failure to conform to an adopted and approved regional capital development and financial plan. Board review and approval of preliminary design plans before"

completion and approval of the regional capital development and financial plan is conditional, and after approving the regional development and financial plan, the board shall again review any previously reviewed design plans to ensure conformity with the regional plan.

A roll call was requested and properly seconded.

The question was taken on the Valento amendment and the roll was called. There were 68 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abrams	Gruenes	Lynch	Ozment	Stanius
Anderson, G.	Hartle	Macklin	Pappas	Sviggum
Anderson, R.	Haukoos	Marsh	Pauly	Tjornhom
Bennett	Heap	McDonald	Pellow	Tompkins
Blatz	Henry	McGuire	Poppenhagen	Trimble
Boo	Himle	McPherson	Price	Uphus
Burger	Hugoson	Milbert	Pugh	Valento
Carlson, D.	Jennings	Miller	Redalen	Vellenga
Dawkins	Johnson, V.	Morrison	Richter	Waltman
Dempsey	Kelly	Neuenschwander	Runbeck	Weaver
Forsythe	Knickerbocker	Olson, K.	Schafer	Wynia
Frederick	Krueger	Omman	Schreiber	Spk. Vanasek
Frerichs	Limmer	Onnen	Seaberg	
Girard	Long	Orenstein	Sparby	

Those who voted in the negative were:

Battaglia	Dille	Kelso	Ogren	Rukavina
Bauerly	Dorn	Kinkel	Olsen, S.	Sarna
Beard	Greenfield	Kostohryz	Olsen, E.	Scheid
Begich	Hasskamp	Lasley	Osthoff	Segal
Bertram	Jacobs	Lieder	Ostrom	Skoglund
Brown	Janezich	McEachern	Otis	Solberg
Carlson, L.	Jaros	McLaughlin	Pelowski	Steenasma
Carruthers	Jefferson	Munger	Peterson	Tunheim
Clark	Johnson, A.	Murphy	Reding	Wagenius
Conway	Johnson, R.	Nelson, C.	Rest	Welle
Cooper	Kahn	Nelson, K.	Rice	Wenzel
Dauner	Kalis	O'Connor	Rodosovich	Williams
				Winter

The motion prevailed and the amendment was adopted.

MOTION TO LAY ON THE TABLE

Olsen, S., moved to lay H. F. No. 1408, the second engrossment, as amended, on the table. The motion did not prevail.

Runbeck moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 12, line 24, after the period, insert "A member of the joint planning board established by section 2 is not eligible to serve as a member of the regional transit board."

The motion prevailed and the amendment was adopted.

Price moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 16, line 30, delete "not"

The motion did not prevail and the amendment was not adopted.

Kahn and Kelly moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 4, line 26, delete everything after the period

Page 4, delete line 27

Page 4, line 28, delete everything before "Before" and insert "The transit board shall require that the first route constructed be a route with the greatest demonstrated potential ridership."

Page 9, line 23, delete everything after the period

Page 9, delete lines 24 and 25 and insert "The transit board shall require that the first route constructed be a route with the greatest demonstrated potential ridership."

A roll call was requested and properly seconded.

The question was taken on the Kahn and Kelly amendment and the roll was called. There were 23 yeas and 104 nays as follows:

Those who voted in the affirmative were:

Abrams	Hartle	Kelly	Pappas	Sparby
Blatz	Haukoos	Knickerbocker	Poppenhagen	Tjornhom
Dawkins	Heap	Limmer	Redalen	Waltman
Dempsey	Himle	Lynch	Schreiber	
Forsythe	Kahn	Orenstein	Solberg	

Those who voted in the negative were:

Anderson, G.	Beard	Bishop	Carlson, D.	Conway
Anderson, R.	Begich	Boo	Carlson, L.	Cooper
Battaglia	Bennett	Brown	Carruthers	Dauner
Bauerly	Bertram	Burger	Clark	Dille

Dorn	Kalis	Murphy	Peterson	Stanius
Frederick	Kelso	Nelson, C.	Price	Steensma
Frerichs	Kinkel	Nelson, K.	Pugh	Sviggum
Girard	Kostohryz	Neuenschwander	Reding	Tompkins
Greenfield	Krueger	O'Connor	Rest	Tunheim
Gruenes	Lasley	Olsen, S.	Rice	Uphus
Hasskamp	Lieder	Olson, E.	Richter	Valento
Henry	Macklin	Olson, K.	Rodosovich	Vellenga
Hugoson	Marsh	Omann	Rukavina	Wagenius
Jacobs	McDonald	Onnen	Runbeck	Weaver
Janezich	McEachern	Osthoff	Sarna	Welle
Jaros	McGuire	Ostrom	Schafer	Wenzel
Jefferson	McLaughlin	Otis	Scheid	Williams
Jennings	McPherson	Ozment	Seaberg	Winter
Johnson, A.	Milbert	Pauly	Segal	Wynia
Johnson, R.	Morrison	Pellow	Simoneau	Spk. Vanasek
Johnson, V.	Munger	Pelowski	Skoglund	

The motion did not prevail and the amendment was not adopted.

MOTION FOR RECONSIDERATION

Sparby moved that the vote whereby the Valento amendment to H. F. No. 1408, the second engrossment, as amended, which was adopted earlier today be now reconsidered.

A roll call was requested and properly seconded.

The question was taken on the Sparby motion and the roll was called. There were 60 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Battaglia	Dorn	Lieder	Otis	Simoneau
Bauerly	Greenfield	McEachern	Pelowski	Skoglund
Beard	Hasskamp	McLaughlin	Peterson	Solberg
Begich	Janezich	Milbert	Pugh	Sparby
Bertram	Jaros	Munger	Reding	Steensma
Brown	Jefferson	Murphy	Rest	Tunheim
Carlson, D.	Johnson, A.	Nelson, C.	Rice	Wagenius
Carlson, L.	Johnson, R.	Nelson, K.	Rodosovich	Welle
Carruthers	Kalis	Olsen, S.	Rukavina	Wenzel
Clark	Kelso	Olson, E.	Sarna	Williams
Conway	Kinkel	Osthoff	Scheid	Winter
Cooper	Lasley	Ostrom	Segal	Spk. Vanasek

Those who voted in the negative were:

Abrams	Dille	Hugoson	Lynch	Olson, K.
Anderson, G.	Forsythe	Jacobs	Macklin	Omann
Anderson, R.	Frederick	Jennings	Marsh	Onnen
Bennett	Frerichs	Johnson, V.	McDonald	Orenstein
Bishop	Girard	Kahn	McGuire	Ozment
Blatz	Gruenes	Kelly	McPherson	Pappas
Boo	Hartle	Knickerbocker	Miller	Pauly
Burger	Haukoos	Kostohryz	Morrison	Pellow
Dauner	Heap	Krueger	Neuenschwander	Poppenhagen
Dawkins	Henry	Limmer	O'Connor	Price
Dempsey	Himle	Long	Ogren	Redalen

Richter	Seaberg	Tompkins	Vellenga
Runbeck	Stanius	Trimble	Waltman
Schafer	Sviggum	Uphus	Weaver
Schreiber	Tjornhom	Valento	Wynia

The motion did not prevail.

H. F. No. 1408, A bill for an act relating to metropolitan transit; requiring joint planning for light rail transit; establishing a joint planning board; requiring approval of light rail transit plans by the regional transit board; specifying the composition of the regional transit board and the metropolitan transit commission; changing various provisions relating to metropolitan transit programs and authorities; amending Minnesota Statutes 1988, sections 398A.04, subdivision 9; 473.169, subdivisions 1, 3, 4, and 5; 473.17; 473.373, subdivisions 1a, 4, 5, and by adding a subdivision; 473.375, subdivisions 8 and 13; and 473.404, subdivisions 2, 3, and 5; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1988, sections 473.1691 and 473.398.

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kostohryz	Olson, K.	Scheid
Anderson, G.	Frerichs	Krueger	Omann	Schreiber
Anderson, R.	Girard	Lasley	Onnen	Seaberg
Battaglia	Greenfield	Lieder	Orenstein	Segal
Bauerly	Gruenes	Limmer	Osthoff	Simoneau
Beard	Hartle	Long	Ostrom	Skoglund
Begich	Hasskamp	Lynch	Otis	Solberg
Bennett	Haukoos	Macklin	Ozment	Sparby
Bertram	Heap	Marsh	Pappas	Stanius
Bishop	Henry	McDonald	Pauly	Steensma
Blatz	Himle	McEachern	Pellow	Sviggum
Boo	Hugoson	McGuire	Pelowski	Tjornhom
Brown	Jacobs	McLaughlin	Peterson	Tompkins
Burger	Janezich	McPherson	Poppenhagen	Trimble
Carlson, D.	Jaros	Milbert	Price	Tunheim
Carlson, L.	Jefferson	Miller	Pugh	Uphus
Carruthers	Jennings	Morrison	Redalen	Valento
Clark	Johnson, A.	Munger	Reding	Vellenga
Conway	Johnson, R.	Murphy	Rest	Wagenius
Cooper	Johnson, V.	Nelson, C.	Rice	Waltman
Dauner	Kahn	Nelson, K.	Richter	Weaver
Dawkins	Kalis	Neuenschwander	Rodosovich	Welle
Dempsey	Kelly	O'Connor	Rukavina	Wenzel
Dille	Kelso	Ogren	Runbeck	Williams
Dorn	Kinkel	Olsen, S.	Sarna	Winter
Forsythe	Knickerbocker	Olson, E.	Schafer	Wynia
				Spk. Vanasek

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

Wynia moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued. The motion prevailed.

There being no objection, the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1532, A bill for an act relating to utilities; low-income energy needs; designating the department of public service as the agency responsible for coordinating energy policy for low-income Minnesotans; requiring the department to gather certain information on low-income energy programs; prescribing certain uses for oil overcharge money; appropriating money; amending Minnesota Statutes 1988, sections 216B.241, subdivisions 1 and 2; 216C.02, subdivision 1; 216C.10; 216C.11; 216C.27, by adding a subdivision; and 504.185, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 216B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [216B.095] [DISCONNECTION DURING COLD WEATHER.]

The commission shall amend its rules governing disconnection of residential utility customers who are unable to pay for utility service during cold weather to include the following:

(1) coverage of customers whose household income is less than 185 percent of the federal poverty level;

(2) a requirement that a customer who pays the utility at least ten percent of the customer's income or the full amount of the utility bill, whichever is less, in a cold weather month cannot be disconnected during that month;

(3) that the ten percent figure in clause (2) must be prorated between energy providers where the customer receives service from more than one provider;

(4) that a customer's household income does not include any amount received for energy assistance;

(5) verification of income by the local energy assistance provider, unless the customer is automatically eligible as a recipient of any form of public assistance, including energy assistance, that uses income eligibility in an amount at or below the income eligibility in clause (1); and

(6) a requirement that the customer receive, from the local energy assistance provider or other entity, budget counseling and referral to weatherization, conservation, or other programs likely to reduce the customer's consumption of energy.

Sec. 2. Minnesota Statutes 1988, section 216B.241, subdivision 1, is amended to read:

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

(a) "Commission" means the public utilities commission, department of public service;

(b) "Department" means the department of public service;

(c) "Energy conservation improvement" means the purchase or installation of any device, method or material that increases the efficiency in the use of electricity or natural gas including, but not limited to:

(1) insulation and ventilation;

(2) storm or thermal doors or windows;

(3) caulking and weatherstripping;

(4) furnace efficiency modifications;

(5) thermostat or lighting controls;

(6) awnings; or

(7) systems to turn off or vary the delivery of energy. The term "energy conservation improvement" includes any device or method

which creates, converts or actively uses energy from renewable sources such as solar, wind and biomass providing such device or method conforms with national or state performance and quality standards whenever applicable.

(e) (d) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement including, but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no interest or below market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

(d) (e) "Public utility" has the same meaning as given that term in section 216B.02, subdivision 4. For the purposes of this section, "public utility" shall not include cooperative electric associations that become subject to rate regulation after April 16, 1980.

Sec. 3. Minnesota Statutes 1988, section 216B.241, subdivision 2, is amended to read:

Subd. 2. [PROGRAMS.] The ~~commission~~ department may order by rule require public utilities to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements shall be offered to the customers. The required programs must cover a two-year period. The ~~commission~~ department shall order require at least one public utility to establish a pilot program to make investments in and expenditures for energy from renewable resources such as solar, wind, or biomass. The ~~commission~~ department shall evaluate the program on the basis of cost-effectiveness and the reliability of technologies employed. The order rules of the ~~commission~~ shall department must provide to the extent practicable for a free choice, by consumers participating in the program, of the device, method, or material constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable. The ~~commission~~ department may order require a utility to make an energy conservation improvement investment or expenditure whenever the ~~commission~~ department finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of

energy. The commission department shall nevertheless insure that every public utility with operating revenues in excess of \$50,000,000 operate one or more programs, under periodic review by the commission department, which that make significant investments in and expenditures for energy conservation improvements. The department shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision or a nonprofit or community organization. The commission department shall give special consideration to ensure that at least half the money spent on residential programs is devoted to programs that directly address the needs of renters and low income families and individuals. Provisions of the previous sentences shall expire on January 1, 1993. For purposes of this section, "low income" means an income less than 185 percent of the federal poverty level. Investments and expenditures made pursuant to an order shall under this subdivision must be treated for ratemaking purposes in the manner prescribed in section 216B.16, subdivision 6b. No utility shall make an energy conservation improvement pursuant to this section to a building envelope unless it is the primary supplier of energy used for either space heating or cooling in the building. A utility, a political subdivision, or a nonprofit or community organization that has suggested a program, or the attorney general acting on behalf of consumers and small business interests, may petition the commission to modify or revoke a department decision to require a program under this subdivision, and the commission may do so if it determines that the program is ineffective, does not adequately address the needs of renters and low-income families and individuals, or is otherwise not in the public interest. The person petitioning for commission review has the burden of proof. The commission shall reject a petition that, on its face, fails to make a reasonable argument that a program is not in the public interest.

The commission shall allow a utility to recover expenses resulting from a conservation improvement program required by the department.

Sec. 4. Minnesota Statutes 1988, section 216C.02, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] (a) The commissioner may:

(1) apply for, receive, and spend money received from federal, municipal, county, regional, and other government agencies and private sources;

(2) apply for, accept, and disburse grants and other aids from public and private sources;

(3) contract for professional services if work or services required or authorized to be carried out by the commissioner cannot be satis-

factorily performed by employees of the department or by another state agency;

(4) enter into interstate compacts to carry out research and planning jointly with other states or the federal government when appropriate;

(5) upon reasonable request, distribute informational material at no cost to the public; and

(6) enter into contracts for the performance of the commissioner's duties with federal, state, regional, metropolitan, local, and other agencies or units of government and educational institutions, including the University of Minnesota, without regard to the competitive bidding requirements of chapters 16A and 16B.

(b) The commissioner shall collect information on conservation and other energy-related programs carried on by other agencies, by public utilities, by cooperative electric associations, by municipal power agencies, by other fuel suppliers, by political subdivisions, and by private organizations. Other agencies and political subdivisions shall cooperate with the commissioner by providing information requested by the commissioner. The commissioner may by rule require the submission of information by other program operators. The commissioner shall make the information available to other agencies and to the public and, as necessary, shall recommend to the legislature changes in the laws governing conservation and other energy-related programs to ensure that:

(1) expenditures on the programs are adequate to meet identified needs;

(2) the needs of low-income energy users are being adequately addressed;

(3) duplication of effort is avoided or eliminated;

(4) a program that is ineffective is improved or eliminated; and

(5) voluntary efforts are encouraged through incentives for their operators. The commissioner shall appoint an advisory task force to help evaluate the information collected and formulate recommendations to the legislature. The task force must include low-income energy users as defined in section 216B.241, subdivision 2.

(c) By January 15 of each year, the commissioner shall report to the legislature on the projected amount of federal money likely to be available to the state during the next fiscal year, including grant money and money received by the state as a result of litigation or settlements of alleged violations of federal petroleum pricing regu-

lations. The report must also estimate the amount of money projected as needed during the next fiscal year to finance a level of conservation and other energy-related programs adequate to meet projected needs, particularly the needs of low-income persons and households, and must recommend the amount of state appropriations needed to cover the difference between the projected availability of federal money and the projected needs.

Sec. 5. Minnesota Statutes 1988, section 216C.10, is amended to read:

216C.10 [POWERS.]

The commissioner may:

(a) (1) adopt rules pursuant to 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 pursuant to under sections 14.29 to 14.36;

(b) (2) make all contracts pursuant to 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. 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;

(c) (3) provide on-site technical assistance to units of local government in order to enhance local capabilities for dealing with energy problems;

(d) (4) administer for the state, energy programs pursuant to under federal law, regulations, or guidelines, except for the ~~crisis fuel~~ low-income home energy assistance program and low income 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;

(e) design and administer a statewide program for the energy and economic development authority and actively involve major organizations and community leaders in its work and shall solicit funds from all sources;

(f) (5) develop a state energy investment plan with yearly energy conservation and alternative energy development goals, investment targets, and marketing strategies;

(g) (6) perform market analysis studies relating to conservation, alternative and renewable energy resources, and energy recovery;

(h) (7) assist with the preparation of proposals for innovative conservation, renewable, alternative, or energy recovery projects;

(i) (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;

(j) (9) intervene in certificate of need proceedings before the public utilities commission; and

(k) (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 shall must be used to pay the department's costs in administering those financial aids.

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. 6. Minnesota Statutes 1988, section 216C.11, is amended to read:

216C.11 [ENERGY CONSERVATION INFORMATION CENTER.]

The commissioner shall establish an energy information center in the department's offices in St. Paul. The information center shall maintain a toll-free telephone information service and disseminate printed materials on energy conservation topics, including but not limited to, availability of loans and other public and private financing methods for energy conservation physical improvements, the techniques and materials used to conserve energy in buildings, including retrofitting or upgrading insulation and installing weatherstripping, the projected prices and availability of different sources of energy, and alternative sources of energy.

The energy information center shall serve as the official Minnesota alcohol fuels information center and shall disseminate information, printed, by the toll-free telephone information service, or otherwise on the applicability and technology of alcohol fuels.

The information center shall include information on the potential hazards of energy conservation techniques and improvements in the printed materials disseminated. The commissioner shall not be

liable for damages arising from the installation or operation of equipment or materials recommended by the information center.

The information center shall use the information collected under section 216C.02, subdivision 1, to maintain a central source of information on conservation and other energy-related programs, including both programs required by law or rule and programs developed and carried on voluntarily. In particular, the information center shall compile and maintain information on policies covering disconnections or denials of fuel during cold weather adopted by public utilities and other fuel suppliers not governed by Minnesota Rules, parts 7820.1500 to 7820.2300, including the number of households disconnected or denied fuel and the duration of the disconnections or denials.

Sec. 7. [OIL OVERCHARGE MONEY.]

Money received by the state after the effective date of this section 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 other money received after the effective date of this section as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations that is not otherwise dedicated by court order, as well as money previously received but not yet allocated by the effective date of this section, must be allocated one-half to energy conservation projects operated by the department of jobs and training that directly serve low-income Minnesotans for weatherization.

Sec. 8. [STUDY, CONSERVATION IMPROVEMENT PROGRAMS; GRANTS.]

The department of public service shall study the feasibility of requiring heating fuel suppliers, including fuel oil distributors and retailers and propane dealers, to undertake conservation improvement programs. In addition, the department shall study the feasibility of basing grants to low-income energy users on their total energy costs. The department shall report its findings and recommendations to the legislature by January 15, 1990.

Sec. 9. [CONSERVATION IMPROVEMENT PROGRAMS.]

Notwithstanding section 3, the department of public service may permit utilities governed by that section to carry on programs currently approved by the public utilities commission and the commission may continue to approve programs until the department has adopted rules and approved new programs to cover a two-year program beginning in 1990.

Sec. 10. [APPROPRIATION.]

\$ is appropriated from the general fund to the commissioner of jobs and training to be available until June 30, 1991. \$ is to be used for purposes of the low-income weatherization assistance program, and \$ is to be used for purposes of the energy assistance program.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective July 1, 1989."

Delete the title and insert:

"A bill for an act relating to utilities; low-income energy needs; designating the department of public service as the agency responsible for coordinating energy policy for low-income Minnesotans; requiring the department to gather certain information on low-income energy programs; prescribing certain uses for oil overcharge money; appropriating money; amending Minnesota Statutes 1988, sections 216B.241, subdivisions 1 and 2; 216C.02, subdivision 1; 216C.10; and 216C.11; proposing coding for new law in Minnesota Statutes, chapter 216B."

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

The report was adopted.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Long, Vanasek, Wynia, Rest and Welle introduced:

H. F. No. 1734, A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; creating tax exemptions; changing the computation, administration, and payment of aids, credits, and refunds; providing new aids and credits; making technical corrections and clarifications; changing proposed property tax notice provisions; changing levy limits and other local government powers and duties; providing for subordinate service districts; providing for accreditation of assessors; changing tax increment financing provisions; providing for payment of deferred taxes on sale of railroad operating property; authorizing the city of Mankato to establish a special service

district; authorizing establishment of an economic development authority in Kandiyohi county; exempting Itasca county from a levy limit penalty; amending Minnesota Statutes 1988, sections 60A.15, subdivision 1; 124.2131, subdivision 1; 256.018; 256.82, subdivision 1; 256.871, subdivision 6; 256B.041, subdivision 5; 270.052; 270.067, subdivisions 1 and 2; 270.071, subdivision 6; 270.072, subdivisions 2 and 3; 270.075, subdivision 2; 270.11, subdivision 2; 270.12, subdivisions 2 and 3, and by adding a subdivision; 270.13; 270.18; 270.485; 270.80, subdivision 1; 270.82; 270.84; 270.85; 270.87; 272.01, subdivision 2; 272.02, subdivisions 2 and 4; 272.115, subdivision 1; 272.20; 273.01; 273.02, subdivision 2; 273.061, subdivisions 1 and 2; 273.062; 273.064; 273.065; 273.11, subdivision 10, and by adding a subdivision; 273.119, subdivision 2; 273.123, subdivisions 4 and 5; 273.124, subdivisions 6, 9, 12, 13, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, and 25; 273.135, subdivision 2a; 273.1391, subdivisions 2 and 2a; 273.1392; 273.1393; 273.1398, subdivisions 1, 2, 3, 4, and by adding a subdivision; 273.33, subdivision 2; 273.37, subdivision 2; 274.14; 275.065, subdivisions 1, 2, 3, and 6; 275.07, subdivision 1, and by adding a subdivision; 275.08, subdivisions 2 and 3; 275.124; 275.28, subdivision 1; 275.29; 275.50, subdivision 5; 275.51, subdivisions 3f, 3g, 3h, 3i, 3j, 4, 6, and by adding a subdivision; 275.58, subdivisions 1, 2, and 3; 276.01; 276.04, subdivisions 2 and 3; 276.09; 276.10; 276.11, subdivision 1; 277.01, subdivision 1; 277.02; 277.05; 277.06; 277.13; 278.03; 278.05, subdivisions 4 and 5; 279.01, subdivisions 1 and 3; 279.37, subdivision 1; 290.015, subdivisions 3 and 4; 290.02; 290.05, subdivision 3; 290.06, subdivisions 1 and 21; 290.191, subdivision 6; 290.37, subdivision 1; 290.92, subdivision 4b, as added; 290.934, subdivision 3a; 290A.03, subdivision 12; 290A.04, subdivisions 2, 2h, and by adding a subdivision; 295.34, subdivision 1; 297.01, subdivision 13, and by adding a subdivision; 297.03, subdivision 6; 297.04, subdivisions 4, 5, and 6; 297.041, subdivision 1; 297.08, subdivision 1; 297.31, by adding a subdivision; 297.33, subdivisions 4, 5, 6, 7, and 8; 297A.15, by adding a subdivision; 297A.25, subdivision 3, and by adding subdivisions; 297B.03; 297C.03, subdivision 1; 298.01, by adding subdivisions; 349.12, subdivisions 11, 13, and by adding a subdivision; 349.15; 349.212, by adding a subdivision; 373.40, subdivisions 1, 2, 4, and 6; 375.192, subdivision 2; 429.061, subdivision 3; 459.14, by adding a subdivision; 469.012, by adding a subdivision; 469.040, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivision 10, and by adding a subdivision; 469.175, subdivisions 3, 7, and by adding a subdivision; 469.176, subdivisions 1, 4c, 6, and by adding a subdivision; 469.177, subdivisions 6 and 10; 473.167, subdivisions 3 and 5; 473.249, subdivision 1; 473F.05; 473F.06; 473F.07, subdivisions 1, 2, and 5; 473F.08, subdivisions 3 and 5; 473F.09; 473H.10, subdivision 3; 477A.011, subdivisions 3, 3a, and 15; and 477A.013, subdivisions 1, 3, 4, and by adding a subdivision; Laws 1988, chapter 719, articles 7, section 9; 8, section 37; and 12, sections 29 and 30, as amended; proposing coding for new law in Minnesota Statutes, chapters 270; 273; 274; 275; 276; 290; 297A; and 469; proposing coding for new law as Minnesota Statutes, chapter 365B; repealing Minnesota Statutes,

sections 270.81, subdivision 5; 271.061; 276.13; 276.14; 275.57; 275.58, subdivision 4; 290.092, subdivision 5; 297.01, subdivision 15; 297.03, subdivision 12; 297.04, subdivision 10; 297.33, subdivision 13; 297C.03, subdivisions 4 and 4a; and 473.249, subdivision 3; Laws 1988, chapter 719, articles 5, section 86, and 8, section 35.

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

MOTIONS AND RESOLUTIONS

Beard moved that the name of Omann be added as an author on H. F. No. 745. The motion prevailed.

Beard moved that the name of Wenzel be added as an author on H. F. No. 1415. The motion prevailed.

Carruthers moved that H. F. No. 1697 be recalled from the Committee on Transportation and be re-referred to the Committee on Commerce. The motion prevailed.

Dempsey moved that H. F. No. 1686 be returned to its author. The motion prevailed.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 12:00 noon, Wednesday, April 26, 1989. The motion prevailed.

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Wednesday, April 26, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

THIRTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 25, 1989

The Senate met on Tuesday, April 25, 1989, which was the Thirty-eighth Legislative Day of the Seventy-sixth Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

THIRTY-NINTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 26, 1989

The House of Representatives convened at 12:00 noon and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by the Reverend Vivian Jones of Plymouth Congregational Church, Minneapolis, Minnesota.

The roll was called and the following members were present:

Abrams	Frederick	Kostohryz	Olson, K.	Scheid
Anderson, G.	Frerichs	Krueger	Omann	Schreiber
Anderson, R.	Girard	Lasley	Onnen	Seaberg
Battaglia	Greenfield	Lieder	Orenstein	Segal
Bauerly	Gruenes	Limmer	Osthoff	Simoneau
Beard	Gutknecht	Long	Ostrom	Skoglund
Begich	Hartle	Lynch	Otis	Solberg
Bennett	Haukoos	Macklin	Ozment	Sparby
Bertram	Heap	Marsh	Pappas	Stanius
Bishop	Henry	McDonald	Pauly	Steenasma
Blatz	Himle	McEachern	Pellow	Svigum
Boo	Hugoson	McGuire	Pelowski	Tjornhom
Brown	Jacobs	McLaughlin	Peterson	Tompkins
Burger	Janezich	McPherson	Poppenhagen	Trimble
Carlson, D.	Jaros	Milbert	Price	Tunheim
Carlson, L.	Jefferson	Miller	Pugh	Uphus
Carruthers	Jennings	Morrison	Quinn	Valento
Clark	Johnson, A.	Munger	Redalen	Vellenga
Conway	Johnson, R.	Murphy	Reding	Wagenius
Cooper	Johnson, V.	Nelson, C.	Rice	Waltman
Dauner	Kahn	Nelson, K.	Richter	Weaver
Dawkins	Kalis	Neuenschwander	Rodosovich	Welle
Dempsey	Kelly	O'Connor	Rukavina	Wenzel
Dille	Kelso	Ogren	Runbeck	Williams
Dorn	Kinkel	Olsen, S.	Sarna	Winter
Forsythe	Knickerbocker	Olson, E.	Schafer	Wynia
				Spk. Vanasek

A quorum was present.

Hasskamp, Rest and Swenson were excused.

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 1389, 1540, 1560, 619, 728, 953, 965, 1454, 1506, 1589 and 1408 and S. F. Nos. 787, 297 and 388 have been placed in the members' files.

S. F. No. 787 and H. F. No. 965, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Jefferson moved that the rules be so far suspended that S. F. No. 787 be substituted for H. F. No. 965 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

April 21, 1989

The Honorable Robert E. Vanasek
Speaker of the House of Representatives
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 1586, relating to appropriations; providing emergency relief for Red River Valley area flooding; providing for an arbitration award.

Sincerely,

RUDY PERPICH
Governor

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

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1989 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F.</i>	<i>H.F.</i>	<i>Session Laws</i>	<i>Time and</i>	<i>Date Filed</i>
<i>No.</i>	<i>No.</i>	<i>Chapter No.</i>	<i>Date Approved</i>	<i>1989</i>
	1586	41	16:35 - April 21	April 21

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 56, A bill for an act relating to watercraft; providing for titling of watercraft; providing for perfection of security interests in watercraft; providing penalties; amending Minnesota Statutes 1988, section 336.9-302; proposing coding for new law as Minnesota Statutes, chapter 361A.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 162, A bill for an act relating to insurance; regulating insurance information collection, use, disclosure, access, and correction practices; requiring reasons for adverse underwriting decisions;

amending Minnesota Statutes 1988, section 72A.20, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 72A.

Reported the same back with the following amendments:

Page 1, line 20, after "Minnesota" insert "insurance"

Page 8, lines 21 and 32, delete "3" and insert "4"

Page 21, line 15, delete "actual"

Page 21, line 16, delete "In"

Page 21, delete lines 17 to 21

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 222, A bill for an act relating to health, human services, and corrections; establishing requirements to prevent overconcentration of residential facilities; requiring county plans for the dispersal and downsizing of facilities in overconcentrated areas; limiting municipal zoning restrictions on certain residential facilities; proposing coding for new law in Minnesota Statutes, chapters 245A and 462; repealing Minnesota Statutes 1988, sections 245A.11; and 462.357, subdivisions 6a, 7, and 8.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [245A.111] [OVERCONCENTRATION AND DISPERSAL OF RESIDENTIAL PROGRAMS.]

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

(a) [STATE-LICENSED RESIDENTIAL FACILITY.] "State-licensed residential facility" means a program or facility licensed by the commissioner of health, the commissioner of human services, or the commissioner of corrections to provide lodging in conjunction with monitoring, supervision, treatment, rehabilitation, habilitation, education, or training of the residents in the facility. State-licensed residential facility does not include:

(1) a foster care program operated in the permanent residence of the license holder, or in which a client or the client's guardian owns, rents, or leases the home;

(2) a motel, hotel, or board and lodging facility licensed by the commissioner of health, unless the facility receives more than 50 percent of its residents under a contract or other arrangement with the state or a local government human services agency to provide lodging for people who are mentally ill or chemically dependent, or who have other human services needs;

(3) a hospital or nursing home licensed only by the commissioner of health;

(4) a regional treatment center as defined in section 246.50, subdivision 3, operated by the commissioner of human services;

(5) a municipal, county, or regional jail, workhouse, work release center, or juvenile detention facility, or a state correctional program operated by the commissioner of corrections;

(6) semi-independent living services for persons with mental retardation or related conditions or mental illness, if the license holder has no financial or ownership interest in the housing used by persons receiving the semi-independent living services;

(7) a residential school operated by the commissioner of education;
or

(8) a facility described in section 256B.431, subdivision 4, paragraph (c).

(b) [FREESTANDING FOSTER CARE PROGRAM.] "Free-standing foster care program" means a foster care program that is licensed by the commissioner of human services and that is not operated in the permanent residence of the license holder.

(c) [OVERCONCENTRATED AREA.] "Overconcentrated area" means a municipality or planning district with more than one percent of its population residing in state-licensed residential facilities. If a municipality has planning districts, the concentration percentage is determined for each district and not for the municipality as a whole. Municipal population is determined using the figures reported annually by the state demographer.

(d) [NURSING HOME.] "Nursing home" has the meaning given in section 256B.421, subdivision 7.

Subd. 2. [REQUIREMENTS FOR SITING OF RESIDENTIAL PROGRAMS.] (a) To protect residents of state-licensed residential

facilities from the potential detrimental impact of an overconcentration of facilities and to preserve the character of residential neighborhoods, the following requirements apply to the locations of state-licensed residential facilities:

(1) for facilities other than freestanding foster care programs, the facility must not be located within 450 feet of an existing freestanding foster care program or within 1,320 feet of another state-licensed residential facility or a facility described in subdivision 1, paragraph (a), clause (8);

(2) for freestanding foster care programs, the program must not be located within 450 feet of an existing state-licensed residential facility, including another freestanding foster care program, or a facility described in subdivision 1, paragraph (a), clause (8);

(3) the facility must not be located within an overconcentrated area; and

(4) if the facility will be located in a multiple-family dwelling and does not have exclusive use of the dwelling, a total of no more than 25 percent of the units or the floor area in the building may be used by the facility. In the case of two- to four-family dwellings, if the facility does not have exclusive use of the dwelling, no more than one-half of the units may be used by the facility.

(b) At the request of a facility, county, city, or town, the licensing commissioner may waive one or more of the requirements of paragraph (a) if the commissioner is satisfied that the waiver will not be detrimental to the residents of affected facilities. A city or town may not submit a request for a waiver under this paragraph unless the local governing body has approved the request using the procedures for granting conditional use permits.

Subd. 3. [INITIAL LICENSES.] The commissioner of human services, the commissioner of health, and the commissioner of corrections shall not issue an initial license to an applicant for licensure as a state-licensed residential facility unless the licensing commissioner has granted a waiver for the facility or the facility satisfies the requirements of subdivision 2.

Subd. 4. [DISPERSAL OF OVERCONCENTRATED PROGRAMS.] (a) By July 1, 1990, every county shall report to the commissioner of human services on the number, location, and type of state-licensed residential facilities located in the county and the extent to which the existing locations of the facilities satisfy the requirements of subdivision 2. If the existing locations of facilities do not satisfy the requirements of subdivision 2, the county shall submit with the report a plan for the dispersal, downsizing, and future siting of state-licensed residential facilities. A county may prepare a joint plan with other contiguous counties. In developing

the plan, the counties shall solicit the participation of license holders, local zoning and land use planning authorities, consumers, advocacy groups, and the general public. The plan must be designed to achieve the objectives of this section and must include:

(1) specific target neighborhoods, data describing the extent to which each of the target neighborhoods is overconcentrated, and the addresses and licensed capacity of facilities in the target neighborhoods;

(2) a description of the specific actions the county will take to bring the county's state-licensed residential facilities into full compliance with subdivision 2 by January 1, 1996, including changes in client placement policies and procedures, the levels of concentration that will be achieved, timelines for achieving target levels of concentration, and the agency or agencies that will be responsible for carrying out each action;

(3) identification of priority areas for the siting of new facilities, including a description of the existing level of concentration in priority areas and the level of concentration that will exist after full implementation of the plan;

(4) specific plans for community and neighborhood education and public relations efforts to ease siting of facilities;

(5) a mechanism for soliciting and recording information about state-licensed residential facilities to be used in making decisions about dispersal, downsizing, and the awarding of county contracts, including samples of forms that will be used, methods for collecting information, and the objective criteria that will be used in decision making;

(6) plans for the coordinated development of related services, including projections of services that will be needed, a description of existing services in the priority areas for siting new facilities, timelines for developing needed services, a description of the methods that will be used to develop services, and the agency or agencies that will be responsible for developing needed services;

(7) the annualized, detailed costs of implementing the plan on forms provided by the commissioner;

(8) a statement of the standards and criteria that will be used to monitor and evaluate the implementation of the dispersal plan;

(9) provisions to ensure that no person in a state-licensed residential facility will be displaced as a result of the plan until a relocation plan has been implemented that provides for an acceptable alternative placement; and

(10) for counties required to submit plans, an annual report on the county's progress toward substantial compliance with the plan which is due on July 1 of each year following July 1, 1990.

(b) By September 1, 1989, the commissioner must provide counties with planning guidelines for preparing the plans and reports. The commissioner shall approve plans and reports required under paragraph (a) if they conform with the requirements of paragraph (a), they are prepared using forms and in a manner prescribed by the commissioner, and the commissioner determines that the plan will achieve the objectives of this section. The guidelines must be developed in consultation with the commissioners of health and corrections. The commissioner of human services shall provide copies of all plans and reports received under this subdivision to the commissioners of health and corrections. The commissioner of human services may not approve a county plan unless the plan has been approved by the commissioners of health and corrections. Within 90 days after receiving a plan or report, the commissioner shall certify whether the plan or report satisfies the requirements of this section.

(c) The commissioner may order a county that has not submitted a plan or report required under paragraph (a) to pay a fine. The commissioner shall notify the affected county of the order to pay the fine. The notice must be in writing and delivered by certified mail or personal service to the chair of the county board of commissioners or county human service board. The notice must state the reasons for ordering the fine. The notice must inform the county of the right to a contested case hearing under chapter 14. The county may appeal the commissioner's order by notifying the commissioner, by certified mail, within ten calendar days after receiving the commissioner's order.

(d) After January 1, 1991, the commissioner may order a county to pay a fine if the county does not have an approved plan. The notice and appeal provisions of paragraph (c) apply to orders issued under this paragraph.

(e) After July 1, 1991, the commissioner may order a county to pay a fine if the commissioner determines that the county has failed to make good faith efforts to implement the plan. The notice requirements of paragraph (c) apply to fines ordered under this paragraph. The notice must state the reasons for the commissioner's determination and must identify the specific actions the county must take to implement the plan. The notice must also include a timetable that sets deadlines for each required action that must be taken by the county to implement the plan. If the county fails to meet a deadline set in the commissioner's notice, the commissioner may order the county to pay an additional fine. The appeal provisions of paragraph (c) apply to fines ordered under this paragraph.

(f) The amount of the fine to be imposed by the commissioner under this section for each day of noncompliance is 20 percent of the county's annual allocation under chapter 256E, the community social services act, or \$10,000, whichever is less.

(g) After January 1, 1991, the commissioner may develop or arrange for the development of a plan for any county that does not have an approved plan, and may impose the plan upon the county. The commissioner shall calculate the actual cost of the development of the plan and withhold an equivalent amount from the community social services act funding or state administrative aids for any county affected by the plan.

(h) After January 1, 1992, the commissioner of human services, the commissioner of health, and the commissioner of corrections shall not issue or renew a residential facility license unless the licensing commissioner has granted a waiver for the facility or the county has certified that issuing or renewing the license is consistent with the county's plan developed under this subdivision. If the county is not required to have a plan, it must certify that the facility meets the standards outlined in subdivision 2. The county shall respond to a commissioner's request for certification within 15 calendar days after receiving the request.

(i) The commissioner may not order a county to pay a fine under paragraph (e) for failure to implement a plan unless the legislature has taken action regarding the costs of implementing the plan. Beginning January 1, 1991, the commissioner shall provide an annual report to the legislature on the estimated costs to the state, counties, and providers of implementing county plans, including recommendations regarding appropriations of money and other legislative action that will be needed for full implementation of the plans by the deadlines established in this section.

Subd. 5. [RELOCATION PLANS FOR DISPLACED RESIDENTS.] No person in a state-licensed residential facility may be displaced as a result of this section until a relocation plan has been implemented that provides for an acceptable alternative placement.

Subd. 6. [INITIAL LICENSES ISSUED BEFORE REPORTS AND PLANS ARE SUBMITTED.] For the period beginning on the effective date of this section and ending June 30, 1990, if the licensing commissioner notifies a municipality under section 2, subdivision 3, of a pending application for an initial license for a residential program proposed to be located in the municipality and the municipality does not provide the commissioner with information that shows that the facility would violate the requirements of subdivision 2, the commissioner may issue an initial license without further verification that the requirements of subdivision 2 are satisfied.

Sec. 2. [462.3575] [REQUIREMENTS FOR HUMAN SERVICES, HEALTH, AND CORRECTIONAL RESIDENTIAL PROGRAMS.]

Subdivision 1. [HUMAN SERVICES PROGRAMS.] (a) It is the policy of this state that persons in need of residential services from programs licensed by the commissioner of human services should not be excluded from the benefits of normal residential surroundings by municipal zoning ordinances, comprehensive municipal plans, regional development plans, or other land use plans or regulations.

(b) A residential program licensed by the commissioner of human services with a licensed capacity of six or fewer persons is a permitted use of property in districts where one- and two-family dwellings are allowed. The program must not be subjected to conditional or special use requirements for the purposes of zoning and other land use plans or regulations. A town, municipality, or other local government authority may only impose conditions or requirements on the property that apply to all one- or two-family properties in that zoning district.

(c) A residential program licensed by the commissioner of human services with a licensed capacity of 16 or fewer persons is a permitted use of property in districts where multiple family dwellings are allowed. The program must not be subjected to conditional or special use requirements for the purposes of zoning and other land use plans or regulations. A town, municipality, or other local government authority may only impose conditions or requirements on the property that apply to all multiple-family properties of similar size in that zoning district.

(d) Nothing in this section requires local governments to allow one-family or two-family dwellings in multiple-family districts.

Subd. 2. [CORRECTIONS PROGRAMS.] A residential program licensed by the commissioner of corrections with a licensed capacity of 50 or fewer residents is a permitted use of property in commercial or light industrial zones and is not subject to conditional or special use requirements for the purposes of zoning and other land use plans or regulations, provided the program is not located within 650 feet of any residential zone or district. A town, municipality, or other local government authority must not impose conditions or requirements on the program that do not apply to all multifamily dwellings in the zone that are of similar size. A residential program licensed by the commissioner of corrections is not a permitted use of property in a heavy industrial zone.

Subd. 3. [NOTIFICATION OF MUNICIPALITIES.] The commissioner of human services, the commissioner of health, and the commissioner of corrections shall notify a municipality of a pending application for an initial license or license renewal for a residential

program located within the municipality. The notice must be provided at least 60 days before the license is issued or renewed and must solicit the written comments of the municipality regarding the appropriateness of the zoning district, distance or concentration issues arising under section 1, and other matters of concern to the municipality. This subdivision does not limit the authority of the commissioner to issue or renew a license if at least 60 days notice was provided.

Subd. 4. [CONCILIATION CONFERENCE.] An applicant or license holder who has been denied a conditional or special use permit to operate a residential program licensed by the commissioner of health, the commissioner of human services, or the commissioner of corrections, or who believes that the zoning or land use planning authority or other local government authority has imposed conditions on the use of property in violation of this section, may request a review of the decision by submitting a written request for review to the local government authority within ten days after the date of receiving notice of the authority's action to require or to deny a permit or to impose conditions on the use of property. Upon receipt of the request for review, the local government authority shall notify the appropriate licensing commissioner of the request and schedule a conciliation conference. The local government authority shall notify the applicant or license holder, the county, and the commissioner of the time, date, and location of the conciliation conference. The conference must occur within 30 days after receipt of the request for review. The commissioner shall assign a trained conciliator to be present at the conciliation conference and assist in the resolution of the dispute without judicial review. Within five days after the conciliation conference, the local government authority must give the applicant or license holder, the county, and the commissioner written notice, by certified mail, of the final action it will take, when the action will be taken, and the applicant or license holder's right to appeal the final action.

Sec. 3. [STUDY; REPORT.]

By August 1, 1989, the commissioner of corrections shall prepare and submit to the task force established under section 4, a report which details both the present site of all community correction group homes and the department's plans for placement of such group homes in communities, through the year 2000. The report shall include information on the projected number and type of residents to be housed at each of the current and proposed sites. The report shall be submitted to the speaker of the house and the president of the senate.

Sec. 4. [TASK FORCE.]

There is established a legislative task force composed of five members of the house of representatives appointed by the speaker of

the house and five members of the senate appointed by the president of the senate. The task force shall study issues related to the siting of community residential facilities licensed by the commissioner of corrections. The task force shall solicit input from community groups, persons in the corrections field, and city planning professionals to determine methods for involving community groups in the siting of community residential facilities licensed by the commissioner of corrections. The commissioner of corrections shall designate one or more agency staff members to serve on the task force. The task force shall consider methods for allowing affected communities to object to the proposed siting of a community corrections facility, including, but not limited to, an agency conciliation process or a complaint process through the office of the ombudsman for corrections established under sections 241.41 to 241.45.

Sec. 5. [APPLICABILITY.]

Sections 1 and 2 shall not apply to any single state-licensed multiple dwelling residential facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, before January 1, 1989.

Sec. 6. [REPEALER.]

Minnesota Statutes 1988, sections 245A.11; and 462.357, subdivisions 6a, 7, and 8, are repealed.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day after final enactment, except that the effective date of section 2, subdivision 2, shall be delayed until July 1, 1990."

Delete the title and insert:

"A bill for an act relating to health, human services, and corrections; establishing requirements to prevent overconcentration of residential facilities; requiring county plans for the dispersal and downsizing of facilities in overconcentrated areas; limiting municipal zoning restrictions on certain residential facilities; requiring a study and report; establishing a task force; proposing coding for new law in Minnesota Statutes, chapters 245A and 462; repealing Minnesota Statutes 1988, sections 245A.11; and 462.357, subdivisions 6a, 7, and 8."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 337, A bill for an act relating to health; including anabolic steroids in the list of controlled substances; amending Minnesota Statutes 1988, section 152.02, subdivision 5.

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 415, A bill for an act relating to agriculturally derived ethyl alcohol; clarifying eligibility for producer payments; defining terms; amending Minnesota Statutes 1988, section 41A.09, subdivisions 2 and 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 41A.09, subdivision 2, is amended to read:

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

(a) "Ethanol" means agriculturally derived fermentation ethyl alcohol of a purity of at least 99 percent, determined without regard to any added denaturants, denatured in conformity with one of the approved methods set forth by the United States Department of Treasury, Bureau of Alcohol, Tobacco and Firearms, and derived from the following agricultural products: potatoes, cereal, grains, cheese whey, or sugar beets.

(b) "Wet alcohol" means agriculturally derived fermentation ethyl alcohol having a purity of at least 50 percent but less than 99 percent.

Sec. 2. Minnesota Statutes 1988, section 41A.09, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS FROM FUND.] The commissioner of revenue shall make cash payments from the development fund to producers of ethanol or agricultural grade wet alcohol, for use as a motor fuel, located in the state. These payments must be made only for ethanol or wet alcohol fermented in Minnesota. The amount of

the payment for each producer's annual production shall be as follows:

(a) For each gallon of ethanol produced:

(1) For the period beginning July 1, 1986, and ending June 30, 1987, 15 cents per gallon;

(2) For the period beginning July 1, 1987, and ending June 30, 2000, 20 cents per gallon.

(b) For each gallon produced of agricultural grade alcohol of a purity of at least 50 percent but not more than 90 percent and designed to be used in conjunction with diesel fuel in an engine's internal combustion process, for the period beginning July 1, 1987, and ending June 30, 2000, 11 cents per gallon. For each gallon produced of wet alcohol during the period beginning July 1, 1989, and ending June 30, 2000, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon. The producer payment for wet alcohol under this section may be paid to either the original producer of wet alcohol or the secondary processor, at the option of the original producer, but not to both.

(c) The total payments from the fund to all producers may not exceed \$200,000 during the period beginning July 1, 1986, and ending June 30, 1987, and may not exceed \$10,000,000 in any fiscal year during the period beginning July 1, 1987, and ending June 30, 2000. Total payments to any producer from the fund in any fiscal year may not exceed \$3,000,000.

By the last day of October, January, April, and July, each producer shall file a claim for payment for production during the preceding three calendar months. The volume of production must be verified by a certified financial audit performed by an independent certified public accountant using generally accepted accounting procedures.

Payments shall be made November 15, February 15, May 15, and August 15.

Sec. 3. [EFFECTIVE DATE.]

This act is effective July 1, 1989.

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 901, A bill for an act relating to human services; establishing a resource center on caregiver support; creating a grant program of respite care services; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [256.992] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For purposes of sections 1 to 3, the following terms have the meanings given them.

Subd. 2. [CAREGIVER.] "Caregiver" means a person who resides with and has primary responsibility for the care of a person with a disability, including a licensed, full-time foster care provider.

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

Subd. 4. [COUNTY BOARD.] "County board" means the board of county commissioners in each county.

Subd. 5. [PERSON WITH A DISABILITY.] "Person with a disability" means a person who, because of physical disability, degenerative disease, mental illness, chronic illness, frailty associated with aging, or mental retardation or a related condition, requires substantial continuous care and supervision and who would require institutionalization in the absence of a caregiver.

Subd. 6. [RESPITE CARE.] "Respite care" means the temporary or periodic care and supervision of a person with a disability, in or out of the home, on a planned or emergency basis to provide relief to the caregiver. Respite care includes adult day care.

Sec. 2. [256.993] [RESOURCE CENTER ON CAREGIVER SUPPORT AND RESPITE CARE SERVICES.]

Subdivision 1. [RESOURCE CENTER.] The commissioner shall establish a statewide resource center on caregiver support and respite care services.

Subd. 2. [PURPOSE OF RESOURCE CENTER.] The resource center shall:

(1) provide leadership and visibility on the need for caregiver support and respite care programs;

(2) develop a mechanism to address issues and system changes needed to increase caregiver support and respite care services;

(3) provide information statewide on identified direct service models of existing caregiver support and respite care;

(4) analyze and evaluate funding sources for respite care;

(5) identify and address concerns and gaps in statewide service delivery;

(6) provide technical assistance and training to foster the development of in-home respite care services;

(7) educate caregivers on the availability and use of respite care services;

(8) promote and expand caregiver support coordination by using existing networks when possible; and

(9) manage and oversee a respite care grant program to develop model county coordinated generic respite care services.

Subd. 3. [ADVISORY COMMITTEE.] An advisory committee of not more than 12 people appointed by the commissioner shall make recommendations on resource center direction and oversee its activities. The advisory committee includes caregivers, people with disabilities, and advocates, representing all areas of the state. The advisory committee shall review administrative procedures and make recommendations to the commissioner relating to the grant program.

Sec. 3. [256.994] [RESPITE CARE GRANT PROGRAM.]

Subdivision 1. [GRANT PROGRAM.] The commissioner shall establish a respite care grant program. The commissioner may adopt rules as necessary to administer the program, but the commissioner may implement the program without adopting rules to the extent allowed under chapter 14.

Subd. 2. [PURPOSE OF GRANT.] A grant program must establish a coordinated system of generic respite care to:

(1) enable caregivers to continue to provide care at home by providing relief and support;

(2) assist caregivers in securing affordable respite care, particularly for those individuals who are not eligible for Medicaid;

(3) foster the development of in-home care; and

(4) educate caregivers, professionals, and the general public on the availability, need for, and use of caregiver support services, particularly respite care.

Subd. 3. [USE OF GRANT MONEY.] (a) Grant money may be used to:

(1) plan and implement a coordinated array of respite care services;

(2) establish or expand subsidized respite care services;

(3) recruit and train paid or volunteer providers; or

(4) establish an educational program for caregivers that may include support groups.

(b) Grant funds may not be used to supplant existing funds and existing volunteer efforts or to purchase equipment.

Subd. 4. [ELIGIBILITY.] A county board may, alone or in combination with other county boards, apply for a respite care grant. A public or nonprofit agency may apply for a grant if there is a letter of agreement with the county or counties in which services will be developed stating the intention of the county or counties to work with and coordinate with the agency requesting a grant.

Subd. 5. [GRANT APPLICATIONS.] (a) The commissioner shall request proposals for grants and shall specify the information and criteria required.

(b) Grant applications must address the issues under subdivisions 2 and 3 and provide a description of:

(1) any new services to be provided and of existing services;

(2) the estimated number of persons to be served;

(3) how services would be coordinated;

(4) limitations on services;

(5) methods of generating additional funds including sliding fee schedules;

- (6) use of volunteers;
- (7) contracts with outside agencies; and
- (8) training needs.

(c) The proposed budget shall indicate how grant funds will be used and the amount and sources of other funds.

(d) All grant applications must include a written performance plan that addresses the criteria contained in subdivision 3. The performance plan must include written performance objectives, specific measurable outcomes, time-lines, and the procedure the grantee will use to document and measure success in meeting the objectives.

Subd. 6. [GRANT AWARDS.] (a) The advisory committee shall review administrative procedures relating to the grant program including but not limited to forms, instructions, and the request for proposal. The advisory committee shall review grant applications and make recommendations to the commissioner. Grants must be awarded by the commissioner to programs that:

- (1) meet the purpose of the grant program;
- (2) have the ability to continue the project at the end of the funding period; and
- (3) demonstrate cost-effective administration.

(b) Preference must be given to proposals that seek to address underserved populations or that come from areas where limited services are available. Grants must be awarded to achieve a geographic distribution. No grant award may exceed 20 percent of the total appropriation.

Subd. 7. [FORMS AND INSTRUCTIONS.] The commissioner shall provide necessary forms and instructions to eligible applicants upon request. Grant recipients shall submit financial reports and program and evaluation reports on forms prescribed by the commissioner according to instructions specified by the commissioner. The reports must include, but are not limited to, information on income, expenditures, number of caregivers served, the disabilities of the care receivers, and how grant money was used. The commissioner of human services may delay or revoke grant money if the commissioner determines that the grantee is not meeting the reporting requirements or other terms of the grant.

Subd. 8. [FINANCIAL RECORDS.] The county board, and its contractors and subcontractors, shall maintain financial records,

using generally accepted accounting principles, in a way so that expenditures can be easily compared with the approved budget.

Subd. 9. [ACCESS TO PROGRAMS AND RECORDS.] At the request of the commissioner, the grantee and its contractors and subcontractors shall make available for audit and inspection all program and fiscal records related to the requirements of this section and the grant contract.

Subd. 10. [DISTRIBUTION OF GRANTS.] The commissioner may award grants to continue until June 30, 1991, as long as the grantee demonstrates continuing compliance with the terms of the grant.

Sec. 4. [256.995] [START-UP GRANTS FOR FOSTER CARE PROVIDERS.]

Subdivision 1. [GRANTS AUTHORIZED.] The commissioner of human services may award grants to individuals or families who seek to begin providing foster care services licensed under chapter 245A. The grants may be used by the individual or family for structural changes, additions, and purchases of safety devices needed to make the home physically accessible to persons served by the foster care home, and to comply with fire, safety, health, and other licensing requirements for foster care homes.

Subd. 2. [REPAYMENT.] A family or individual who receives a grant under this subdivision and who makes the home available for foster care for four years after the date the grant is awarded is not required to repay the grant. A family or individual who makes the home available for foster care for less than four years after the grant is awarded shall repay a portion of the grant on a prorated basis according to the circumstances, terms, and conditions the commissioner establishes in rule for repayment. The commissioner shall determine appropriate security for repayment.

Subd. 3. [APPLICATION.] A family or individual seeking a grant under this subdivision shall apply to the commissioner of human services. A grant application must describe:

- (1) a need for the grant that meets the specifications of subdivision 1;
- (2) the services to be provided in the foster care home;
- (3) the number of persons who will be served in the foster care home;
- (4) how grant money will be used;

(5) the amount and source of other funds available to the applicant to meet the need stated in the grant application; and

(6) the methods of generating additional funds.

Subd. 4. [GRANT AWARDS.] (a) The commissioner shall award a grant to an applicant if the applicant's proposal:

(1) meets the purpose of the grant program;

(2) increases access to foster care services; and

(3) shows that the applicant has the ability to continue foster care services after the grant is spent.

(b) A person who qualifies for the grant may receive up to:

(1) \$10,000 for modifications needed to make the home physically accessible to persons served by the foster care home;

(2) \$5,000 for modifications needed to meet fire code, safety, health, and other licensing requirements for foster care homes;

(3) \$5,000 to add additional space in the home for privacy of the persons served by the foster care provider; and

(4) \$500 for training to become a foster care provider.

Subd. 5. [HOUSING FINANCE AGENCY.] After determining eligibility, the commissioner may contract with the housing finance agency to administer grants involving complex accessibility modifications or extensive structural changes to meet fire code standards.

Sec. 5. [REPORT ON RESPITE CARE RESOURCE CENTER AND GRANTS.]

By January 1, 1991, the commissioner shall submit a report to the legislature containing an analysis of the activities of the resource center, information on the need for respite care services, a projection of the need for respite care services, and a summary of the projects funded under the respite care grant program.

Sec. 6. [APPROPRIATION.]

(a) \$215,000 is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for purposes of the resource center established under section 2. \$171,400 of this appropriation may be used by the commissioner to

increase the approved complement of the department by 2.5 full-time equivalent positions to carry out the activities and objectives of the resource center. The commissioner may use part of this appropriation for administrative costs. Any unexpended balance remaining in the first year does not cancel and is available for the second year.

(b) \$785,000 is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for the respite care grant program established under section 3. This appropriation is available for distribution on or after October 1, 1989. Any unexpended balance remaining in the first year does not cancel and is available for the second year.

(c) \$345,000 is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for purposes of start-up grants for foster care providers under section 4."

Delete the title and insert:

"A bill for an act relating to human services; establishing a resource center on caregiver support; creating a grant program of respite care services; authorizing start-up grants for foster care providers; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256."

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

The report was adopted.

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

H. F. No. 981, A bill for an act relating to juvenile justice; requiring reasonable efforts to prevent placement of children in need of protection or services proceedings; amending duty of juvenile court to ensure placement prevention and family reunification; defining reasonable efforts; clarifying definitions, jurisdiction, and services for Indian children; requiring preference for racial or ethnic heritage for appointment of guardian ad litem; requiring consideration of reasonable efforts in factors determining neglect; requiring finding of reasonable efforts at detention; imposing requirements for disposition case plans; providing for notice to and participation by certain grandparents in juvenile court; amending Minnesota Statutes 1988, sections 260.012; 260.015, subdivisions 11, 13, 14, and by adding subdivisions; 260.111, by adding a subdivision; 260.135, subdivision 2; 260.141, by adding a subdivision; 260.155, subdivisions 1a, 4, and 7; 260.165, subdivision 1; 260.171, subdivision 1; 260.172, subdivisions 1 and 4; 260.173, subdivision 2; 260.181,

subdivision 2; 260.191, subdivisions 1a and 1e; and 260.231, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 260.012, is amended to read:

260.012 [DUTY OF JUVENILE COURT TO ENSURE PLACEMENT PREVENTION AND FAMILY REUNIFICATION; REASONABLE EFFORTS.]

(a) If a child in need of protection or services is under the court's dependency or neglect jurisdiction, the court shall ensure that reasonable efforts including culturally appropriate services by the social service agency are made to prevent placement or to eliminate the need for removal and to reunite the child with the child's family at the earliest possible time, consistent with the best interests, safety, and protection of the child. In the case of an Indian child, in proceedings under sections 260.172, 260.191, and 260.221 the juvenile court must make findings and conclusions consistent with the Indian Child Welfare Act, United States Code, title 25, section 1901 et. seq., as to the provision of active efforts. If a child is under the court's delinquency jurisdiction, it shall be the duty of the court to ensure that reasonable efforts are made to reunite the child with the child's family at the earliest possible time, consistent with the best interests of the child and the safety of the public.

(b) “Reasonable efforts” means the exercise of due diligence by the responsible social service agency to use appropriate and available services to meet the needs of the child and the child's family in order to prevent removal of the child from the child's family; or upon removal, services to eliminate the need for removal and reunite the family. Services may include those listed under section 256F.07, subdivision 3, and other appropriate services available in the community. The social service agency has the burden of demonstrating that it has made reasonable efforts.

Nothing in this section shall be interpreted to prevent out of home placement for treatment of a child with a mental disability when the child's diagnostic assessment or individual treatment plan indicates that appropriate and necessary treatment cannot be effectively provided outside of a residential or inpatient treatment program.

(c) The juvenile court, in proceedings under sections 260.172, 260.191, and 260.221 shall make findings and conclusions as to the provision of reasonable efforts. When determining whether reason-

able efforts have been made, the court shall consider whether services to the child and family were:

- (1) relevant to the safety and protection of the child;
- (2) adequate to meet the needs of the child and family;
- (3) culturally appropriate;
- (4) available and accessible;
- (5) consistent and timely; and
- (6) realistic under the circumstances.

(d) Nothing in this section prevents, delays, or limits out-of-home placement for treatment of a child with an emotional disturbance or mental disability when the child's diagnostic assessment or individual treatment plan indicates the placement is clinically appropriate.

Sec. 2. Minnesota Statutes 1988, section 260.015, is amended by adding a subdivision to read:

Subd. 1a. "Agency" means the local social service agency or a licensed child placing agency.

Sec. 3. Minnesota Statutes 1988, section 260.015, subdivision 11, is amended to read:

Subd. 11. "Parent" means the natural or adoptive parent of a minor. For an Indian child, parent includes any Indian person who has adopted a child by tribal law or custom, as provided in section 257.351, subdivision 11.

Sec. 4. Minnesota Statutes 1988, section 260.015, subdivision 13, is amended to read:

Subd. 13. "Relative" means a parent, stepparent, grandparent, brother, sister, uncle, or aunt of the minor. This relationship may be by blood or marriage. For an Indian child, relative includes members of the extended family that shall be defined by the law or custom of the Indian child's tribe or, in the absence of laws or custom, nieces, nephews, or first or second cousins, as provided in the Indian Child Welfare Act of 1978, United States Code, title 25, section 1903. For purposes of dispositions, relative shall be defined consistent with section 260.181, subdivision 3.

Sec. 5. Minnesota Statutes 1988, section 260.015, subdivision 14, is amended to read:

Subd. 14. "Custodian" means any person who is under a legal obligation to provide care and support for a minor or who is in fact providing care and support for a minor. For an Indian child, custodian means any Indian person who has legal custody of an Indian child under tribal law or custom or under state law or to whom temporary physical care, custody, and control has been transferred by the parent of the child, as provided in section 257.351, subdivision 8.

Sec. 6. Minnesota Statutes 1988, section 260.015, is amended by adding a subdivision to read:

Subd. 26. [INDIAN.] "Indian," consistent with section 257.351, subdivision 5, means a person who is a member of an Indian tribe or an Alaskan native and a member of a regional corporation as defined in section 7 of the Alaska Native Claims Settlement Act, United States Code, title 43, section 1606.

Sec. 7. Minnesota Statutes 1988, section 260.015, is amended by adding a subdivision to read:

Subd. 27. [INDIAN CHILD.] "Indian child," consistent with section 257.351, subdivision 6, means an unmarried person who is under age 18 and is:

- (1) a member of an Indian tribe; or
- (2) eligible for membership in an Indian tribe.

Sec. 8. Minnesota Statutes 1988, section 260.111, is amended by adding a subdivision to read:

Subd. 5. [JURISDICTION OVER INDIAN CHILDREN.] In a child in need of protection or services proceeding, when an Indian child is a ward of a tribal court with federally recognized child welfare jurisdiction, the Indian tribe retains exclusive jurisdiction notwithstanding the residence or domicile of an Indian child, as provided in the Indian Child Welfare Act of 1978, United States Code, title 25, section 1911.

Sec. 9. Minnesota Statutes 1988, section 260.135, subdivision 2, is amended to read:

Subd. 2. The court shall have notice of the pendency of the case and of the time and place of the hearing served upon a parent, guardian, or spouse of the child, who has not been summoned as provided in subdivision 1. For an Indian child, notice of all proceedings must comply with the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901, et. seq., and section 257.353.

Sec. 10. Minnesota Statutes 1988, section 260.141, is amended by adding a subdivision to read:

Subd. 2a. In any proceeding regarding a child in need of protection or services in a state court, where the court knows or has reason to know that an Indian child is involved, the prosecuting authority seeking the foster care placement of, or termination of parental rights to an Indian child, shall notify the parent or Indian custodian and the Indian child's tribe of the pending proceedings and of their right of intervention. The notice must be provided by registered mail with return receipt requested unless personal service is accomplished. If the identity or location of the parent or Indian custodian and the tribe cannot be determined, the notice shall be given to the Secretary of the Interior of the United States in like manner, according to the Indian Child Welfare Act of 1978, United States Code, title 25, section 1912. No foster care placement proceeding or termination of parental rights proceeding shall be held until at least ten days after receipt of notice by the parent or Indian custodian and the tribe or the Secretary. However, the parent or Indian custodian or the tribe shall, upon request, be granted up to 20 additional days to prepare for the proceeding.

Sec. 11. Minnesota Statutes 1988, section 260.155, subdivision 4, is amended to read:

Subd. 4. [GUARDIAN AD LITEM.] (a) The court shall appoint a guardian ad litem to protect the interests of the minor when it appears, at any stage of the proceedings, that the minor is without a parent or guardian, or that the minor's parent is a minor or incompetent, or that the parent or guardian is indifferent or hostile to the minor's interests, and in every proceeding alleging a child's need for protection or services under section 260.015, subdivision 2a, clauses (1) to (10). In any other case the court may appoint a guardian ad litem to protect the interests of the minor when the court feels that such an appointment is desirable. The court shall appoint the guardian ad litem on its own motion or in the manner provided for the appointment of a guardian ad litem in the district court.

(b) The court may waive the appointment of a guardian ad litem pursuant to clause (a), whenever counsel has been appointed pursuant to subdivision 2 or is retained otherwise, and the court is satisfied that the interests of the minor are protected.

(c) In appointing a guardian ad litem pursuant to clause (a), the court shall not appoint the party, or any agent or employee thereof, filing a petition pursuant to section 260.131.

(d) The following factors shall be considered when appointing a guardian ad litem in a case involving an Indian or minority child: (1) whether the person is the same racial or ethnic heritage as the

child, or if that is not possible, (2) whether the person knows and appreciates the child's racial or ethnic heritage.

Sec. 12. Minnesota Statutes 1988, section 260.155, subdivision 7, is amended to read:

Subd. 7. [FACTORS IN DETERMINING NEGLECT.] In determining whether a child is neglected and in foster care, the court shall consider, among other factors, the following:

(1) the length of time the child has been in foster care;

(2) the effort the parent has made to adjust circumstances, conduct, or condition that necessitates the removal of the child to make it in the child's best interest to be returned to the parent's home in the foreseeable future, including the use of rehabilitative services offered to the parent;

(3) whether the parent has visited the child within the three months preceding the filing of the petition, unless extreme financial or physical hardship or treatment for mental disability or chemical dependency or other good cause prevented the parent from visiting the child or it was not in the best interests of the child to be visited by the parent;

(4) the maintenance of regular contact or communication with the agency or person temporarily responsible for the child;

(5) the appropriateness and adequacy of services provided or offered to the parent to facilitate a reunion;

(6) whether additional services would be likely to bring about lasting parental adjustment enabling a return of the child to the parent within an ascertainable period of time, whether the services have been offered to the parent, or, if services were not offered, the reasons they were not offered; and

(7) the nature of the effort efforts made by the responsible social service agency to rehabilitate and reunite the family, and whether the efforts were reasonable.

Sec. 13. Minnesota Statutes 1988, section 260.165, subdivision 1, is amended to read:

Subdivision 1. No child may be taken into immediate custody except:

(a) With an order issued by the court in accordance with the provisions of section 260.135, subdivision 5, or by a warrant issued in accordance with the provisions of section 260.145; or

(b) In accordance with the laws relating to arrests; or

(c) By a peace officer

(1) when a child has run away from a parent, guardian, or custodian, or when the peace officer reasonably believes such the child has run away from a parent, guardian, or custodian; or

(2) when a child is found in surroundings or conditions which endanger the child's health or welfare or which such peace officer reasonably believes will endanger such child's health or welfare. If an Indian child is a resident of a reservation or is domiciled on a reservation but temporarily located off the reservation, the taking of the child under this clause shall be consistent with the Indian Child Welfare Act of 1978, United States Code, title 25, section 1922; or

(d) By a peace officer or probation or parole officer when it is reasonably believed that the child has violated the terms of probation, parole, or other field supervision.

Sec. 14. Minnesota Statutes 1988, section 260.171, subdivision 1, is amended to read:

Subdivision 1. If a child is taken into custody as provided in section 260.165, the parent, guardian, or custodian of the child shall be notified as soon as possible. Unless there is reason to believe that the child would endanger self or others, not return for a court hearing, run away from the child's parent, guardian, or custodian or otherwise not remain in the care or control of the person to whose lawful custody the child is released, or that the child's health or welfare would be immediately endangered, the child shall be released to the custody of a parent, guardian, custodian, or other suitable person. When a child is taken into custody by a peace officer under section 260.165, subdivision 1, clause (c)(2), release from detention may be authorized by the detaining officer, the detaining officer's supervisor, or the county attorney. If the social service agency has determined that the child's health or welfare will not be endangered and the provision of appropriate and available services will eliminate the need for placement, the agency shall request authorization for the child's release from detention. That The person to whom the child is released shall promise to bring the child to the court, if necessary, at the time the court may direct. If the person taking the child into custody believes it desirable, that person may request the parent, guardian, custodian, or other person designated by the court to sign a written promise to bring the child to court as provided above. The intentional violation of such a promise, whether given orally or in writing, shall be punishable as contempt of court.

The court may require the parent, guardian, custodian, or other person to whom the child is released, to post any reasonable bail or bond required by the court which shall be forfeited to the court if the

child does not appear as directed. The court may also release the child on the child's own promise to appear in juvenile court.

Sec. 15. Minnesota Statutes 1988, section 260.172, subdivision 1, is amended to read:

Subdivision 1. Except a child taken into custody pursuant to section 260.165, subdivision 1, clause (a) or (c)(2), a hearing shall be held within 36 hours of a child's being taken into custody, excluding Saturdays, Sundays, and holidays, to determine whether the child should continue in detention. Within 72 hours of a child being taken into custody pursuant to section 260.165, subdivision 1, clause (a) or (c)(2), excluding Saturdays, Sundays, and holidays, a hearing shall be held to determine whether the child should continue in custody. Unless there is reason to believe that the child would endanger self or others, not return for a court hearing, run away from the child's parent, guardian, or custodian or otherwise not remain in the care or control of the person to whose lawful custody the child is released, or that the child's health or welfare would be immediately endangered, the child shall be released to the custody of a parent, guardian, custodian, or other suitable person. In a proceeding regarding a child in need of protection or services, the court, before determining whether a child should continue in custody, shall also make a determination, consistent with section 260.012 as to whether reasonable efforts, or in the case of an Indian child, active efforts, according to the Indian Child Welfare Act of 1978, United States Code, title 25, section 1912(d), were made to prevent placement or to reunite the child with the child's family, or that reasonable efforts were not possible. The court shall also determine whether there are available services that would prevent the need for further detention.

If the court finds the social services agency's preventive or reunification efforts have not been reasonable but further preventive or reunification efforts could not permit the child to safely remain at home, the court may nevertheless authorize or continue the removal of the child.

Sec. 16. Minnesota Statutes 1988, section 260.172, subdivision 4, is amended to read:

Subd. 4. If a child held in detention under a court order issued under subdivision 2 has not been released prior to expiration of the order, the court or referee shall informally review the child's case file to determine, under the standards provided by subdivision 1, whether detention should be continued. If detention is continued thereafter, informal reviews such as these shall be held within every eight days, excluding Saturdays, Sundays and holidays, of the child's detention.

A hearing, rather than an informal review of the child's case file, shall be held at the request of any one of the parties notified

pursuant to subdivision 3, if that party notifies the court of a wish to present to the court new evidence concerning whether the child should be continued in detention or notifies the court of a wish to present an alternate placement arrangement to provide for the safety and protection of the child.

In addition, if a child was taken into detention under section 260.135, subdivision 5, or 260.165, subdivision 1, clause (c)(2), and is held in detention under a court order issued under subdivision 2, the court shall schedule and hold an adjudicatory hearing on the petition within 60 days of the detention hearing upon the request of any party to the proceeding unless. However, if good cause is shown by a party to the proceeding why the hearing should not be held within that time period, the hearing shall be held within 90 days, unless the parties agree otherwise and the court so orders.

Sec. 17. Minnesota Statutes 1988, section 260.173, subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of subdivision 1, if the child had been taken into custody pursuant to section 260.165, subdivision 1, clause (a) or clause (c)(2), or had been found in surroundings or conditions reasonably believed to endanger the child's health or welfare, and is not alleged to be delinquent, the child may shall be detained only in the least restrictive setting consistent with the child's health and welfare and in closest proximity to the child's family as possible. Placement may be with a child's relative, or in a shelter care facility.

Sec. 18. Minnesota Statutes 1988, section 260.181, subdivision 2, is amended to read:

Subd. 2. [CONSIDERATION OF REPORTS.] Before making a disposition in a case, or terminating parental rights, or appointing a guardian for a child the court may consider any report or recommendation made by the county welfare board, probation officer, or licensed child placing agency, foster parent, guardian ad litem, tribal representative, or other authorized advocate for the child or child's family, or any other information deemed material by the court.

Sec. 19. Minnesota Statutes 1988, section 260.191, subdivision 1a, is amended to read:

Subd. 1a. [WRITTEN FINDINGS.] Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition ordered, and shall also set forth in writing the following information:

(a) Why the best interests of the child are served by the disposition ordered;

(b) What alternative dispositions were considered by the court and why such dispositions were not appropriate in the instant case; and

(c) In the case of a child of minority racial or minority ethnic heritage, how the court's disposition complies with the requirements of section 260.181, subdivision 3; and

(d) Whether reasonable efforts consistent with section 260.012 were made to prevent or eliminate the necessity of the child's removal and to reunify the family after removal. The court's findings must include a brief description of what preventive and reunification efforts were made and why further efforts could not have prevented or eliminated the necessity of removal.

If the court finds that the social services agency's preventive or reunification efforts have not been reasonable but that further preventive or reunification efforts could not permit the child to safely remain at home, the court may nevertheless authorize or continue the removal of the child.

Sec. 20. Minnesota Statutes 1988, section 260.191, subdivision 1e, is amended to read:

Subd. 1e. [CASE PLAN.] For each disposition ordered, the court shall order the appropriate agency to prepare a written case plan developed after consultation with any foster parents, and consultation with and participation by the child and the child's parent, guardian, or custodian, guardian ad litem, and tribal representative if the tribe has intervened. The case plan shall comply with the requirements of section 257.071, where applicable. The case plan shall, among other matters, specify the actions to be taken by the child and the child's parent, guardian, foster parent, or custodian to comply with the court's disposition order, and the services to be offered and provided by the agency to the child and the child's parent, guardian, or custodian. The court shall review the case plan and, upon approving it; incorporate the plan into its disposition order. The court may review and modify the terms of the case plan in the manner provided in subdivision 2. For each disposition ordered, the written case plan shall specify what reasonable efforts shall be provided to the family. The case plan must include a discussion of:

(1) the availability of appropriate prevention and reunification services for the family to prevent the removal of the child from the home or to reunify the child with the family after removal;

(2) any services or resources that were requested by the child or the child's parent, guardian, foster parent, or custodian since the

date of initial adjudication, and whether those services or resources were provided or the basis for denial of the services or resources;

(3) the inappropriateness of other requested services that may be available;

(4) the need of the child and family for care, treatment, or rehabilitation;

(5) the need for participation by the parent, guardian, or custodian in the plan of care for the child; and

(6) a description of any services that could prevent placement or reunify the family if such services were available.

A party has a right to request a court review of the reasonableness of the case plan upon a showing of a substantial change of circumstances."

Delete the title and insert:

"A bill for an act relating to juvenile justice; requiring reasonable efforts to prevent placement of children in need of protection or services proceedings; amending duty of juvenile court to ensure placement prevention and family reunification; defining reasonable efforts; clarifying definitions, jurisdiction, and services for Indian children; requiring preference for racial or ethnic heritage for appointment of guardian ad litem; requiring consideration of reasonable efforts in factors determining neglect; requiring that a child be in imminent danger for detention; permitting social services to release for detention; requiring finding of reasonable efforts at detention; and imposing requirements for disposition case plans; amending Minnesota Statutes 1988, sections 260.012; 260.015, subdivisions 11, 13, 14, and by adding subdivisions; 260.111, by adding a subdivision; 260.135, subdivision 2; 260.141; 260.155, subdivisions 4 and 7; 260.165, subdivision 1; 260.171, subdivision 1; 260.172, subdivisions 1 and 4; 260.173, subdivision 2; 260.181, subdivision 2; and 260.191, subdivisions 1a and 1e."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1110, A bill for an act relating to health; authorizing community health boards to establish health promotion teams; prescribing duties; authorizing the commissioner of health to fund

these teams; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 145A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 145A.10, is amended by adding a subdivision to read:

Subd. 5a. [HEALTH PROMOTION TEAM.] (a) The community health board may establish a community-based health promotion team made up of representatives of business and industry, public health, labor, voluntary agencies, hospitals, medical clinics, churches, media, schools, civic groups, local government and elected officials, nursing homes, consumers, and others as appropriate.

(b) A community-based health promotion team shall:

(1) collect and summarize community health data relating to behavioral risk factors such as smoking, consumption of alcoholic beverages, and poor nutrition habits;

(2) identify, rank, and prioritize lifestyle-based health problems;

(3) develop strategies to address health promotion concerns;

(4) implement a five-year health promotion plan that includes an annual evaluation component and establish a mechanism for program maintenance following completion of the plan;

(5) design and implement a “healthy messages” media plan; and

(6) seek grants and other funding from foundations, educational institutions, and other nonprofit entities.

(c) Within the limit of available appropriations, the commissioner may grant money to a community health board to enable the board to establish a community-based health promotion team. The commissioner shall monitor the activities of teams under this section and report to the legislature by January 1, 1991, on the teams' operation and progress.”

Delete the title and insert:

“A bill for an act relating to health; authorizing community health boards to establish community-based health promotion teams; prescribing duties; amending Minnesota Statutes 1988, section 145A.10, by adding a subdivision.”

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

The report was adopted.

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

H. F. No. 1128, A bill for an act relating to health; providing for the distribution of maternal and child health block grant funds; amending Minnesota Statutes 1988, section 145.882, subdivisions 1, 3, and 7.

Reported the same back with the following amendments:

Page 2, delete lines 12 to 28

Page 2, line 29, delete "3" and insert "2"

Amend the title as follows:

Page 1, line 5, delete " 3,"

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

The report was adopted.

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

H. F. No. 1157, A bill for an act relating to human services; authorizing reimbursement for cost saving equipment under general assistance medical care; increasing the complement of the department of human services; amending Minnesota Statutes 1988, section 256D.03, subdivision 4.

Reported the same back with the following amendments:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1988, section 62D.02, subdivision 7, is amended to read:

Subd. 7. "Comprehensive health maintenance services" means a set of comprehensive health services which the enrollees might reasonably require to be maintained in good health including as a minimum, but not limited to, emergency care, inpatient hospital

and medical physician care, chiropractic care, outpatient health services, and preventive health services. Elective, induced abortion, except as medically necessary to prevent the death of the mother, whether performed in a hospital, other abortion facility or the office of a physician, shall not be mandatory for any health maintenance organization.

Sec. 2. Minnesota Statutes 1988, section 62D.102, is amended to read:

62D.102 [MINIMUM BENEFITS.]

(a) Subdivision 1. [MENTAL AND NERVOUS DISORDER TREATMENT.] In addition to minimum requirements established in other sections, all group health maintenance contracts providing benefits for mental or nervous disorder treatments in a hospital shall also provide coverage for at least ten hours of treatment over a 12-month period with a copayment not to exceed the greater of \$10 or 20 percent of the applicable usual and customary charge for mental or nervous disorder consultation, diagnosis and treatment services delivered while the enrollee is not a bed patient in a hospital and at least 75 percent of the cost of the usual and customary charges for any additional hours of ambulatory mental health treatment during the same 12-month benefit period for serious or persistent mental or nervous disorders. Prior authorization may be required for an extension of coverage beyond ten hours of treatment. This prior authorization must be based upon the severity of the disorder, the patient's risk of deterioration without ongoing treatment and maintenance, degree of functional impairment, and a concise treatment plan. Authorization for extended treatment may be limited to a maximum of 30 visit hours during any 12-month benefit period.

(b) For purposes of this ~~section~~ subdivision, covered treatment for a minor includes treatment for the family if family therapy is recommended by a health maintenance organization provider. For purposes of determining benefits under this ~~section~~ subdivision, "hours of treatment" means treatment rendered on an individual or single-family basis. If treatment is rendered on a group basis, the hours of covered group treatment must be provided at a ratio of no less than two group treatment sessions to one individual treatment hour. For a health maintenance contract that is offered as a companion to a health insurance subscriber contract, the benefits for mental or nervous disorders must be calculated in aggregate for the health maintenance contract and the health insurance subscriber contract.

Subd. 2. [CHIROPRACTIC CARE.] A plan or contract that limits participation to providers selected by the plan, but that does not employ a licensed chiropractor, shall select one or more licensed chiropractors according to section 3 and shall permit a subscriber to

receive chiropractic care according to section 62D.12, subdivision 14. A plan that does not limit participation to providers selected by the plan shall permit a subscriber to receive chiropractic care according to section 62D.12, subdivision 14, from licensed chiropractors who have agreed to participate in the plan and agree to its terms.

Health maintenance organizations and limited service health organizations, in complying with section 62D.12, subdivision 14, shall make every attempt to include as participating providers licensed chiropractors in number equal to the ratio of licensed chiropractors to licensed medical doctors in Minnesota. Participating providers shall be located in areas that will allow reasonable access for all enrollees of the health plan.

Sec. 3. Minnesota Statutes 1988, section 62D.12, is amended by adding a subdivision to read:

Subd. 17. No plan or contract may exclude or limit coverage for diagnosis and treatment to cure or relieve a condition or complaint by a licensed chiropractor within the scope of the chiropractor's professional license, if the plan or contract covers diagnosis and treatment of the condition or complaint by a licensed medical doctor or osteopath, even if different nomenclature is used to describe the condition or complaint. Examination by or referral from a medical doctor shall not be a precondition for receipt of chiropractic care under this subdivision. This subdivision does not:

(1) prohibit the application of deductibles or coinsurance provisions to chiropractic and medical doctor charges on an equal basis;

(2) prohibit the application of cost containment or quality assurance measures generally applicable to chiropractic and medical doctor services in a similar manner and consistent with this section;

(3) require the plan to cover any service by a chiropractor if the plan's coverage is limited to surgical benefits; and

(4) require the plan to cover any service by a chiropractor to a person who is not a registered bed patient in a hospital if the plan does not cover any service by a medical doctor to a person who is not a registered bed patient in a hospital."

Renumber remaining sections

Amend the title as follows:

Page 1, line 2, after the semicolon insert "describing requirements for coverage of chiropractic services by health maintenance organizations;"

Page 1, line 6, delete "section" and insert "sections 62D.02, subdivision 7; 62D.102; 62D.12, by adding a subdivision; and"

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

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1179, A bill for an act relating to Carver county; providing for the location of offices for the county attorney, court administrator, and sheriff, and for the location of the district court and the county jail.

Reported the same back with the following amendments:

Page 1, line 8, after "board" insert "and the Scott county board"

Page 1, lines 18 and 22, before "shall" insert "and Scott county"

Page 1, line 25, after "effect" insert "for each county"

Page 2, line 1, after "board" insert "and the Scott county board"

Amend the title as follows:

Page 1, line 2, delete "county" and insert "and Scott counties"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1221, A bill for an act relating to education; allowing school districts to be considered providers under the state medical assistance plan; proposing coding for new law in Minnesota Statutes, chapter 124.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [124.90] [CONTRACT FOR SERVICES.]

A school district may contract for the provision of medical assistance-covered services, and may contract with a third party agency to assist in administering and billing for these services."

Amend the title as follows:

Page 1, line 2, delete "be".

Page 1, delete line 3

Page 1, line 4, delete "assistance plan" and insert "contract to provide medical assistance-covered services"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1244, A bill for an act relating to human services; endorsing the store-to-door grocery delivery program for elderly and disabled citizens; appropriating money for a grant to expand the program.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 31.50, is amended to read:

31.50 [LIABILITY OF FOOD DONORS.]

Subdivision 1. For the purposes of this section, "distressed food" means, in addition to the definition in section 31.495, certain perishable foods, as defined in section 28A.03, which may not be readily marketable due to appearance, freshness, grade, surplus or other considerations and are not suspect of having been rendered unsafe or unsuitable for food use and are adequately labeled.

For purposes of this section, "prepared food" means food that is: (1) prepared by a restaurant as defined in section 157.01 and licensed under chapter 157; (2) prepared according to rules regulating preparation of food by licensed restaurants, under Minnesota Rules, chapter 4625; and (3) fit for consumption at the time of donation.

Subd. 2. A food manufacturer, distributor, processor or person who donates or collects distressed food or a restaurant that donates or

collects prepared food to or for a charitable organization as defined in section 309.50, subdivision 4, for distribution at no charge to the elderly or needy, or who directly distributes distressed food or prepared food to the elderly or needy at no charge, shall not be liable for any injury, including but not limited to injury resulting from the ingesting of the distressed food or prepared food, unless the injury is caused by the gross negligence, recklessness or intentional misconduct of the food manufacturer, processor, distributor or, person, or restaurant.

Subd. 3. A charitable organization as defined in section 309.50, subdivision 4, which in good faith collects or receives distressed food and prepared food and distributes it at no charge to the elderly or needy shall not be liable for any injury, including but not limited to injury resulting from the ingesting of the distressed food or prepared food, unless the injury is caused by the gross negligence, recklessness or intentional misconduct of the charitable organization.

Subd. 4. The provisions of this section shall not restrict the authority of the commissioner to regulate or ban the use or consumption of distressed or prepared food donated, collected or received for charitable purposes.

Sec. 2. [APPROPRIATION FOR STORE-TO-DOOR DELIVERY GRANT.]

The legislature recognizes and endorses the store-to-door grocery delivery program as an important service that promotes nutrition and independence of elderly persons and persons with a disability who are capable of preparing their own meals, but physically unable to walk to the store or carry groceries. By allowing elderly persons and persons with a disability to order their groceries and prepare their own food, the store-to-door program provides these persons with the ability to care for themselves. The store-to-door program also complements other meal programs available to elderly persons and persons with a disability, such as congregate dining and home delivered meal programs.

\$40,000 is appropriated from the general fund to the commissioner of human services for each year of the biennium ending June 30, 1991, for a grant to the store-to-door grocery delivery program to allow it to expand its grocery delivery services to elderly persons and persons with a disability."

Delete the title and insert:

"A bill for an act relating to human services; exempting restaurants from liability for injuries caused by donation of prepared food; endorsing the store-to-door grocery delivery program for elderly and disabled citizens; appropriating money for a grant to expand the program; amending Minnesota Statutes 1988, section 31.50."

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

The report was adopted.

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

H. F. No. 1288, A bill for an act relating to state buildings; establishing a state policy of barrier-free environments for state owned and leased buildings; appropriating money.

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

The report was adopted.

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

H. F. No. 1423, A bill for an act relating to nursing home admission agreements; prohibiting use of blanket waivers of liability by continuing care facilities and nursing homes; requiring nursing home admission agreements to be available to the public and clarifying that such agreements are consumer contracts; prohibiting nursing homes from requiring third party guarantors; requiring nursing homes to identify their status as medical assistance providers; prohibiting use of blanket consents for treatment; requiring written acknowledgment that residents have received a copy of the patients' bill of rights; providing penalties; amending Minnesota Statutes 1988, section 80D.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 80D.04, is amended by adding a subdivision to read:

Subd. 6. [WAIVERS OF LIABILITY PROHIBITED.] (a) A contract between a facility and resident or resident's representative must not include a waiver of facility liability for the health and safety or personal property of a resident while the resident is under the facility's supervision. A contract must not contain a provision that the facility knows or should know to be deceptive, unlawful, or unenforceable under state or federal law, nor any provision that

requires or implies a lesser standard of care or responsibility than is required by law.

(b) This subdivision applies to new admissions to facilities on and after October 1, 1989. This subdivision does not require the execution of a new admission contract for a resident who was residing in a facility before the enactment of this subdivision. However, provisions of the admission contract that are inconsistent with or in conflict with this subdivision are voidable at the sole option of the resident. Residents must be given notice of the changes in admission contracts according to this subdivision and must be given the opportunity to execute a new contract that conforms to this subdivision.

Sec. 2. [144.6501] [NURSING HOME ADMISSION CONTRACTS.]

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

(a) "Facility" means a nursing home licensed under chapter 144A or a boarding care facility licensed under sections 144.50 to 144.58.

(b) "Contract of admission," "admission contract," or "admission agreement," includes, but is not limited to, all documents that a resident or resident's representative must sign at the time of, or as a condition of, admission to the facility. Oral representations and statements between the facility and the resident or resident's representative are not part of the contract of admission unless expressly contained in writing in those documents.

(c) "Legal representative" means an attorney-in-fact under a valid power of attorney executed by the prospective resident, or a conservator or guardian of the person or of the estate, or a representative payee appointed for the prospective resident, or other agent of limited powers.

Subd. 2. [WAIVERS OF LIABILITY PROHIBITED.] An admission contract must not include a waiver of facility liability for the health and safety or personal property of a resident while the resident is under the facility's supervision. An admission contract must not include a provision that the facility knows or should know to be deceptive, unlawful, or unenforceable under state or federal law, nor any provision that requires or implies a lesser standard of care or responsibility than is required by law.

Subd. 3. [CONTRACTS OF ADMISSION.] (a) A facility shall make complete unsigned copies of its admission contract available to potential applicants and to the state or local long-term care ombudsman immediately upon request.

(b) A facility shall post conspicuously within the facility, in a location accessible to public view, either a complete copy of its admission contract or notice of its availability from the facility.

(c) An admission contract must be printed in black type of at least ten-point type size. The facility shall give a complete copy of the admission contract to the resident or the resident's legal representative promptly after it has been signed by the resident or legal representative.

(d) An admission contract is a consumer contract under sections 325G.29 to 325G.37.

(e) All admission contracts must state in bold capital letters the following notice to applicants for admission: "NOTICE TO APPLICANTS FOR ADMISSION. READ YOUR ADMISSION CONTRACT. ORAL STATEMENTS OR COMMENTS MADE BY THE FACILITY OR YOU OR YOUR REPRESENTATIVE ARE NOT PART OF YOUR ADMISSION CONTRACT UNLESS THEY ARE ALSO IN WRITING. DO NOT RELY ON ORAL STATEMENTS OR COMMENTS THAT ARE NOT INCLUDED IN THE WRITTEN ADMISSION CONTRACT."

Subd. 4. [RESIDENTS' SIGNATURES.] (a) Before or at the time of admission, the facility shall make reasonable efforts to communicate the content of the admission contract to, and obtain on the admission contract the signature of, the person who is to be admitted to the facility. The admission contract must be signed by the prospective resident unless the resident is legally incompetent or cannot understand or sign the admission contract because of the resident's medical condition.

(b) If the resident cannot sign the admission contract, the reason must be documented in the resident's medical record by the admitting physician.

(c) If the determination under paragraph (b) has been made, the facility may request the signature of another person on behalf of the applicant, subject to the provisions of paragraph (d). The facility must not require the person to disclose any information regarding the person's personal financial assets, liabilities, or income, unless the person voluntarily chooses to become financially responsible for the resident's care.

(d) A person other than the resident or a spouse who is financially responsible for the resident who signs an admission contract must not be required by the facility to assume financial responsibility for the resident's care. A person who desires to assume financial responsibility for the resident's care may contract with the facility to do so.

(e) The admission contract must include written notice, in bold capital letters, that a person other than the resident or financially responsible spouse may not be required by the facility to assume financial responsibility for the resident's care.

(f) This subdivision does not preclude the facility from obtaining the signature of a legal representative, if applicable.

Subd. 5. [PUBLIC BENEFITS ELIGIBILITY.] An admission contract must clearly and explicitly state whether the facility participates in the Medicare, medical assistance, or Veterans Administration programs. If the facility's participation in any of those programs is limited for any reason, the admission contract must clearly state the limitation and whether the facility is eligible to receive payment from the program for the person who is considering admission or who has been admitted to the facility.

Subd. 6. [MEDICAL ASSISTANCE PAYMENT.] (a) An admission contract for a facility that is certified for participation in the medical assistance program must state that neither the prospective resident, nor anyone on the resident's behalf, is required to pay privately any amount for which the resident's care at the facility has been approved for payment by medical assistance or to make any kind of donation, voluntary or otherwise. An admission contract must state that the facility does not require as a condition of admission, either in its admission contract or by oral promise before signing the admission contract, that residents remain in private pay status for any period of time.

(b) The admission contract must state that upon presentation of proof of eligibility, the facility will submit a medical assistance claim for reimbursement and will return any and all payments made by the resident, or by any person on the resident's behalf, for services covered by medical assistance, upon receipt of medical assistance payment.

(c) A facility that participates in the medical assistance program shall not charge for the day of the resident's discharge from the facility or subsequent days.

(d) If a facility's charges incurred by the resident are delinquent for 30 days, and no person has agreed to apply for medical assistance for the resident, the facility may petition the court under chapter 525 to appoint a representative for the resident in order to apply for medical assistance for the resident.

(e) The remedy provided in this subdivision does not preclude a facility from seeking any other remedy available under other laws of this state.

Subd. 7. [CONSENT TO TREATMENT.] An admission contract must not include a clause requiring a resident to sign a consent to all treatment ordered by any physician. An admission contract may require consent only for routine nursing care or emergency care. An admission contract must contain a clause that informs the resident of the right to refuse treatment.

Subd. 8. [WRITTEN ACKNOWLEDGMENT.] An admission contract must contain a written acknowledgment that the resident has been informed of the patient's bill of rights, as required in section 144.652.

Subd. 9. [VIOLATIONS; PENALTIES.] (a) Violation of this section is grounds for issuance of a correction order, and if uncorrected, a penalty assessment issued by the commissioner of health, under section 144A.10. The civil fine for noncompliance with a correction order issued under this section is \$250 per day.

(b) Unless otherwise expressly provided, the remedies or penalties provided by this subdivision do not preclude a resident from seeking any other remedy and penalty available under other laws of this state.

Subd. 10. [APPLICABILITY.] This section applies to new admissions to facilities on and after October 1, 1989. This section does not require the execution of a new admission contract for a resident who was residing in a facility before the enactment of this section. However, provisions of the admission contract that are inconsistent with or in conflict with this section are voidable at the sole option of the resident. Residents must be given notice of the changes in admission contracts according to this section and must be given the opportunity to execute a new admission contract that conforms to this section.

Sec. 3. [256B.32] [FACILITY FEE FOR OUTPATIENT HOSPITAL EMERGENCY ROOM AND CLINIC VISITS.]

The commissioner shall establish a facility fee payment mechanism that will pay a facility fee to all enrolled outpatient hospitals for each emergency room or outpatient clinic visit provided on or after July 1, 1989. This payment mechanism shall not result in an overall increase in outpatient payment rates. This section shall not apply to federally mandated maximum payment limits, department-approved program packages, or services billed using a non-outpatient hospital provider number."

Amend the title as follows:

Page 1, lines 9 and 10, delete "medical assistance" and insert "public benefits"

Page 1, line 13, after the second semicolon insert "requiring a facility fee payment to enrolled hospitals for certain emergency room or clinic visits;"

Page 1, line 16, delete "chapter 144" and insert "chapters 144; and 256B"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1425, A bill for an act relating to privacy of communications; modifying standards for disclosure of communications by electronic communications services; limiting use of contract personnel; modifying reporting requirements; modifying procedures for the use of pen registers and trap and trace devices; requiring orders for the use of mobile tracking devices; providing for a civil cause of action; removing the sunset on the privacy of communications act; imposing penalties; amending Minnesota Statutes 1988, sections 626A.02, subdivision 3; 626A.04; 626A.06, subdivision 4a; 626A.11, subdivisions 1 and 2; 626A.12, subdivision 1; 626A.17; 626A.35; 626A.36; 626A.37; 626A.38; 626A.39, by adding a subdivision; and 626A.40; proposing coding for new law in Minnesota Statutes, chapter 626A; repealing Minnesota Statutes 1988, sections 626A.12, subdivision 1a; 626A.22; 626A.23; and 626A.24; and Laws 1988, chapter 577, section 62.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1988, section 626A.02, subdivision 3, is amended to read:

Subd. 3. [DISCLOSING COMMUNICATIONS.] (a) Except as provided in paragraph (b), a person or entity providing an electronic communications service to the public must not intentionally divulge the contents of any communication other than one to the person or entity, or an agent of the person or entity, while in transmission on that service to a person or entity other than an addressee or intended recipient of the communication or an agent of the addressee or intended recipient.

(b) A person or entity providing electronic communication service to the public may divulge the contents of a communication:

(1) as otherwise authorized in subdivision 2, paragraph (a), and section 626A.09;

(2) with the lawful consent of the originator or any addressee or intended recipient of the communication;

(3) to a person employed or authorized, or whose facilities are used, to forward the communication to its destination; or

(4) that were inadvertently obtained by the service provider ~~and that appear to pertain in the normal course of business if there is reason to believe that the communication pertains to the commission of a crime, if divulgence is made to a law enforcement agency.~~

Sec. 2. Minnesota Statutes 1988, section 626A.04, is amended to read:

626A.04 [PROHIBITION OF USE AS EVIDENCE OF INTERCEPTED WIRE ~~OR~~, ORAL, OR ELECTRONIC COMMUNICATIONS.]

Whenever any wire ~~or~~, oral, or electronic communication has been intercepted, no part of the contents of such communication and no evidence derived therefrom may be received in evidence in any trial, hearing, or other proceeding in or before any court or grand jury if the disclosure of that information would be in violation of sections 626A.01 to 626A.23.

Sec. 3. Minnesota Statutes 1988, section 626A.06, subdivision 4a, is amended to read:

Subd. 4a. [PERSONNEL USED.] An interception under sections 626A.01 to 626A.23 may be conducted in whole or in part by ~~employees an employee of the state or any subdivision of the state, or by an individual operating under a contract with the state or one of its subdivisions, acting under the supervision of who is an~~ investigative or law enforcement officer authorized to conduct the investigation.

Sec. 4. Minnesota Statutes 1988, section 626A.11, subdivision 1, is amended to read:

Subdivision 1. [ILLEGALLY OBTAINED EVIDENCE INADMISSIBLE.] Evidence obtained by any act of intercepting wire ~~or~~, oral, or electronic communications, in violation of section 626A.02, and all evidence obtained through or resulting from information obtained by any such act, shall be inadmissible for any purpose in any

action, proceeding, or hearing; provided, however, that any such evidence shall be admissible in any civil or criminal action, proceeding, or hearing against the person who has, or is alleged to have, violated sections 626A.01 to 626A.23.

Sec. 5. Minnesota Statutes 1988, section 626A.11, subdivision 2, is amended to read:

Subd. 2. [OFFICIAL AVAILABLE AS A WITNESS.] No evidence obtained as a result of intercepting wire or, oral, or electronic communications pursuant to a warrant issued under section 626A.06 shall be admissible in any proceeding unless the person or persons overhearing or recording such communication, conversation, or discussion be called or made available as witnesses subject to cross examination by the party against whom such intercepted evidence is being offered. The provisions of this clause shall not apply if the trial court finds that such person is dead; or is out of the state; or is unable to attend or testify because of age, sickness, infirmity, or imprisonment; or that such exceptional circumstances exist as to make it desirable, in the interest of justice and with due regard to the importance of presenting such persons in open court, to allow the evidence to be received.

Sec. 6. Minnesota Statutes 1988, section 626A.12, subdivision 1, is amended to read:

Subdivision 1. [THE MOTION.] Any aggrieved person may move to suppress the contents of any intercepted wire or, oral, or electronic communication, or evidence derived therefrom on the grounds that:

(i) the wire or, oral, or electronic communication was unlawfully intercepted;

(ii) the order of authorization or approval under which it was intercepted is insufficient on its face;

(iii) the interception was not made in conformity with the order of authorization or approval;

(iv) there was not probable cause for believing the existence of the grounds on which the warrant was issued; or

(v) the evidence was otherwise illegally obtained.

The court shall hear evidence upon any issue of fact necessary to a determination of the motion.

If the motion is granted, the contents of the intercepted wire or, oral, or electronic communication, or evidence derived therefrom,

shall be treated as having been obtained in violation of sections 626A.01 to 626A.23.

If the motion is denied, the order denying such may be reviewed on appeal from a judgment of conviction notwithstanding the fact that such judgment of conviction is predicated upon a plea of guilty.

Sec. 7. Minnesota Statutes 1988, section 626A.17, is amended to read:

626A.17 [REPORT, CONCERNING INTERCEPTION OF COMMUNICATIONS.]

Subdivision 1. [REPORTS AND TRANSMITTAL OF DOCUMENTS TO STATE COURT ADMINISTRATOR.] Within 30 days after the expiration of an order granting or denying an application under this chapter, or each extension thereof, or the denial of an order approving an interception or the use of a pen register, trap and trace device, or mobile tracking device, the issuing or denying judge shall report to the state court administrator:

- (a) the fact that an order or extension was applied for;
- (b) the kind of order or extension applied for;
- (c) the fact that the order or extension was granted as applied for, was modified, or was denied;
- (d) the period of interceptions or use of a pen register, trap and trace device, or mobile tracking device authorized by the order, and the number and duration of any extensions of the order;
- (e) the offense specified in the order or application, or extension of an order;
- (f) the identity of the applying investigative or law enforcement officer and agency making the application and the person authorizing the application; and
- (g) the nature of the facilities from which or the place where communications were to be intercepted or activity under the order was to be carried out.

Subd. 2. [REPORT BY COUNTY ATTORNEY.] No later than January 15 of each year each county attorney shall report to the state court administrator:

- (a) with respect to each application for an order or extension made during the preceding year:

- (1) the fact that an order or extension was applied for;
- (2) the kind of order or extension applied for;
- (3) the fact that the order or extension was granted as applied for, was modified, or was denied;
- (4) the period of interceptions or use of a pen register, trap and trace device, or mobile tracking device authorized by the order, and the number and duration of any extensions of the order;
- (5) the offense specified in the order or application, or extension of an order;
- (6) the identity of the applying investigative or law enforcement officer and agency making the application and the person authorizing the application; and
- (7) the nature of the facilities from which or the place where communications were to be intercepted; or activity under the order was to be carried out;
 - (b) a general description of the interceptions made or information obtained under such order or extension, including (i) the approximate nature and frequency of incriminating communications intercepted or evidence obtained, (ii) the approximate nature and frequency of other communications intercepted, (iii) the approximate number of persons whose communications were intercepted or whose activities were monitored, and (iv) the approximate nature, amount, and cost of the personnel and other resources used in the interceptions or the use of the pen register, trap and trace device, or mobile tracking device;
 - (c) the number of arrests resulting from interceptions made or activity conducted under such order or extension, and the offenses for which arrests were made;
 - (d) the number of trials resulting from such interceptions or activity;
 - (e) the number of motions to suppress made with respect to such interceptions or activity, and the number granted or denied;
 - (f) the number of convictions resulting from such interceptions or activity and the offenses for which the convictions were obtained and a general assessment of the importance of the interceptions or activity; and
 - (g) the information required by paragraphs (b) through (f) of this

subdivision with respect to orders or extensions obtained in a preceding calendar year.

Subd. 3. [REPORT TO LEGISLATURE BY STATE COURT ADMINISTRATOR.] On or before November 15 of each even numbered year, the state court administrator shall transmit to the legislature a report concerning (a) all warrants and orders authorizing the interception of communications and the use of a pen register, trap and trace device, mobile tracking device, or other electronic or mechanical device during the two previous calendar years and (b) all applications that were denied during the two previous calendar years. Each such report shall include a summary and analysis of the data required to be filed under this section. The report is public and must be available for public inspection at the legislative reference library and the state court administrator's office.

Sec. 8. Minnesota Statutes 1988, section 626A.35, is amended to read:

626A.35 [GENERAL PROHIBITION ON PEN REGISTER AND, TRAP AND TRACE DEVICE, AND MOBILE TRACKING DEVICE USE; EXCEPTION.]

Subdivision 1. [IN GENERAL.] Except as provided in this section, no person may install or use a pen register or a trap and trace device, or mobile tracking device without first obtaining a court order under section 626A.37.

Subd. 2. [EXCEPTION.] The prohibition of subdivision 1 does not apply with respect to the use of a pen register or a trap and trace device by a provider of electronic or wire communication service:

(1) relating to the operation, maintenance, and testing of a wire or electronic communication service or to the protection of the rights or property of the provider, or to the protection of users of that service from abuse of service or unlawful use of service; or

(2) to record the fact that a wire or electronic communication was initiated or completed in order to protect the provider, another provider furnishing service toward the completion of the wire communication, or a user of that service, from fraudulent, unlawful, or abusive use of service; or

(3) where the consent of the user of that service has been obtained.

Subd. 2a. [EXCEPTION.] The prohibition of subdivision 1 does not apply to the use of a mobile tracking device where the consent of the owner of the object to which the mobile tracking device is to be attached has been obtained.

Subd. 3. [PENALTY.] Whoever knowingly violates subdivision 1 shall be fined not more than \$3,000 or imprisoned not more than one year, or both.

Sec. 9. Minnesota Statutes 1988, section 626A.36, is amended to read:

626A.36 [APPLICATION FOR AN ORDER FOR A PEN REGISTER OR A TRAP AND TRACE DEVICE, OR MOBILE TRACKING DEVICE.]

Subdivision 1. [APPLICATION.] An investigative or law enforcement officer with responsibility for an ongoing criminal investigation may make application for an order or an extension of an order under section 626A.37 authorizing or approving the installation and use of a pen register or a trap and trace device, or mobile tracking device under sections 626A.35 to 626A.39, in writing under oath or equivalent affirmation, to a district court.

Subd. 2. [CONTENTS OF APPLICATION.] An application under subdivision 1 must include:

(1) the identity of the law enforcement or investigative officer making the application, the identity of any other officer or employee authorizing or directing the application, and the identity of the law enforcement agency conducting the investigation; and

(2) a certification by the applicant that the information likely to be obtained is relevant to an ongoing criminal investigation being conducted by that agency.

Sec. 10. Minnesota Statutes 1988, section 626A.37, is amended to read:

626A.37 [ISSUANCE OF AN ORDER FOR A PEN REGISTER OR A TRAP AND TRACE DEVICE, OR MOBILE TRACKING DEVICE.]

Subdivision 1. [IN GENERAL.] Upon an application made under section 626A.36, the court shall enter an ex parte order authorizing the installation and use of a pen register or a trap and trace device, or mobile tracking device within the jurisdiction of the court if the court finds that the law enforcement or investigative officer has certified to the court that the information likely to be obtained by the installation and use is relevant to an ongoing criminal investigation.

Subd. 2. [CONTENTS OF ORDER.] (a) An order issued under this section must specify:

(1) the identity, if known, of the person to whom is leased or in whose name is listed the telephone line to which the pen register or trap and trace device is to be attached or of the person to be traced by the mobile tracking device;

(2) the identity, if known, of the person who is the subject of the criminal investigation;

(3) the number and, if known, physical location of the telephone line to which the pen register or trap and trace device is to be attached or the identity or nature of the object or objects to which the mobile tracking device is to be attached, and, in the case of a trap and trace device, the geographic limits of the trap and trace order; and

(4) a statement of the offense to which the information likely to be obtained by the pen register or trap and trace device, or mobile tracking device relates;

(5) the identity of the law enforcement or investigative officer responsible for installation and use of the pen register, trap and trace device, or mobile tracking device; and

(6) the period during which the use of the pen register, trap and trace device, or mobile tracking device is authorized.

(b) An order issued under this section must direct, upon the request of the applicant, the furnishing of information, facilities, and technical assistance necessary to accomplish the installation of the pen register or trap and trace device, or mobile tracking device under section 626A.38.

Subd. 3. [TIME PERIOD AND EXTENSIONS.] (a) An order issued under this section must authorize the installation and use of a pen register or a trap and trace device, or a mobile tracking device for a period not to exceed 60 days, or the period necessary to achieve the objective of the authorization, whichever is less.

(b) Extensions of an order may be granted, but only upon an application for an order under section 626A.36 and upon the judicial finding required by subdivision 1. The extension must include a statement of any changes in the information required in subdivision 2. The period of extension must be for a period not to exceed 60 days, or the period necessary to achieve the objective for which it is granted, whichever is less.

Subd. 4. [NONDISCLOSURE OF EXISTENCE OF PEN REGISTER OR A TRAP AND TRACE DEVICE, OR MOBILE TRACKING DEVICE.] An order authorizing or approving the installation

and use of a pen register or a trap and trace device, or a mobile tracking device must direct that:

(1) the order be sealed until otherwise ordered by the court; and

(2) the person owning or leasing the line to which the pen register or a trap and trace device is attached, or who has been ordered by the court to provide assistance to the applicant, not disclose the existence of the pen register or trap and trace device, mobile tracking device, or the existence of the investigation to the listed subscriber, or to any other person, unless or until otherwise ordered by the court.

Subd. 5. [JURISDICTION.] A warrant or other order for a mobile tracking device issued under this section or other authority may authorize the use of a mobile tracking device within the jurisdiction of the court and outside of that jurisdiction as long as the device is installed in the jurisdiction.

Sec. 11. Minnesota Statutes 1988, section 626A.38, subdivision 1, is amended to read:

Subdivision 1. [PEN REGISTERS OR MOBILE TRACKING DEVICES.] Upon the request of an officer of a law enforcement agency authorized to install and use a pen register or mobile tracking device under sections 626A.35 to 626A.39, a provider of wire or electronic communication service, landlord, custodian, or other person shall furnish the investigative or law enforcement officer immediately with all information, facilities, and technical assistance necessary to accomplish the installation of the pen register or mobile tracking device unobtrusively and with a minimum of interference with the services that the person so ordered by the court accords the party with respect to whom the installation and use is to take place, if the assistance is directed by a court order as provided in section 626A.37, subdivision 2, paragraph (b).

Sec. 12. [626A.381] [SERVICE OF NOTICE; INVENTORY.]

Subdivision 1. [NOTICE REQUIRED.] Except as provided in subdivision 2, within a reasonable time not later than 90 days after the filing of an application under section 626A.36, if the application is denied, or of the termination of an order, as extended under section 626A.37, the issuing or denying judge shall have served on the persons named in the order or application an inventory that includes notice of:

(1) the fact of the entry of the order or the application;

(2) the date of the entry and the period of authorized, approved, or

disapproved activity under the order, or the denial of the application; and

(3) the fact that during the period, activity did or did not take place under the order.

Subd. 2. [EXCEPTION.] On an ex parte showing of good cause, a judge may postpone or dispense with service of the inventory required by this section.

Subd. 3. [INSPECTION.] The judge, upon the filing of a motion, may make available to a person or the person's counsel portions of the results of activity under the order or referred to in the application, or the order or application as the judge determines is in the interest of justice.

Sec. 13. Minnesota Statutes 1988, section 626A.39, is amended by adding a subdivision to read:

Subd. 5. [MOBILE TRACKING DEVICE.] "Mobile tracking device" means an electronic or mechanical device that permits the tracking of the movement of a person or object.

Sec. 14. [626A.391] [CIVIL ACTION; DAMAGES.]

Subdivision 1. [GENERAL.] A person who is harmed by a violation of sections 626A.35 to 626A.39 may bring a civil action against the person who violated these sections for damages and other appropriate relief, including:

- (1) preliminary and equitable or declaratory relief; and
- (2) reasonable costs and attorneys fees.

Subd. 2. [LIMITATION.] An action under this section must be commenced within two years after:

- (1) the occurrence of the violation; or
- (2) the date upon which the claimant first had a reasonable opportunity to discover the violation.

Subd. 3. [DEFENSES.]

- (1) A good faith reliance on a court warrant or order, a grand jury subpoena, or a statutory authorization; or
- (2) A good faith reliance on a request of an investigative or law

enforcement officer under United States Code, title 18, section 2518(7)

is a complete defense against any civil or criminal action brought under sections 626A.35 to 626A.39.

Sec. 15. Minnesota Statutes 1988, section 626A.40, is amended to read:

626A.40 [SUBJECT TO OTHER LAWS.]

Nothing in sections 626A.24 to 626A.39 must be considered to authorize this chapter authorizes conduct constituting a violation of any law of the United States.

Sec. 16. [626A.41] [CITATION.]

This chapter may be cited as the privacy of communications act.

Sec. 17. [REPEALER.]

Minnesota Statutes 1988, sections 626A.12, subdivision 1a; 626A.22; 626A.23; 626A.24; and 626A.38, subdivision 5, are repealed.

ARTICLE 2

Section 1. [8.16] [ATTORNEY GENERAL; ADMINISTRATIVE SUBPOENAS.]

Subdivision 1. [AUTHORITY.] The attorney general, or any deputy, assistant, or special assistant attorney general whom the attorney general authorizes in writing, has the authority in any county of the state to subpoena and require the production of any records of telephone companies, electric companies, gas companies, water utilities, chemical suppliers, hotels and motels, airlines, buses, taxis, and other entities engaged in the business of transporting people, and freight companies, warehousing companies, package delivery companies, and other entities engaged in the businesses of transport, storage, or delivery. Subpoenas may only be issued for records that are relevant to an ongoing legitimate law enforcement investigation.

Subd. 2. [ENFORCEMENT.] The subpoena shall be enforceable through the district court.

Subd. 3. [EXPENSES.] The person directed to produce the records must be paid reasonable expenses incurred in producing the records.

Subd. 4. [DISCLOSURE PROHIBITED.] The subpoena must state that the person to whom the subpoena is directed may not disclose the fact that the subpoena was issued or the fact that the requested records have been produced except:

(1) insofar as the disclosure is necessary to find and disclose the records; or

(2) pursuant to court order.

Subd. 5. [PENALTY.] The willful failure to produce the documents required by the subpoena is a misdemeanor.

Subd. 6. [EX PARTE ORDER.] Upon the ex parte request of the attorney issuing the subpoena, the district court may issue an order directing the production of the records. It is not necessary for either the request or the order to be filed with the court administrator. Failure to comply with the court order subjects the person who fails to comply to civil or criminal contempt of court, or both.

Sec. 2. [388.23] [COUNTY ATTORNEY; ADMINISTRATIVE SUBPOENAS.]

Subdivision 1. [AUTHORITY.] The county attorney, or any deputy or assistant county attorney whom the county attorney authorizes in writing, has the authority in that county to subpoena and require the production of any records of telephone companies, electric companies, gas companies, water utilities, chemical suppliers, hotels and motels, airlines, buses, taxis, and other entities engaged in the business of transporting people, and freight companies, warehousing companies, package delivery companies, and other entities engaged in the businesses of transport, storage, or delivery. Subpoenas may only be issued for records that are relevant to an ongoing legitimate law enforcement investigation.

Subd. 2. [ENFORCEMENT.] The subpoena shall be enforceable through the district court.

Subd. 3. [EXPENSES.] The person directed to produce the records shall be paid reasonable expenses incurred in producing the records.

Subd. 4. [DISCLOSURE PROHIBITED.] The subpoena must state that the person to whom the subpoena is directed may not disclose the fact that the subpoena was issued or the fact that the requested records have been given to law enforcement personnel except:

(1) insofar as the disclosure is necessary to find and disclose the records; or

(2) pursuant to court order.

Subd. 5. [PENALTY.] The willful failure to produce the documents required by the subpoena is a misdemeanor.

Subd. 6. [EX PARTE ORDER.] Upon the ex parte request of the attorney issuing the subpoena, the district court may issue an order directing the production of the records. It is not necessary for either the request or the order to be filed with the court administrator. Failure to comply with the court order subjects the person who fails to comply to civil or criminal contempt of court, or both.

Sec. 3. [609.497] [WARNING SUBJECT OF SURVEILLANCE OR SEARCH.]

Subdivision 1. [ELECTRONIC COMMUNICATION.] Whoever, having knowledge that an investigative or law enforcement officer has been authorized or has applied for authorization under sections 626A.01 to 626A.23 to intercept a wire, oral, or electronic communication, and with intent to obstruct, impede, or prevent interception, gives notice or attempts to give notice of the possible interception to a person, may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

Subd. 2. [PEN REGISTER.] Whoever, having knowledge that an investigative or law enforcement officer has been authorized or has applied for authorization under sections 626A.01 to 626A.23 to install and use a pen register or a trap and trace device, and with intent to obstruct, impede, or prevent the purposes for which the installation and use is being made, gives notice or attempts to give notice of the installation or use to any person, may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

Subd. 3. [SEARCH WARRANT.] Whoever, having knowledge that a peace officer has been issued or has applied for the issuance of a search warrant, and with intent to obstruct, impede, or prevent the search, gives notice or attempts to give notice of the search or search warrant to any person, may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

Sec. 4. [609.4971] [WARNING SUBJECT OF INVESTIGATION.]

Whoever, having knowledge that a subpoena has been issued under sections 1 and 2, and with intent to obstruct, impede, or prevent the investigation for which the subpoena was issued, gives notice or attempts to give notice of the issuance of the subpoena or the production of the documents to a person, may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

Sec. 5. Minnesota Statutes 1988, section 626A.06, subdivision 1, is amended to read:

Subdivision 1. [THE APPLICATIONS.] Each application for a warrant authorizing or approving the interception of a wire, electronic, or oral communication shall be made in writing upon oath or affirmation to a judge of the district court, of the court of appeals, or of the supreme court and shall state the applicant's authority to make such application. Each application shall include the following information:

(a) the identity of the investigative or law enforcement officer making the application, and the officer authorizing the application;

(b) a full and complete statement of the facts and circumstances relied upon by the applicant, to justify the applicant's belief that an order should be issued, including (i) details as to the particular offense that has been, is being, or is about to be committed, (ii) except as provided in subdivision 11, a particular description of the nature and location of the facilities from which or the place where the communication is to be intercepted, (iii) a particular description of the type of communications sought to be intercepted, (iv) the identity of the person, if known, committing the offense and whose communications are to be intercepted;

(c) a full and complete statement as to whether or not other investigative procedures have been tried and failed or why they reasonably appear to be unlikely to succeed if tried or to be too dangerous;

(d) a statement of the period of time for which the interception is required to be maintained. If the nature of the investigation is such that the authorization for interception should not automatically terminate when the described type of communication has been first obtained, a particular description of facts establishing probable cause to believe that additional communications of the same type will occur thereafter;

(e) a full and complete statement of the facts concerning all previous applications known to the individual authorizing and making the application, made to any judge for authorization to intercept, or for approval of interceptions of, wire, electronic, or oral communications involving any of the same persons, facilities, or places specified in the application, and the action taken by the judge on each such application;

(f) where statements in the application are solely upon the information or belief of the applicant, the grounds for the belief must be given; and

(g) the names of persons submitting affidavits in support of the application.

Sec. 6. [626A.065] [EMERGENCY INTERCEPTION.]

Notwithstanding any other provision in sections 626A.01 to 626A.23, any investigative or law enforcement officer, specially designated by the attorney general or a county attorney, who:

(1) reasonably determines that:

(i) an emergency situation exists that involves immediate danger of death or serious physical injury to any person that requires a wire, oral, or electronic communication to be intercepted before a warrant authorizing such interception can, with due diligence, be obtained; and

(ii) there are grounds upon which a warrant could be issued under section 626A.01 to 626A.23 to authorize the interception; and

(2) obtains approval from a judge of the district court, of the court of appeals; or of the supreme court,

may intercept the wire, oral, or electronic communication. The judge's approval may be given orally and may be given in person or by using any medium of communication. The judge shall do one of the following: make written notes summarizing the conversation, tape record the conversation, or have a court reporter record the conversation. An application for a warrant approving the interception must be made in accordance with section 626A.06 within 36 hours after the interception has occurred, or begins to occur. In the absence of a warrant, the interception must immediately end when the communication sought is obtained or when the application for the warrant is denied, whichever is earlier. If application for approval is denied, or in any other case where the interception is ended without a warrant having been issued, the contents of a wire, oral, or electronic communication intercepted must be treated as having been obtained in violation of sections 626A.01 to 626A.23 and an inventory shall be served as provided for in section 626A.10 on the person named in the application.

Sec. 7. Laws 1988, chapter 577, section 63, is amended to read:

Sec. 63. [EFFECTIVE DATE.]

Sections 1 to 61 are effective August 1, 1988, and apply to crimes committed on or after that date. Section 62 is effective August 1, 1989.

Sec. 8. [REPEALER.]

Laws 1988, chapter 577, section 62, is repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 7 and 8 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to privacy of communications; modifying standards for disclosure of communications by electronic communications services; limiting use of contract personnel; modifying reporting requirements; modifying procedures for the use of pen registers and trap and trace devices; requiring orders for the use of mobile tracking devices; providing for a civil cause of action; removing the sunset on the privacy of communications act; authorizing the attorney general and county attorneys to issue administrative subpoenas; creating crimes that prohibit warning subjects of investigations, electronic surveillance, or search warrants; imposing penalties; amending Minnesota Statutes 1988, sections 626A.02, subdivision 3; 626A.04; 626A.06, subdivisions 1 and 4a; 626A.11, subdivisions 1 and 2; 626A.12, subdivision 1; 626A.17; 626A.35; 626A.36; 626A.37; 626A.38, subdivision 1; 626A.39, by adding a subdivision; and 626A.40; Laws 1988, chapter 577, section 63; proposing coding for new law in Minnesota Statutes, chapters 8, 388, 609, and 626A; repealing Minnesota Statutes 1988, sections 626A.12, subdivision 1a; 626A.22; 626A.23; 626A.24; and 626A.38, subdivision 5; Laws 1988, chapter 577, section 62."

With the recommendation that when so amended the bill pass.

The report was adopted.

Battaglia from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1504, A bill for an act relating to Martin county; permitting the county board to assign certain duties to the county recorder.

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

The report was adopted.

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

H. F. No. 1667, A bill for an act relating to human services;

creating a temporary licensure exemption for supportive living arrangements for persons who have mental retardation or chemical dependency or who are frail elderly, or have other functional impairments; requiring the commissioner to adopt licensing rules; amending Minnesota Statutes 1988, section 245A.03, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [157.031] [ADDITIONAL LICENSE REQUIRED FOR BOARD AND LODGING ESTABLISHMENTS; SPECIAL SERVICES.]

Subdivision 1. [DEFINITIONS.] (a) "Supportive services" means the provision of supervision and minimal assistance with independent living skills such as social and recreational opportunities, assistance with transportation, arranging for meetings and appointments, arranging for medical and social services, and dressing, grooming, or bathing. Supportive services also include providing reminders to residents to take medications that are self administered or providing storage for medications if requested.

(b) "Health supervision services" means the provision of assistance in the preparation and administration of medications other than injectables, the provision of therapeutic diets, taking vital signs, or providing assistance in bathing or with walking devices.

Subd. 2. [REGISTRATION.] A board and lodging establishment that provides supportive services or health supervision services must register with the commissioner by September 1, 1989. The registration must include the name, address, and telephone number of the establishment, the types of services that are being provided, a description of the residents being served, the type and qualifications of staff in the facility, and other information that is necessary to identify the needs of the residents and the types of services that are being provided. The commissioner shall develop and furnish to the board and lodging establishment the necessary form for submitting the registration. The requirement for registration is effective until the special license rules required by subdivision 5 are effective.

Subd. 3. [RESTRICTION ON THE PROVISION OF SERVICES.] Effective September 1, 1989, and until the rules required under subdivision 5 are adopted, a board and lodging establishment may provide health supervision services only if a licensed nurse is on site in the facility for at least four hours a week to provide supervision and health monitoring of the residents. A board and lodging facility that admits or retains residents using wheelchairs or walkers must have the necessary clearances from the office of the state fire marshal.

Subd. 4. [SPECIAL LICENSE REQUIRED.] Upon adoption of the rules required by subdivision 5, a board and lodging establishment that provides either supportive care or health supervision services must obtain a special license from the commissioner. The special license is required until rules resulting from the recommendations made in accordance with section 2 are implemented.

Subd. 5. [RULES.] By July 1, 1990, the commissioner of health shall adopt rules necessary to implement the special license provisions. The rules may address the type of services that can be provided, staffing requirements, and the training and qualifications of staff. The rules must set a fee for the issuance of the special service license. The special license fee is in addition to the license fee prescribed in section 157.03.

Subd. 6. [SERVICES THAT MAY NOT BE PROVIDED IN A BOARD AND LODGING ESTABLISHMENT.] A board and lodging establishment may not admit or retain individuals who:

(1) would require assistance from facility staff because of the following needs: incontinence, catheter care, use of injectable or parenteral medications, wound care, or dressing changes or irrigations of any kind; or

(2) require a level of care and supervision beyond supportive services or health supervision services.

Subd. 7. [CERTAIN INDIVIDUALS MAY PROVIDE SERVICES.] This section does not prohibit the provision of health care services to residents of a board and lodging establishment by family members of the resident or by a registered or licensed home care agency employed by the resident.

Subd. 8. [EXEMPTION FOR ESTABLISHMENTS WITH A HUMAN SERVICES LICENSE.] This section does not apply to a board and lodging establishment that is licensed by the commissioner of human services under chapter 245A.

Subd. 9. [VIOLATIONS.] The commissioner may revoke both the special service license, when issued, and the establishment license, if the establishment is found to be in violation of this section. Violation of this section is a gross misdemeanor.

Sec. 2. Minnesota Statutes 1988, section 256D.06, subdivision 3, is amended to read:

Subd. 3. When a general assistance grant is used to pay a negotiated rate for a recipient living in a room and board arrangement or congregate living care, or when a recipient is living in a state hospital or nursing home, the recipient shall receive an

allowance for clothing and personal needs and the allowance shall not be less than that authorized for a medical assistance recipient pursuant to section 256B.35.

When a general assistance grant is used to pay a negotiated rate for a recipient living in a facility not certified to participate in the medical assistance program that is licensed as a boarding care facility, or which provides chemical dependency service to clients, the following provisions apply. The negotiated rate must be adjusted by the annual percentage change in the consumer price index (CPI-U United States city average), as published by the bureau of labor statistics between the previous two Septembers, new series index (1967-100) or 2.5 percent. If the negotiated rate is adjusted by the annual percentage change in the consumer price index, and this percentage is greater than 2.5, the county shall require a written affidavit from the facility. This affidavit must include assurances that the amount of increased reimbursement to the facility attributable to that portion of the percentage adjustment increase constituting the difference between the consumer price index percentage change and 2.5 percent shall be used for equitable increases for employee salaries, payroll taxes, and fringe benefits.

Sec. 3. [SUPPORTIVE RESIDENTIAL PROGRAMS REPORT.]

Subdivision 1. [SUPPORTIVE RESIDENTIAL PROGRAM REGULATION RECOMMENDATION.] By February 1, 1990, the commissioners of health and human services shall jointly make a recommendation to the legislature on the regulation and licensure of facilities and programs that provide housing services and provide or coordinate supportive services or health supervision services to residents. The recommendations must address:

(1) the existing use of residential arrangements with a lodging, hotel, or food service license under Minnesota Statutes, chapter 157;

(2) existing county board and local human service agency administrative or certification standards for board and lodging houses or supportive living residences;

(3) county referral and placement practices for persons who, in addition to food or lodging services, need assistance with health or supportive services;

(4) the status of persons in these facilities with respect to the vulnerable adults abuse reporting act and their need for referral to protective services or social services for assessment prior to placement by the county or referral to the residence by the county;

(5) the applicability of laws governing the rights of patients and

residents specified in Minnesota Statutes, section 144.651, and the rights of tenants in housing;

(6) a determination as to the need for and degree of regulation of these services;

(7) recommendations for repeal or revision of existing facility and program statutes and regulations; and

(8) a fiscal analysis of the current costs associated with the provision of supportive programs and facilities, recommendations for methods for maximizing all funding sources used for these services, and an analysis of the costs for licensure and regulation.

Subd. 2. [CONSULTATION WITH AFFECTED PARTIES.] In developing the recommendations, the commissioners may consult other state departments and agencies, the interagency board for quality assurance established under Minnesota Statutes, section 144A.31, counties and other affected political subdivisions, advocacy groups, representatives or owners of facilities and programs, lodging houses and assisted or supportive living services, and service consumers.

Subd. 3. [COUNTY REPORTING.] No later than September 1, 1989, and annually after that date, the county board or human services board in each county shall report to the commissioner of human services the names and addresses of the owners and operators of all facilities and programs with which the county has a negotiated rate agreement and which are not licensed under Minnesota Statutes, chapter 144, 144A, or 245A. The report must identify the amount of the negotiated rate for each facility or program, services other than the provision of lodging that the owner or operator is responsible for coordinating or providing, the number of persons receiving services, and the per unit cost for the services. No later than September 1, 1989, the county board or human services agency in each county shall also provide the commissioner of human services with a copy of any administrative standards or certification standards adopted by or used by the county for board and lodging facilities and supervised living residences that are in addition to or different from those contained in Minnesota Rules, chapter 4625, or that are for facilities and programs not licensed under Minnesota Statutes, chapter 144, 144A, or 245A.

Sec. 4. [LICENSURE EXCLUSIONS.]

Until July 1, 1990, Minnesota Statutes, sections 245A.01 to 245A.16, do not apply to board and lodging establishments licensed by the commissioner of health that provide services for five or more persons whose primary diagnosis is mental illness and who have refused an appropriate residential program offered by a county agency."

Delete the title and insert:

"A bill for an act relating to health and human services; requiring registration and a special license for board and lodging establishments that provide supportive services or health supervision; providing for adjustment of negotiated rates for residents in certain facilities; requiring a report; amending Minnesota Statutes 1988, section 256D.06, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 157."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 134, A bill for an act relating to government data practices; authorizing release of certain data to state committee of blind vendors; amending Minnesota Statutes 1988, section 13.791, subdivision 1, and by adding a subdivision.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 321, A bill for an act relating to public nuisances; expanding the nuisance law to include prior convictions for certain drug and liquor offenses; amending Minnesota Statutes 1988, section 617.81, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 617.81, subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING A NUISANCE.] For purposes of sections 617.80 to 617.87 a public nuisance exists upon proof of any of the following:

(1) three or more misdemeanor convictions or two or more convictions, of which at least one is a gross misdemeanor or felony, within the previous two years for:

(1) acts of prostitution or prostitution-related offenses committed within the building;

(2) ~~three or more misdemeanor convictions or two or more convictions, of which at least one is a gross misdemeanor or felony, within the previous two years for acts of gambling or gambling-related offenses committed within the building; or~~

(3) ~~two or more convictions within the previous two years for keeping or permitting a disorderly house within the building;~~

(4) unlawful sale or possession of controlled substances committed within the building;

(5) unlicensed sales of alcoholic beverages committed within the building in violation of section 340A.401; or

(6) unlawful sales or gifts of alcoholic beverages by an unlicensed person committed within the building in violation of section 340A.503, subdivision 2, clause (1)."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 331, A bill for an act relating to notaries public; eliminating the requirement that notaries be bonded; amending Minnesota Statutes 1988, sections 359.02 and 359.071.

Reported the same back with the following amendments:

Page 2, after line 13, insert:

"Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective January 1, 1990."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 535, A bill for an act relating to real property; abolishing certain residual marital interests in real property; clarifying that the 40-year limitation on actions affecting title to real estate applies

to an action based on an option to repurchase or other restrictions on a surface estate; providing for certain certifications; changing effective dates for provisions relating to validation of foreclosure sales; amending Minnesota Statutes 1988, sections 541.023, subdivision 2; 548.181, subdivisions 1, 3, and by adding a subdivision; and 582.27; proposing coding for new law in Minnesota Statutes, chapter 519.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 628, A bill for an act relating to eminent domain; providing for relocation benefits for displaced persons; amending Minnesota Statutes 1988, section 117.52, subdivision 1.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 851, A bill for an act relating to driving while intoxicated; making it a crime for certain repeat offenders to refuse to submit to chemical testing under the implied consent law; imposing penalties; amending Minnesota Statutes 1988, sections 169.121, subdivisions 1, 1a, 3, and 3b; and 169.123, subdivision 2.

Reported the same back with the following amendments:

Page 2, line 14, delete the second "or" and before the period, insert "or 609.21, subdivision 4, clause (2) or (3)"

Page 3, line 18, after the third comma, insert "section 609.21, subdivision 1, clause (2) or (3), 609.21, subdivision 2, clause (2) or (3), 609.21, subdivision 3, clause (2) or (3), 609.21, subdivision 4, clause (2) or (3),"

Page 5, after line 32, insert:

"Sec. 6. Minnesota Statutes 1988, section 609.21, is amended to read:

609.21 [CRIMINAL VEHICULAR OPERATION.]

Subdivision 1. [RESULTING IN DEATH.] Whoever causes the death of a human being not constituting murder or manslaughter as a result of operating a vehicle as defined in section 169.01, subdivision 2, or an aircraft or watercraft,

(1) in a grossly negligent manner;

(2) in a negligent manner while under the influence of alcohol, a controlled substance, or any combination of those elements; or

(3) in a negligent manner while having an alcohol concentration of 0.10 or more, is guilty of criminal vehicular operation resulting in death and may be sentenced to imprisonment for not more than five ten years or to payment of a fine of not more than \$10,000 \$20,000, or both.

Subd. 2. [RESULTING IN INJURY.] Whoever causes great bodily harm to another, as defined in section 609.02, subdivision 8, not constituting attempted murder or assault as a result of operating a vehicle defined in section 169.01, subdivision 2, or an aircraft or watercraft,

(1) in a grossly negligent manner;

(2) in a negligent manner while under the influence of alcohol, a controlled substance, or any combination of those elements; or

(3) in a negligent manner while having an alcohol concentration of 0.10 or more, is guilty of criminal vehicular operation resulting in injury and may be sentenced to imprisonment for not more than three five years or the payment of a fine of not more than \$5,000 \$10,000, or both.

Subd. 3. [RESULTING IN DEATH TO AN UNBORN CHILD.] Whoever causes the death of an unborn child as a result of operating a vehicle defined in section 169.01, subdivision 2, or an aircraft or watercraft,

(1) in a grossly negligent manner;

(2) in a negligent manner while under the influence of alcohol, a controlled substance, or any combination of those elements; or

(3) in a negligent manner while having an alcohol concentration of 0.10 or more, is guilty of criminal vehicular operation resulting in death to an unborn child and may be sentenced to imprisonment for not more than five ten years or to payment of a fine of not more than \$10,000 \$20,000, or both. A prosecution for or conviction of a crime

under this subdivision is not a bar to conviction of or punishment for any other crime committed by the defendant as part of the same conduct.

Subd. 4. [RESULTING IN INJURY TO UNBORN CHILD.] Whoever causes great bodily harm, as defined in section 609.02, subdivision 8, to an unborn child who is subsequently born alive, as a result of operating a vehicle defined in section 169.01, subdivision 2, or an aircraft or watercraft,

(1) in a grossly negligent manner;

(2) in a negligent manner while under the influence of alcohol, a controlled substance, or any combination of those elements; or

(3) in a negligent manner while having an alcohol concentration of 0.10 or more, is guilty of criminal vehicular operation resulting in injury to an unborn child and may be sentenced to imprisonment for not more than ~~three~~ five years or to payment of a fine of not more than ~~\$5,000~~ \$10,000, or both. A prosecution for or conviction of a crime under this subdivision is not a bar to conviction of or punishment for any other crime committed by the defendant as part of the same conduct.”

Page 5, line 34, delete “5” and insert “6”

Renumber the remaining section

Amend the title as follows:

Page 1, line 5, after the semicolon, insert “increasing penalties for criminal vehicular operation;”

Page 1, line 6, delete the second “and”

Page 1, line 7, before the period, insert “; and 609.21”

With the recommendation that when so amended the bill pass.

The report was adopted.

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

S. F. No. 1082, A bill for an act relating to administrative procedure; clarifying the applicability of the requirement that agencies consider the impact of proposed rules on small business; amending Minnesota Statutes 1988, section 14.115, subdivision 7.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 1106, A bill for an act relating to adoption; changing the minimum age at which an adopted person may request original birth certificate information; changing time periods during which birth parents may consent to disclosure; authorizing disclosure of information on the consenting parent when only one birth parent consents; amending Minnesota Statutes 1988, section 259.49, subdivisions 1, 2, and 4.

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 162, 337, 415, 981, 1110, 1179, 1221, 1423, 1425 and 1504 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 787, 134, 321, 331, 535, 628, 851, 1082 and 1106 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Wenzel introduced:

H. F. No. 1735, A bill for an act relating to state agencies; contracting for professional and technical services; requiring publicizing the availability of contracts at least 21 days before proposals from prospective contractors are due; amending Minnesota Statutes 1988, section 16B.17, subdivision 3.

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

Pauly, Morrison and Valento introduced:

H. F. No. 1736, A bill for an act relating to taxation; property; modifying the metropolitan revenue distribution system; phasing out certain exemptions; decreasing the contribution percentage; changing certain definitions; eliminating the administrative auditor's functions; prohibiting use of proceeds for special purposes; amending Minnesota Statutes 1988, sections 473F.01; 473F.02, subdivisions 3 and 8; 473F.06; 473F.07; 473F.08, subdivisions 2, 5, 6, 7a, and by adding a subdivision; 473F.09; 473F.10, subdivisions 1 and 2; and 473F.13, subdivision 1; repealing Minnesota Statutes 1988, sections 473F.02, subdivisions 6, 9, 11, 16, 17, 18, 19, and 20; 473F.03; 473F.12; and 473F.13, subdivisions 2 and 3.

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

Simoneau introduced:

H. F. No. 1737, A bill for an act relating to public audits; providing for audits of the Duluth state convention center administration board; amending Laws 1985, First Special Session, chapter 15, section 36, subdivision 4.

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

Pappas introduced:

H. F. No. 1738; A bill for an act relating to motor vehicles; registration; abolishing authority to appoint corporations or private individuals other than persons acting on behalf of nonprofit corporations as deputy registrars; providing for the transfer of appointments of corporations as deputy registrars to private individuals in certain circumstances; requiring county auditors to accept appointments as deputy registrars except in certain situations; permitting any other county official or any statutory or home rule charter city official to be appointed as a deputy registrar; permitting counties to contract with private individuals for deputy registrar services in certain instances; requiring the registrar of motor vehicles to adopt rules governing the hours of operation of deputy registrars; permitting private individuals holding appointments as deputy registrars or qualifying for transfers of appointments held by corporations to continue to operate as deputy registrars; requiring the registrar of motor vehicles to develop a plan for compensating persons who by a

certain date purchased corporations holding appointments as deputy registrars; amending Minnesota Statutes 1988, section 168.33, subdivision 2.

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

Simoneau and Johnson, A., introduced:

H. F. No. 1739, A bill for an act relating to human services; requiring a study on methods of providing state assistance for persons with high out-of-pocket expenses for certain prescription drugs; appropriating money.

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

Waltman, Dauner, Redalen, Sviggum and Schreiber introduced:

H. F. No. 1740, A bill for an act relating to taxation; providing for hearings to establish need for and reasonable cost of reassessments; amending Minnesota Statutes 1988, sections 270.16, subdivision 1; and 270.18.

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

Stanisus introduced:

H. F. No. 1741, A bill for an act relating to utilities; exempting the city of White Bear Lake from the electric service area boundaries set by statute.

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

Welle introduced:

H. F. No. 1742, A bill for an act relating to taxation; exempting certain capital equipment used in the printing industry from the sales and use tax; amending Minnesota Statutes 1988, section 297A.25, subdivision 10, and by adding a subdivision.

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

Welle introduced:

H. F. No. 1743, A bill for an act relating to taxation; exempting certain printed materials from the sales tax; amending Minnesota Statutes 1988, section 297A.25, by adding a subdivision.

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

Wynia, Skoglund, Gruenes, Ogren and Greenfield introduced:

H. F. No. 1744, A bill for an act relating to health; regulating mandated health care benefits; requiring referral and review by the commissioner; establishing review criteria; proposing coding for new law as Minnesota Statutes, chapter 62J.

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

Ogren introduced:

H. F. No. 1745, A bill for an act relating to retirement; authorizing purchase of prior service credit in the public employees retirement association by a certain Aitkin county elected official.

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

Munger; Anderson, G.; Kalis; Redalen and Price introduced:

H. F. No. 1746, A bill for an act relating to the environment; authorizing the sale of bonds to seal abandoned wells.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 695, A bill for an act relating to education; reducing the Askov school board from seven to six members; requiring local approval.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1488.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1488, A bill for an act relating to education; authorizing a school district to issue bonds when a calamity occurs and establishing certain procedures for repayment of the bonds.

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

CONSENT CALENDAR

H. F. No. 1389, A bill for an act relating to Goodhue county; permitting the county to establish certain payment procedures.

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

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Burger	Frederick	Janezich	Krueger
Anderson, G.	Carlson, D.	Frerichs	Jaros	Lasley
Anderson, R.	Carlson, L.	Girard	Jefferson	Lieder
Battaglia	Carruthers	Greenfield	Jennings	Limmer
Bauerly	Clark	Gruenes	Johnson, A.	Lynch
Beard	Conway	Gutknecht	Johnson, R.	Macklin
Begich	Cooper	Hartle	Johnson, V.	Marsh
Bennett	Dauner	Haukoos	Kalis	McDonald
Bertram	Dawkins	Heap	Kelly	McEachern
Bishop	Dempsey	Henry	Kelso	McGuire
Blatz	Dille	Himle	Kinkel	McLaughlin
Boo	Dorn	Hugoson	Knickerbocker	McPherson
Brown	Forsythe	Jacobs	Kostohryz	Milbert

Miller	Orenstein	Quinn	Simoneau	Vellenga
Morrison	Osthoff	Redalen	Skoglund	Wagenius
Munger	Ostrom	Reding	Solberg	Waltman
Murphy	Otis	Richter	Sparby	Weaver
Nelson, C.	Ozment	Rodosovich	Stanius	Welle
Neuenschwander	Pappas	Rukavina	Steenma	Wenzel
O'Connor	Pauly	Runbeck	Sviggum	Williams
Ogren	Pellow	Sarna	Tjornhom	Winter
Olsen, S.	Pelowski	Schafer	Tompkins	Wynia
Olson, E.	Peterson	Scheid	Trimble	Spk. Vanasek
Olson, K.	Poppenhagen	Schreiber	Tunheim	
Omann	Price	Seaberg	Uphus	
Onnen	Pugh	Segal	Valento	

The bill was passed and its title agreed to.

H. F. No. 1454, A bill for an act relating to Itasca county; authorizing a petition to annex unorganized territory to the town of Spang to be signed by residents of the town.

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

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Knickerbocker	Olson, K.	Scheid
Anderson, G.	Frederick	Kostohryz	Omann	Schreiber
Anderson, R.	Frerichs	Krueger	Onnen	Seaberg
Battaglia	Girard	Lasley	Orenstein	Segal
Bauerly	Greenfield	Lieder	Osthoff	Simoneau
Beard	Gruenes	Limmer	Ostrom	Skoglund
Begich	Gutknecht	Lynch	Otis	Solberg
Bennett	Hartle	Macklin	Ozment	Sparby
Bertram	Haukoos	Marsh	Pauly	Stanius
Bishop	Heap	McDonald	Pellow	Steenma
Blatz	Henry	McEachern	Pelowski	Sviggum
Boo	Himle	McGuire	Peterson	Tjornhom
Brown	Hugoson	McLaughlin	Poppenhagen	Tompkins
Burger	Jacobs	McPherson	Price	Trimble
Carlson, D.	Janezich	Milbert	Pugh	Tunheim
Carlson, L.	Jaros	Miller	Quinn	Uphus
Carruthers	Jefferson	Morrison	Redalen	Valento
Clark	Jennings	Munger	Reding	Wagenius
Conway	Johnson, A.	Murphy	Rice	Waltman
Cooper	Johnson, R.	Nelson, C.	Richter	Weaver
Dauner	Johnson, V.	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olson, E.	Schafer	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1540, A bill for an act relating to local government;

regulating storm sewer improvements in Plymouth and Golden Valley; amending Laws 1979, chapter 303, article 10, section 15.

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

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Krueger	Orenstein	Simoneau
Anderson, G.	Frerichs	Lasley	Osthoff	Skoglund
Anderson, R.	Girard	Lieder	Ostrom	Solberg
Battaglia	Greenfield	Limmer	Otis	Sparby
Bauerly	Gruenes	Lynch	Ozment	Stanius
Beard	Gutknecht	Macklin	Pauly	Steensma
Begich	Hartle	Marsh	Pellow	Sviggman
Bennett	Haukoos	McDonald	Pelowski	Tjornhom
Bertram	Heap	McEachern	Peterson	Tompkins
Bishop	Henry	McGuire	Poppenhagen	Trimble
Blatz	Himle	McLaughlin	Price	Tunheim
Boo	Hugoson	McPherson	Pugh	Uphus
Brown	Jacobs	Milbert	Quinn	Valento
Burger	Janezich	Miller	Redalen	Vellenga
Carlson, D.	Jaros	Morrison	Reding	Wagenius
Carlson, L.	Jefferson	Munger	Rice	Waltman
Carruthers	Jennings	Murphy	Richter	Weaver
Clark	Johnson, A.	Nelson, C.	Rodosovich	Welle
Conway	Johnson, R.	Neuenschwander	Rukavina	Wenzel
Cooper	Johnson, V.	O'Connor	Runbeck	Williams
Dauner	Kalis	Ogren	Sarna	Winter
Dawkins	Kelly	Olsen, S.	Schafer	Wynia
Dempsey	Kelso	Olson, E.	Scheid	Spk. Vanasek
Dille	Kinkel	Olson, K.	Schreiber	
Dorn	Knickerbocker	Omann	Seaberg	
Forsythe	Kostohryz	Onnen	Segal	

The bill was passed and its title agreed to.

S. F. No. 264, A bill for an act relating to health; requiring that health care providers timely furnish patient health records and reports; amending Minnesota Statutes 1988, section 144.335, subdivisions 2 and 3.

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

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

Those who voted in the affirmative were:

Abrams	Bauerly	Bertram	Brown	Carruthers
Anderson, G.	Beard	Bishop	Burger	Clark
Anderson, R.	Begich	Blatz	Carlson, D.	Conway
Battaglia	Bennett	Boo	Carlson, L.	Cooper

Dauner	Jennings	McLaughlin	Pappas	Simoneau
Dawkins	Johnson, A.	McPherson	Pauly	Skoglund
Dempsey	Johnson, R.	Milbert	Pellow	Solberg
Dille	Johnson, V.	Miller	Pelowski	Sparby
Dorn	Kahn	Morrison	Peterson	Stanius
Forsythe	Kalis	Munger	Poppenhagen	Steensma
Frederick	Kelly	Murphy	Price	Sviggum
Frerichs	Kelso	Nelson, C.	Pugh	Tjornhom
Girard	Kinkel	Nelson, K.	Quinn	Tompkins
Greenfield	Knickerbocker	Neuenschwander	Redalen	Trimble
Gruenes	Kostohryz	O'Connor	Reding	Tunheim
Gutknecht	Krueger	Ogren	Rice	Valento
Hartle	Lasley	Olsen, S.	Richter	Vellenga
Haukoos	Lieder	Olson, E.	Rodosovich	Wagenius
Heap	Limmer	Olson, K.	Rukavina	Waltman
Henry	Long	Omman	Runbeck	Weaver
Himle	Lynch	Onnen	Sarna	Welle
Hugoson	Macklin	Orenstein	Schafer	Wenzel
Jacobs	Marsh	Osthoﬀ	Scheid	Williams
Janezich	McDonald	Ostrom	Schreiber	Winter
Jaros	McEachern	Otis	Seaberg	Wynia
Jefferson	McGuire	Ozment	Segal	Spk. Vanasek

The bill was passed and its title agreed to.

SPECIAL ORDERS

S. F. No. 1270, A bill for an act relating to unemployment compensation; making various technical corrections; amending Minnesota Statutes 1988, sections 268.04, subdivisions 12 and 25; 268.06, subdivisions 1, 8a, and 28; 268.07, subdivisions 2 and 3; 268.09, subdivision 1; 268.10, subdivisions 1 and 2; 268.12, subdivision 12; 268.16, subdivision 4; 268.162, subdivision 1; 268.163, subdivision 1; and 268.165, 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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Carlson, L.	Gruenes	Johnson, V.	Marsh
Anderson, G.	Carruthers	Gutknecht	Kahn	McDonald
Anderson, R.	Clark	Hartle	Kalis	McEachern
Battaglia	Conway	Haukoos	Kelly	McGuire
Bauerly	Cooper	Heap	Kelso	McLaughlin
Beard	Dauner	Henry	Kinkel	McPherson
Begich	Dawkins	Himle	Knickerbocker	Milbert
Bennett	Dempsey	Hugoson	Kostohryz	Miller
Bertram	Dille	Jacobs	Krueger	Morrison
Bishop	Dorn	Janezich	Lasley	Munger
Blatz	Forsythe	Jaros	Lieder	Murphy
Boo	Frederick	Jefferson	Limmer	Nelson, C.
Brown	Frerichs	Jennings	Long	Nelson, K.
Burger	Girard	Johnson, A.	Lynch	Neuenschwander
Carlson, D.	Greenfield	Johnson, R.	Macklin	Ogren

Olsen, S.	Pauly	Richter	Solberg	Vellenga
Olson, E.	Pellow	Rodosovich	Sparby	Wagenius
Olson, K.	Pelowski	Rukavina	Stanisus	Waltman
Omann	Peterson	Rumbeck	Steensma	Weaver
Onnen	Poppenhagen	Schafer	Sviggum	Welle
Orenstein	Price	Scheid	Tjornhom	Wenzel
Osthoff	Pugh	Schreiber	Tompkins	Williams
Ostrom	Quinn	Seaberg	Trimble	Winter
Otis	Redalen	Segal	Tunheim	Wynia
Ozment	Reding	Simoneau	Uphus	Spk. Vanasek
Pappas	Rice	Skoglund	Valento	

The bill was passed and its title agreed to.

H. F. No. 1323, A bill for an act relating to financial institutions; amending Minnesota Statutes 1988, sections 46.041, subdivision 2; 47.015, subdivision 1; 47.101, subdivision 2; 47.16, subdivision 1; 47.54, subdivision 1; 48.475, subdivision 3; 48.48, subdivision 1; 49.24, subdivision 9; 49.33; 49.34, subdivision 1; 49.35; 49.36, subdivision 1; 49.37; 49.38; 49.39; 49.40; 49.41; 53.015; 53.02; 53.03, subdivisions 1 and 5; 53.05; 53.06; 53.08; 53.09, subdivision 3; 54.294, subdivision 1; 56.131, subdivision 1; and 56.155, subdivision 2.

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

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

Those who voted in the affirmative were:

Abrams	Frederick	Kostohryz	Omann	Schreiber
Anderson, G.	Frerichs	Krueger	Onnen	Seaberg
Anderson, R.	Girard	Lasley	Orenstein	Segal
Battaglia	Greenfield	Lieder	Osthoff	Simoneau
Bauerly	Gruenes	Limmer	Ostrom	Skoglund
Beard	Gutknecht	Long	Otis	Solberg
Begich	Hartle	Lynch	Ozment	Sparby
Bennett	Haukoos	Macklin	Pappas	Stanisus
Bertram	Heap	Marsh	Pauly	Steensma
Bishop	Henry	McDonald	Pellow	Sviggum
Blatz	Himle	McEachern	Pelowski	Tjornhom
Boo	Hugoson	McGuire	Peterson	Tompkins
Brown	Jacobs	McLaughlin	Poppenhagen	Trimble
Burger	Janezich	McPherson	Price	Tunheim
Carlson, D.	Jaros	Milbert	Pugh	Uphus
Carlson, L.	Jefferson	Miller	Quinn	Valento
Carruthers	Jennings	Morrison	Redalen	Vellenga
Clark	Johnson, A.	Munger	Reding	Wagenius
Conway	Johnson, R.	Murphy	Rice	Waltman
Cooper	Johnson, V.	Nelson, C.	Richter	Weaver
Dauner	Kahn	Nelson, K.	Rodosovich	Welle
Dawkins	Kalis	Neuenschwander	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dille	Kelso	Olsen, S.	Sarna	Winter
Dorn	Kinkel	Olson, E.	Schafer	Wynia
Forsythe	Knickerbocker	Olson, K.	Scheid	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 930, A bill for an act relating to wild animals; removing authority to offer a bounty on rattlesnakes; amending Minnesota Statutes 1988, sections 348.12 and 348.13.

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 125 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Krueger	Omann	Schreiber
Anderson, G.	Frerichs	Lasley	Onnen	Seaberg
Anderson, R.	Girard	Lieder	Orenstein	Segal
Battaglia	Greenfield	Limmer	Osthoff	Simoneau
Bauerly	Gruenes	Long	Ostrom	Skoglund
Beard	Gutknecht	Lynch	Otis	Sparby
Begich	Hartle	Macklin	Ozment	Stanius
Bennett	Haukoos	Marsh	Pappas	Steensma
Bertram	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Tjornhom
Blatz	Himle	McGuire	Peterson	Tompkins
Boo	Hugoson	McLaughlin	Poppenhagen	Trimble
Brown	Jacobs	McPherson	Price	Tunheim
Burger	Janezich	Milbert	Pugh	Uphus
Carlson, D.	Jaros	Miller	Quinn	Valento
Carlson, L.	Jefferson	Morrison	Redalen	Vellenga
Carruthers	Jennings	Munger	Reding	Wagenius
Clark	Johnson, A.	Murphy	Rice	Waltman
Conway	Johnson, R.	Nelson, C.	Richter	Weaver
Cooper	Kahn	Nelson, K.	Rodosovich	Welle
Dauner	Kelly	Neuenschwander	Rukavina	Wenzel
Dawkins	Kelso	Ogren	Runbeck	Williams
Dempsey	Kinkel	Olsen, S.	Sarna	Winter
Dorn	Knickerbocker	Olsen, E.	Schafer	Wynia
Forsythe	Kostohryz	Olson, K.	Scheid	Spk. Vanasek

Those who voted in the negative were:

Dille	Kalis	Pauly	Solberg
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The bill was passed and its title agreed to.

H. F. No. 1354, A bill for an act relating to insurance; regulating cancellations and terminations of agents; amending Minnesota Statutes 1988, sections 60A.172; and 72A.20, 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	Frederick	Kostohryz	Olson, K.	Scheid
Anderson, G.	Frerichs	Krueger	Omann	Schreiber
Anderson, R.	Girard	Lasley	Onnen	Seaberg
Battaglia	Greenfield	Lieder	Orenstein	Segal
Bauerly	Gruenes	Limmer	Osthoff	Simoneau
Beard	Gutknecht	Long	Ostrom	Skoglund
Begich	Hartle	Lynch	Otis	Solberg
Bennett	Haukoos	Macklin	Ozment	Sparby
Bertram	Heap	Marsh	Pappas	Stanius
Bishop	Henry	McDonald	Pauly	Steensma
Blatz	Himle	McEachern	Pellow	Sviggum
Boo	Hugoson	McGuire	Pelowski	Tjornhom
Brown	Jacobs	McLaughlin	Peterson	Tompkins
Burger	Janezich	McPherson	Poppenhagen	Trimble
Carlson, D.	Jaros	Milbert	Price	Tunheim
Carlson, L.	Jefferson	Miller	Pugh	Uphus
Carruthers	Jennings	Morrison	Quinn	Valento
Clark	Johnson, A.	Munger	Redalen	Vellenga
Conway	Johnson, R.	Murphy	Reding	Wagenius
Cooper	Johnson, V.	Nelson, C.	Rice	Waltman
Dauner	Kahn	Nelson, K.	Richter	Weaver
Dawkins	Kalis	Neuenschwander	Rodosovich	Welle
Dempsey	Kelly	O'Connor	Rukavina	Wenzel
Dille	Kelso	Ogren	Runbeck	Williams
Dorn	Kinkel	Olsen, S.	Sarna	Winter
Forsythe	Knickerbocker	Olson, E.	Schafer	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1027, A bill for an act relating to state employees; authorizing the donation of accrued vacation time by state employees in 1989 to pay unreimbursed medical costs incurred by other state 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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Boo	Dempsey	Haukoos	Johnson, V.
Anderson, G.	Brown	Dille	Heap	Kahn
Anderson, R.	Burger	Dorn	Henry	Kalis
Battaglia	Carlson, D.	Forsythe	Himle	Kelly
Bauerly	Carlson, L.	Frederick	Jacobs	Kelso
Beard	Carruthers	Frerichs	Janezich	Kinkel
Begich	Clark	Girard	Jaros	Knickerbocker
Bennett	Conway	Greenfield	Jefferson	Kostohryz
Bertram	Cooper	Gruenes	Jennings	Krueger
Bishop	Dauner	Gutknecht	Johnson, A.	Lasley
Blatz	Dawkins	Hartle	Johnson, R.	Lieder

Limmer	Nelson, K.	Pauly	Sarna	Trimble
Long	Neuenschwander	Pellow	Schafer	Uphus
Lynch	O'Connor	Pelowski	Scheid	Valento
Macklin	Ogren	Peterson	Schreiber	Vellenga
Marsh	Olsen, S.	Poppenhagen	Seaberg	Wagenius
McDonald	Olson, E.	Price	Segal	Waltman
McEachern	Olson, K.	Pugh	Simoneau	Weaver
McGuire	Omann	Quinn	Skoglund	Welle
McLaughlin	Onnen	Redalen	Solberg	Wenzel
McPherson	Orenstein	Reding	Sparby	Williams
Milbert	Osthoff	Rice	Stanius	Winter
Morrison	Ostrom	Richter	Steensma	Wynia
Munger	Otis	Rodosovich	Sviggum	Spk. Vanasek
Murphy	Ozment	Rukavina	Tjornhom	
Nelson, C.	Pappas	Runbeck	Tompkins	

The bill was passed and its title agreed to.

H. F. No. 1107, A bill for an act relating to landlord and tenant; authorizing emergency proceeding for loss of essential services; proposing coding for new law in Minnesota Statutes, chapter 566.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Krueger	Omann	Schreiber
Anderson, G.	Frerichs	Lasley	Onnen	Seaberg
Anderson, R.	Girard	Lieder	Orenstein	Segal
Battaglia	Greenfield	Limmer	Osthoff	Simoneau
Bauerly	Gruenes	Long	Ostrom	Skoglund
Beard	Gutknecht	Lynch	Otis	Solberg
Begich	Hartle	Macklin	Ozment	Stanius
Bennett	Haukoos	Marsh	Pappas	Steensma
Bertram	Heap	McDonald	Pauly	Sviggum
Bishop	Henry	McEachern	Pellow	Tjornhom
Blatz	Himle	McGuire	Pelowski	Tompkins
Boo	Hugoson	McLaughlin	Peterson	Trimble
Brown	Jacobs	McPherson	Poppenhagen	Tunheim
Burger	Janezich	Milbert	Price	Uphus
Carlson, D.	Jaros	Miller	Pugh	Valento
Carlson, L.	Jefferson	Morrison	Quinn	Vellenga
Carruthers	Jennings	Munger	Redalen	Wagenius
Clark	Johnson, A.	Murphy	Reding	Waltman
Conway	Johnson, R.	Nelson, C.	Rice	Weaver
Cooper	Johnson, V.	Nelson, K.	Richter	Welle
Dauner	Kalis	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kelly	O'Connor	Rukavina	Williams
Dempsey	Kelso	Ogren	Runbeck	Winter
Dille	Kinkel	Olsen, S.	Sarna	Wynia
Dorn	Knickerbocker	Olson, E.	Schafer	Spk. Vanasek
Forsythe	Kostohryz	Olson, K.	Scheid	

The bill was passed and its title agreed to.

H. F. No. 1139, A bill for an act relating to corrections; requiring county boards to provide medical aid for prisoners in jail; amending Minnesota Statutes 1988, section 641.15.

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

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Lasley	Osthoff	Simoneau
Anderson, G.	Girard	Lieder	Ostrom	Skoglund
Anderson, R.	Greenfield	Limmer	Otis	Solberg
Battaglia	Gruenes	Long	Ozment	Sparby
Bauerly	Gutknecht	Lynch	Pappas	Stanius
Beard	Haukoos	Macklin	Pauly	Steensma
Begich	Heap	Marsh	Fellow	Sviggum
Bennett	Henry	McDonald	Felowski	Tjornhom
Bertram	Himle	McEachern	Peterson	Tompkins
Bishop	Hugoson	McGuire	Poppenhagen	Trimble
Blatz	Jacobs	McPherson	Price	Tunheim
Boo	Janezich	Milbert	Pugh	Uphus
Brown	Jaros	Miller	Quinn	Valento
Carlson, D.	Jefferson	Morrison	Redalen	Vellenga
Carlson, L.	Jennings	Munger	Reding	Wagenius
Carruthers	Johnson, A.	Murphy	Rice	Waltman
Clark	Johnson, R.	Nelson, C.	Richter	Weaver
Conway	Johnson, V.	Nelson, K.	Rodosovich	Welle
Cooper	Kahn	Neuenschwander	Rukavina	Wenzel
Dauner	Kalis	Ogren	Runbeck	Williams
Dawkins	Kelly	Olsen, S.	Sarna	Winter
Dempsey	Kelso	Olson, E.	Schafer	Wynia
Dille	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Dorn	Knickerbocker	Omann	Schreiber	
Forsythe	Kostohryz	Onnen	Seaberg	
Frederick	Krueger	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 1016, A bill for an act relating to juvenile justice; authorizing the juvenile court to place juvenile alcohol or controlled substance offenders on probation; authorizing the juvenile court to require the commissioner of public safety to revoke the driver's license or permit of habitual petty offenders or to deny driving privileges to them if they do not have a license or permit; removing certain limitations on parental liability for thefts by minors; removing a repealer; amending Minnesota Statutes 1988, sections 171.04; 260.195, subdivision 3, and by adding subdivisions; and 332.51, subdivision 3; repealing Laws 1985, chapter 278, section 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 127 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Lieder	Osthoff	Simoneau
Anderson, G.	Girard	Limmer	Ostrom	Skoglund
Anderson, R.	Gruenes	Long	Otis	Solberg
Battaglia	Gutknecht	Lynch	Ozment	Sparby
Bauerly	Hartle	Macklin	Pappas	Stanius
Beard	Haukoos	Marsh	Pauly	Steenasma
Begich	Heap	McDonald	Pellow	Sviggum
Bennett	Henry	McEachern	Pelowski	Tjornhom
Bertram	Himle	McGuire	Peterson	Tompkins
Blatz	Hugoson	McPherson	Poppenhagen	Trimble
Boo	Jacobs	Milbert	Price	Tunheim
Brown	Janezich	Miller	Pugh	Uphus
Burger	Jaros	Morrison	Quinn	Valento
Carlson, D.	Jefferson	Munger	Redalen	Vellenga
Carlson, L.	Jennings	Murphy	Reding	Wagenius
Carruthers	Johnson, A.	Nelson, C.	Rice	Waltman
Clark	Johnson, R.	Nelson, K.	Richter	Weaver
Conway	Johnson, V.	Neuenschwander	Rodosovich	Welle
Cooper	Kalis	O'Connor	Rukavina	Wenzel
Dauner	Kelly	Ogren	Runbeck	Williams
Dawkins	Kelso	Olsen, S.	Sarna	Winter
Dempsey	Kinkel	Olson, E.	Schafer	Wynia
Dille	Knickerbocker	Olson, K.	Scheid	Spk. Vanasek
Dorn	Kostohryz	Omamm	Schreiber	
Forsythe	Krueger	Onnen	Seaberg	
Frederick	Lasley	Orenstein	Segal	

Those who voted in the negative were:

Bishop Greenfield

The bill was passed and its title agreed to.

H. F. No. 1339 was reported to the House.

Anderson, R.; Simoneau; Skoglund and Bishop moved to amend H. F. No. 1339, the first engrossment, as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 1988, section 38.013, is amended to read:

38.013 [TORT LIABILITY.]

The provisions of chapter 466, regarding tort liability apply to county agricultural societies organized under this chapter, except that no person who serves without compensation as a member of the board of a county agricultural society created or organized under chapter 38 shall be held civilly liable for an act or omission by that

person if the act or omission was in good faith, was within the scope of the person's responsibilities as a member of the board and did not constitute willful or reckless misconduct.

This subdivision does not apply to:

(1) an action or proceeding brought by the attorney general for a breach of a fiduciary duty as a director;

(2) a cause of action to the extent it is based on federal law; or

(3) a cause of action based on the board member's express contractual obligation.

Nothing in this subdivision shall be construed to limit the liability of a member of the board for physical injury to the person of another or for wrongful death which is personally and directly caused by the board member.

For purposes of this subdivision the term "compensation" means any thing of value received for services rendered, except:

(1) reimbursement for expenses actually incurred;

(2) a per diem in an amount not to exceed the per diem authorized for state advisory councils and committees pursuant to section 15.059, subdivision 3; or

(3) payment by the county agricultural society of insurance premiums on behalf of a member of the board."

Amend the title accordingly.

The motion prevailed and the amendment was adopted.

H. F. No. 1339, A bill for an act relating to agricultural societies; permitting certain officials to serve on societies; limiting the tort liability of certain board members; amending Minnesota Statutes 1988, sections 38.013; and 38.04.

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

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

Those who voted in the affirmative were:

Abrams
Anderson, G.

Anderson, R.
Battaglia

Bauerly
Beard

Begich
Bennett

Bertram
Bishop

Blatz	Heap	Macklin	Ostrom	Segal
Boo	Henry	Marsh	Otis	Simoneau
Brown	Himle	McDonald	Ozment	Skoglund
Burger	Hugoson	McEachern	Pappas	Solberg
Carlson, D.	Jacobs	McGuire	Pauly	Sparby
Carlson, L.	Janezich	McLaughlin	Pellow	Stanius
Carruthers	Jaros	McPherson	Pelowski	Steensma
Clark	Jefferson	Milbert	Peterson	Sviggum
Conway	Jennings	Miller	Poppenhagen	Tjornhom
Cooper	Johnson, A.	Morrison	Price	Tompkins
Dauner	Johnson, R.	Munger	Pugh	Trimble
Dawkins	Johnson, V.	Murphy	Quinn	Tunheim
Dempsey	Kalis	Nelson, C.	Redalen	Uphus
Dille	Kelly	Nelson, K.	Reding	Valento
Dorn	Kelso	Neuenschwander	Rice	Vellenga
Forsythe	Kinkel	O'Connor	Richter	Wagenius
Frederick	Knickerbocker	Ogren	Rodosovich	Waltman
Frerichs	Kostohryz	Olsen, S.	Rukavina	Weaver
Girard	Krueger	Olson, E.	Runbeck	Welle
Greenfield	Lasley	Olson, K.	Sarna	Wenzel
Gruenes	Lieder	Omann	Schafer	Williams
Gutknecht	Limmer	Onnen	Scheid	Winter
Hartle	Long	Orenstein	Schreibet	Wynia
Haukoos	Lynch	Osthoff	Seaberg	Spk. Vanasek

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

H. F. No. 1113 was reported to the House.

Anderson, G.; Girard; Munger; Olson, K.; Cooper; Uphus and McDonald moved to amend H. F. No. 1113, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 239.79, subdivision 2, is amended to read:

Subd. 2. [GASOLINE-ALCOHOL BLENDS; IDENTIFICATION PRODUCT INFORMATION AVAILABLE.] When gasoline blended with alcohol is sold, offered for sale, or dispensed for use in motor vehicles, the dispenser shall be clearly marked to identify the type of alcohol, if more than one percent by volume, blended with the gasoline. The marking must consist of a white or yellow adhesive decal at least two inches by six inches with clearly printed black lettering at least one-half inch high and one-eighth inch in stroke. The marking shall be conspicuously displayed on both sides of the dispenser and state that the gasoline "CONTAINS ETHANOL" or "CONTAINS METHANOL" or has been "ETHANOL ENRICHED." This subdivision does not prohibit the posting of other alcohol or additive information. A sign stating "INFORMATION ON THE CONTENTS AND PROPERTIES OF MOTOR FUELS SOLD HERE IS AVAILABLE FROM THE SALES ATTENDANT" shall be displayed conspicuously on the premises.

Sec. 2. Minnesota Statutes 1988, section 239.79, is amended by adding a subdivision to read:

Subd. 3. [MOTOR FUEL INFORMATION SHEET.]

A materials safety data sheet fulfills the information requirements of subdivision 2."

Amend the title accordingly

A roll call was requested and properly seconded.

Price moved to amend the Anderson, G., et al amendment to H. F. No. 1113, as follows:

Page 1, line 20, delete "premises" and insert "dispenser"

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Anderson, G., et al amendment, as amended, and the roll was called. There were 90 yeas and 32 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dille	Kelso	Olson, K.	Schreiber
Battaglia	Dorn	Kinkel	Omam	Sparby
Bauerly	Forsythe	Krueger	Onnen	Stanius
Begich	Frederick	Lasley	Ostrom	Steensma
Bennett	Frerichs	Lieder	Otis	Sviggum
Bertram	Girard	Limmer	Pauly	Tjornhom
Blatz	Gruenes	Lynch	Pellow	Tompkins
Boo	Hartle	Macklin	Pelowski	Trimble
Brown	Haukoos	Marsh	Peterson	Tunheim
Burger	Henry	McDonald	Poppenhagen	Uphus
Carlson, D.	Himle	McPherson	Pugh	Valento
Carruthers	Hugoson	Miller	Redalen	Waltman
Clark	Janezich	Morrison	Reding	Weaver
Conway	Jefferson	Munger	Richter	Welle
Cooper	Jennings	Murphy	Rodosovich	Wenzel
Dauner	Johnson, R.	Nelson, C.	Rukavina	Williams
Dawkins	Johnson, V.	Neuenschwander	Runbeck	Winter
Dempsey	Kalis	Olson, E.	Schafer	Spk. Vanasek

Those who voted in the negative were:

Abrams	Jacobs	McLaughlin	Osthoff	Skoglund
Beard	Johnson, A.	Milbert	Price	Solberg
Bishop	Kahn	Nelson, K.	Quinn	Vellenga
Carlson, L.	Knickerbocker	O'Connor	Sarna	Wagenius
Greenfield	Kostohryz	Ogren	Scheid	
Gutknecht	Long	Olsen, S.	Seaberg	
Heap	McEachern	Orenstein	Segal	

The motion prevailed and the amendment, as amended, was adopted.

H. F. No. 1113, A bill for an act relating to motor fuels; abolishing requirement that labeling of gasoline-alcohol blends be placed on dispenser; amending Minnesota Statutes 1988, section 239.79, subdivision 2; and by adding a subdivision.

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 85 yeas and 42 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dille	Kelso	Onnen	Schreiber
Battaglia	Dorn	Kinkel	Ostrom	Simoneau
Bauerly	Frederick	Krueger	Otis	Sparby
Begich	Frerichs	Lasley	Ozment	Steenasma
Bertram	Girard	Lieder	Pappas	Sviggum
Bishop	Greenfield	Macklin	Pauly	Tompkins
Boo	Gruenes	Marsh	Pellow	Trimble
Brown	Hartle	McDonald	Pelowski	Tunheim
Burger	Haukoos	McPherson	Peterson	Uphus
Carlson, D.	Henry	Miller	Poppenhagen	Valento
Carruthers	Himle	Morrison	Redalen	Waltman
Clark	Hugoson	Munger	Reding	Weaver
Conway	Janezich	Nelson, C.	Richter	Welle
Cooper	Jefferson	Neuenschwander	Rodosovich	Wenzel
Dauner	Jennings	Olson, E.	Rukavina	Winter
Dawkins	Johnson, V.	Olson, K.	Runbeck	Wynia
Dempsey	Kalis	Omann	Schafer	Spk. Vanasek

Those who voted in the negative were:

Abrams	Jaros	Lynch	Osthoff	Solberg
Beard	Johnson, A.	McEachern	Price	Stanius
Bennett	Johnson, R.	McLaughlin	Pugh	Tjornhom
Blatz	Kahn	Milbert	Quinn	Vellenga
Carlson, L.	Kelly	Nelson, K.	Sarna	Wagenius
Forsythe	Knickerbocker	O'Connor	Scheid	Williams
Gutknecht	Kostohryz	Ogren	Seaberg	
Heap	Limmer	Olsen, S.	Segal	
Jacobs	Long	Orenstein	Skoglund	

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

H. F. No. 693 was reported to the House.

Carlson, D., moved that H. F. No. 693 be returned to General Orders. The motion prevailed.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Olsen, S., moved that the name of Wenzel be added as an author on H. F. No. 62. The motion prevailed.

Dawkins moved that the name of Limmer be added as an author on H. F. No. 1158. The motion prevailed.

Skoglund moved that the name of Tjornhom be added as an author on H. F. No. 1286. The motion prevailed.

Lasley moved that the name of Vanasek be added as an author on H. F. No. 1521. The motion prevailed.

Jefferson moved that the name of Clark be added as an author on H. F. No. 1731. The motion prevailed.

Nelson, C., moved that H. F. No. 1522, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

ADJOURNMENT

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Thursday, April 27, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

FORTIETH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 27, 1989

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

Prayer was offered by Father Dick Lampert of St. John's Episcopal Church, St. Paul, Minnesota.

The roll was called and the following members were present:

Abrams	Frederick	Kostohryz	Olson, K.	Scheid
Anderson, G.	Frerichs	Krueger	Omahn	Schreiber
Anderson, R.	Girard	Lasley	Onnen	Seaberg
Battaglia	Greenfield	Lieder	Orenstein	Segal
Bauerly	Gruenes	Limmer	Osthoff	Simoneau
Beard	Gutknecht	Long	Ostrom	Skoglund
Begich	Hartle	Lynch	Otis	Solberg
Bennett	Hasskamp	Macklin	Ozment	Sparby
Bertram	Haukoos	Marsh	Pappas	Stanius
Bishop	Heap	McDonald	Pauly	Steenasma
Blatz	Henry	McEachern	Pellow	Sviggum
Boo	Himle	McGuire	Pelowski	Tjornhom
Brown	Hugoson	McLaughlin	Peterson	Tompkins
Burger	Jacobs	McPherson	Price	Trimble
Carlson, D.	Janezich	Milbert	Pugh	Tunheim
Carlson, L.	Jaros	Miller	Quinn	Uphus
Carruthers	Jefferson	Morrison	Redalen	Valento
Clark	Jennings	Munger	Reding	Vellenga
Conway	Johnson, A.	Murphy	Rest	Wagenius
Cooper	Johnson, R.	Nelson, C.	Rice	Waltman
Dauner	Johnson, V.	Nelson, K.	Richter	Weaver
Dawkins	Kahn	Neuenschwander	Rodosovich	Welle
Dempsey	Kalis	O'Connor	Rukavina	Wenzel
Dille	Kelso	Ogren	Runbeck	Williams
Dorn	Kinkel	Olsen, S.	Sarna	Winter
Forsythe	Knickerbocker	Olsen, E.	Schafer	Wynia
				Spk. Vanasek

A quorum was present.

Kelly and Swenson were excused.

Poppenhagen was excused until 4:45 p.m.

The Chief Clerk proceeded to read the Journal of the preceding

day. Waltman moved that further reading of the Journal be dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 337, 1504, 162, 415, 981, 1110, 1179, 1221, 1423, 1425, 1339 and 1113 and S. F. Nos. 1488, 321, 331 and 851 have been placed in the members' files.

REPORTS OF STANDING COMMITTEES

Begich from the Committee on Labor-Management Relations to which was referred:

H. F. No. 30, A bill for an act relating to employment; requiring breaks during the work day; amending Minnesota Statutes 1988, sections 177.32, subdivision 1; and 177.33; proposing coding for new law in Minnesota Statutes, chapter 177.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [177.254] [MANDATORY MEAL BREAK.]

Subdivision 1. [MEAL BREAK.] An employer must permit each employee who is working for six or more consecutive hours sufficient time to eat a meal.

Subd. 2. [PAYMENT NOT REQUIRED.] Nothing in this section requires the employer to pay the employee during the meal break.

Subd. 3. [COLLECTIVE BARGAINING AGREEMENT.] Nothing in this section prohibits employers and employees from establishing meal periods different from those provided in this section pursuant to a collective bargaining agreement.”

Amend the title as follows:

Page 1, lines 3 and 4, delete “amending Minnesota Statutes 1988, sections 177.32, subdivision 1; and 177.33;”

With the recommendation that when so amended the bill pass.

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 186, A bill for an act relating to employment; protective agents; prohibiting employers to hire as a protective agent a person convicted of certain crimes; disqualifying persons convicted of criminal sexual conduct from holding a license to operate a private detective or protective agent service; amending Minnesota Statutes 1988, sections 326.336, subdivision 1; 326.3381, subdivision 3, and by adding a subdivision; and 364.09.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 326.32, is amended by adding a subdivision to read:

Subd. 10c. "Proprietary employer" means an individual, partnership, or corporation that is not engaged in the business of providing protective agents but employs individuals to serve as security guards solely on the employer's property and its curtilage.

Sec. 2. Minnesota Statutes 1988, section 326.32, is amended by adding a subdivision to read:

Subd. 13. (a) "Security guard" means a person who wears or carries any insignia that identifies the person to the public as security, who is paid a fee, wage, or salary to do one or more of the following:

(1) prevent or detect intrusion, unauthorized entry or activity, vandalism, or trespass on private property;

(2) prevent or detect theft, loss, embezzlement, misappropriation, or concealment of merchandise, money, bonds, stocks, notes, or other valuable documents or papers;

(3) control, regulate, or direct the flow or movements of the public, whether by vehicle or otherwise, to assure protection of private property;

(4) protect individuals from bodily harm; or

(5) enforce policies and rules of the security guard's employer related to crime reduction to the extent that the enforcement falls within the scope of the security guard's duties.

(b) The term "security guard" does not include:

(1) an auditor, accountant, or accounting clerk performing audits or accounting functions;

(2) an employee of a firm licensed under section 326.3381 whose duties are primarily administrative or clerical in nature;

(3) a person employed by a proprietary company to conduct plain-clothes surveillance or investigation;

(4) a person temporarily employed under statute or ordinance by political subdivisions to provide protective services at social functions;

(5) an employee of an air or rail carrier;

(6) a customer service representative or sales clerk employed in a retail establishment; or

(7) a person employed to perform primarily maintenance or custodial functions.

Sec. 3. Minnesota Statutes 1988, section 326.336, subdivision 1, is amended to read:

Subdivision 1. A license holder may employ, in connection with the business of private detective or protective agent, as many unlicensed persons as may be necessary; provided that every license holder is at all times accountable for the good conduct of every person employed. When a license holder hires a person to perform services as a private detective or protective agent, the employer shall submit to the bureau of criminal apprehension a full set of fingerprints of each employee and the written consent of the employee or prospective employee for to enable the bureau to determine whether that person has a criminal record. The employee is a conditional employee until the employer receives a report from the bureau that, based on a check of the criminal records maintained by the bureau, the prospective employee has not been convicted in Minnesota of a felony or any offense listed in section 326.3381, subdivision 3, other than a misdemeanor or gross misdemeanor assault. During the period of conditional employment, the person may not serve as a private detective or protective agent, but may be trained by the employer. The bureau shall immediately request the Federal Bureau of Investigation to conduct a check of each conditional employee's criminal record, and the bureau of criminal apprehension shall immediately forward the results to the employer when they are received. If the bureau report or Federal Bureau of Investigation report indicates that the employee was convicted of a disqualifying offense, the employer shall immediately dismiss the employee.

Sec. 4. Minnesota Statutes 1988, section 326.3381, is amended by adding a subdivision to read:

Subd. 1a. [PROPRIETARY EMPLOYERS.] A proprietary employer is not required to obtain a license, but must comply with section 326.336, subdivision 1, with respect to the hiring of security guards.

Sec. 5. Minnesota Statutes 1988, section 326.3381, subdivision 3, is amended to read:

Subd. 3. [DISQUALIFICATION.] No person is qualified to hold a license who has:

(1) been convicted of (i) a felony by the courts of this or any other state or of the United States; (ii) acts which, if done in Minnesota, would be criminal sexual conduct; assault; theft; larceny; burglary; robbery; unlawful entry; extortion; defamation; buying or receiving stolen property; using, possessing, manufacturing, or carrying weapons unlawfully; using, possessing, or carrying burglary tools unlawfully; escape; possession, production, sale, or distribution of narcotics unlawfully; or (iii) in any other country of acts which, if done in Minnesota, would be a felony or would be any of the other offenses provided in this clause and for which a full pardon or similar relief has not been granted;

(2) made any false statement in an application for a license or any document required to be submitted to the board; or

(3) failed to demonstrate to the board good character, honesty, and integrity.

Sec. 6. Minnesota Statutes 1988, section 364.09, is amended to read:

364.09 [EXCEPTIONS.]

This chapter shall not apply to the practice of law enforcement, to eligibility for a private detective or protective agent license, to eligibility for a family day care license, a family foster care license, a home care provider license, or to eligibility for school bus driver endorsements. Nothing in this section shall be construed to preclude the Minnesota police and peace officers training board from recommending policies set forth in this chapter to the attorney general for adoption in the attorney general's discretion to apply to law enforcement.

Sec. 7. [EFFECT ON CURRENT EMPLOYEES.]

Sections 1 to 4 do not apply to persons hired before the effective date of those sections.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to employment; protective agents; prohibiting employers to hire as a protective agent a person convicted of certain crimes; disqualifying persons convicted of criminal sexual conduct from holding a license to operate a private detective or protective agent service; amending Minnesota Statutes 1988, sections 326.32, by adding subdivisions; 326.336, subdivision 1; 326.3381, subdivision 3, and by adding a subdivision; and 364.09."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 187, A bill for an act relating to game and fish; prohibiting harassment of hunters and anglers; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 97A.

Reported the same back with the following amendments:

Page 1, line 6, after "HUNTER" insert ", TRAPPER,"

Page 1, line 15, after "take" insert "lawfully"

Page 1, line 20, after "HUNTERS" insert ", TRAPPERS,"

Page 2, line 4, delete everything after "conduct" and insert "For purposes of this subdivision, harassing conduct does not include a landowner's or lessee's action to enforce the trespass law."

Page 2, delete lines 5 and 6

Amend the title as follows:

Page 1, line 3, after "hunters" insert ", trappers,"

With the recommendation that when so amended the bill pass.

The report was adopted.

Begich from the Committee on Labor-Management Relations to which was referred:

H. F. No. 260, A bill for an act relating to employment; providing for review of an employee's personnel record; providing for removal or revision of disputed information contained in an employee's personnel record; regulating use of omitted information; proposing coding for new law in Minnesota Statutes, chapter 181.

Reported the same back with the following amendments:

Page 2, line 1, delete "and"

Page 2, line 3, before the period insert "; any other record used in determining the employee's qualifications for employment, promotion, transfer, compensation, termination, or other disciplinary action; and any medical record"

Page 2, line 10, before the semicolon insert "; unless and until the employer takes adverse personnel action based on information in such records"

Page 2, line 22, after the semicolon insert "and"

Page 2, line 25, delete the semicolon and insert a period

Delete page 2, line 26 to page 3, line 3

Page 3, delete lines 28 and 29

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 354, A bill for an act relating to elections; providing for handicap access to precinct caucuses and party conventions; providing for sign interpreters at precinct caucuses and party conventions; amending Minnesota Statutes 1988, sections 202A.13; and 202A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 202A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 202A.13, is amended to read:

202A.13 [COMMITTEES, CONVENTIONS.]

The rules of each major political party shall provide that for each congressional district and each county or legislative district a convention shall be held at least once every state general election year. Each major political party shall also provide for each congressional district and each county or legislative district an executive committee consisting of a chair and such other officers as may be necessary. The party rules may provide for only one executive committee and one convention where any county and congressional district have the same territorial limits.

A communicatively impaired delegate or alternate who needs interpreter services at a county, legislative district, state, or congressional district convention shall so notify the executive committee of the major political party unit whose convention the delegate or alternate plans to attend. Written notice must be given by certified mail to the executive committee at least 30 days before the convention date. The major political party, not later than 14 days before the convention date, shall secure the services of one or more interpreters if available and shall submit a request for reimbursement for the cost of the services to the secretary of state. The secretary of state shall adopt a schedule of reimbursement fees by rule.

A visually impaired delegate or alternate to a county, legislative district, state, or congressional district convention may notify the executive committee of the major political party unit that the delegate or alternate requires convention materials in audio tape, Braille, or large print format. Upon receiving the request, the executive committee shall provide all official written convention materials as soon as they are available, so that the visually impaired individual may have them converted to audio tape, Braille, or large print format, prior to the convention.

Sec. 2. Minnesota Statutes 1988, section 202A.15, subdivision 2, is amended to read:

Subd. 2. The precinct caucuses shall be held at the regular polling places for each precinct or other suitable places designated in the call, and no caucus may be adjourned to any other place or time.

In the event that there is only one suitable meeting place in the

precinct polling place and the major political parties cannot agree as to its use, the county auditor shall decide by lot prior to January 15, 1970, the party which is to receive the use of the meeting place in years evenly divisible by four and which party shall receive the use of the meeting place in other years in which a state general election is held. The report of such selections by lot in the county shall be filed by the auditor with the county board which shall publish the same as a part of the minutes of the board meeting at which the report is filed.

A precinct caucus must be held at a place that meets the accessibility standards for precinct polling places specified in section 204B.16, subdivision 5. In addition, the place where a precinct caucus is held must contain restrooms that conform to the standards in the state building code for accessibility by handicapped persons. If a precinct caucus is held on a floor of a building that is either above or below the entrance level for the building, an elevator must be available. Any elevators used for access to the room where the precinct caucus is held must conform to the standards in the state building code for accessibility by handicapped persons.

If there are not enough places within a precinct that are or can be made accessible as provided by this subdivision and section 204B.16, subdivision 5, for each major party to hold its precinct caucus, a major party may hold its caucus at a place outside one of the boundaries of the precinct in order to comply with accessibility requirements.

If only one place satisfies the accessibility and location requirements of this subdivision, the major parties shall alternate use of the place. Prior to January 1, 1990, the county auditor shall decide by lot which party is to use the accessible place in years evenly divisible by four and which party is to use the place in other years when a state general election is held.

Sec. 3. [202A.155] [INTERPRETER SERVICES; CAUCUS MATERIALS.]

A communicatively impaired individual who needs interpreter services at a precinct caucus shall so notify the major political party whose caucus the individual plans to attend, and shall provide written notice by certified mail to the county or legislative district committee of the political party at least 30 days before the precinct caucus date. The major political party, not later than 14 days before the precinct caucus date, shall secure the services of one or more interpreters if available and shall submit a request for reimbursement for the cost of the services to the secretary of state. The secretary of state shall adopt a schedule of reimbursement fees by rule.

A visually impaired individual may notify the county or legisla-

tive district committee of the major political party whose precinct caucus the individual plans to attend, that the individual requires caucus materials in audio tape, Braille, or large type format. Upon receiving the request, the county or legislative district committee shall provide all official written caucus materials as soon as they are available, so that the visually impaired individual may have them converted to audio tape, Braille, or large print format prior to the precinct caucus.

Sec. 4. [202A.156] [INTERPRETER SERVICES AND ACCESSIBLE PRECINCT CAUCUS EXEMPTIONS.]

A major political party is not required to:

(1) provide an interpreter for a convention or precinct caucus if it has made documented good faith efforts to locate and assign an interpreter, including contacting an interpreter referral center or regional service center for the hearing impaired, and no interpreters are available; or

(2) hold a precinct caucus at a place that meets the accessibility standards for precinct polling places specified in section 2, if it has made documented good faith efforts to locate and secure an available accessible site within a reasonable distance of the precinct, and no accessible site is available.

Sec. 5. [APPROPRIATION.]

§ is appropriated from the general fund to the secretary of state to reimburse major political parties for the costs of providing interpreter services to communicatively impaired persons."

Delete the title and insert:

"A bill for an act relating to elections; providing for handicap access to precinct caucuses and party conventions; providing for interpreters at precinct caucuses and party conventions; making convention and caucus materials available to the visually impaired; appropriating money; amending Minnesota Statutes 1988, sections 202A.13; and 202A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 202A."

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 357, A bill for an act relating to commerce; requiring businesses offering check cashing services to be licensed; establishing a maximum fee to be charged for check cashing services; proposing coding for new law as Minnesota Statutes, chapter 55A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [53A.01] [DEFINITIONS.]

Subdivision 1. [CURRENCY EXCHANGE.] "Currency exchange" means any person, except a bank, trust company, savings bank, savings and loan association, credit union, or industrial loan and thrift company, engaged in the business of cashing checks and drafts or selling money orders or travelers' checks for a fee. "Currency exchange" does not include a person who provides these services incidental to the person's primary business if the charge for cashing a check or draft does not exceed \$1.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.

Sec. 2. [53A.02] [LICENSE.]

A person may not engage in the business of a currency exchange without first obtaining a license from the commissioner.

Sec. 3. [53A.03] [APPLICATION FOR LICENSE; FEES.]

(a) An application for a license must be in writing, under oath, and in the form prescribed and furnished by the commissioner and must contain the following:

(1) the full name and address (both of residence and place of business) of the applicant, and if the applicant is a partnership or association, of every member, and the name and business address if the applicant is a corporation;

(2) the county and municipality, with street and number, if any, of all currency exchange locations operated by the applicant; and

(3) the applicant's occupation or profession, for the ten years immediately preceding the application; present or previous connection with any other currency exchange in this or any other state; whether the applicant has ever been convicted of any crime; and the nature of the applicant's occupancy of the premises to be licensed; and if the applicant is a partnership or a corporation, the informa-

tion specified in this paragraph must be supplied for each partner and each officer and director of the corporation. If the applicant is a partnership or a nonpublicly held corporation, the information specified in this paragraph must be required of each partner and each officer, director, and stockholders owing in excess of ten percent of the corporate stock of the corporation.

(b) The application shall be accompanied by a nonrefundable fee of \$250 for the review of the initial application. Upon approval by the commissioner, an additional license fee of \$50 must be paid by the applicant as an annual license fee for the remainder of the calendar year. An annual license fee of \$50 is due for each subsequent calendar year of operation upon submission of a license renewal application on or before December 1. Upon payment of the required annual license fee, the commissioner shall issue a license for the year beginning January 1.

Sec. 4. [53A.04] [APPROVAL OR DENIAL OF AN APPLICATION.]

The commissioner shall approve or deny an application within 30 days from the completed filing of it. If the application is denied, the commissioner shall send by mail notice of the denial and the reason for the denial to the applicant at the address contained in the application. If an application is denied, the applicant may, within 30 days of receiving the notice of a denial, request a contested case hearing pursuant to chapter 14.

Sec. 5. [53A.05] [CHANGE OF NAME OR LOCATION.]

If a licensee proposes to change the name or location of any or all of its currency exchanges, or adds a new currency exchange location, the licensee shall file an application for approval of the change with the commissioner. If the change is approved by the commissioner, the commissioner shall issue an amended license in the licensee's new name or location. A \$50 fee must be paid for the amended license.

Sec. 6. [53A.06] [FINE, SUSPENSION, OR REVOCATION OF LICENSE.]

(a) The commissioner may suspend or revoke any license under section 45.027 if the commissioner finds that:

(1) the licensee has failed to pay the annual license fee or to maintain in effect the required bond or to comply with any order, decision, or finding of the commissioner under this act;

(2) the licensee, or any officer or director of a corporate licensee,

has violated any provision of this act or any rule or order of the commissioner under this chapter or chapter 45;

(3) the licensee, or any officer or director of a corporate licensee, has violated any other law which would indicate that the person is untrustworthy or not qualified to operate a currency exchange; or

(4) any fact or condition exists which, if it had existed at the time of the original or renewal application for the license, would have warranted the commissioner refusing the issuance of the license.

(b) A license may not be revoked until the licensee has had notice of a hearing pursuant to the provisions of chapter 14.

(c) A licensee may surrender any license by delivery to the commissioner. The surrender does not affect the licensee's civil or criminal liability for acts committed before the surrender, or affect the liability on the bond required by this act or entitle the licensee to a return of any part of any license fee.

(d) Before suspension or revocation of the license, the commissioner may fine a licensee for violations of this act as authorized under chapter 45.

Sec. 7. [53A.07] [FILING OF FEES; UNREASONABLE FEES.]

Subdivision 1. [APPROVAL OF FEES.] Fees charged at each location for check cashing services must be filed with and approved by the commissioner.

Subd. 2. [AMENDMENT OF FEES.] A licensee may amend its fees at any time by filing the proposed amendments with the commissioner. The application for amendment shall be in writing, under oath, and in the form prescribed by the commissioner. A fee of \$50 shall accompany the application. The commissioner shall approve or deny the application 60 days after the filing of a complete application to amend its fees.

Subd. 3. [STANDARDS; UNREASONABLE FEES PROHIBITED.] The commissioner may disapprove the fees filed by a currency exchange if they are not fair and reasonable. In determining whether a fee is fair and reasonable, the commissioner shall take into consideration:

(1) rates charged in the past for cashing of checks by those persons and organizations providing check cashing services in the state of Minnesota;

(2) the income, cost, and experience of the operations of currency

exchanges existing prior to this enactment or in other states under similar conditions or regulations;

(3) the amount of risk involved in the type of check to be cashed and the location where the currency exchange operates;

(4) the general cost of doing business, insurance costs, security costs, banking fees, and other costs associated with the operations of the particular currency exchange;

(5) a reasonable profit for a currency exchange operation; and

(6) any other matter the commissioner deems appropriate. The commissioner shall set a separate rate, consistent with the above standards, for checks issued by a government entity in an amount up to \$500 to be cashed by a currency exchange.

Sec. 8. [53A.08] [BOND.]

Any currency exchange that engages in the sale of money orders or travelers' checks shall comply with bonding requirements pursuant to section 48.151.

Sec. 9. [53A.09] [POWERS; LIMITATIONS; PROHIBITIONS.]

A currency exchange may not accept money or currency for deposit, or act as bailee or agent for persons, firms, partnerships, associations, or corporations to hold money or currency in escrow for others for any purpose.

Sec. 10. [53A.10] [VIOLATIONS.]

Any person, firm, association, partnership, or corporation that violates this act shall be guilty of a misdemeanor.

Sec. 11. [53A.11] [BOOKS OF ACCOUNT; ANNUAL REPORT.]

The licensee shall keep and use in the licensee's business the books, accounts, and records that will enable the commissioner to determine whether the licensee is complying with the provisions of this act and with the rules adopted by the commissioner. A licensee shall preserve the books, accounts, and records for at least two years after making the final entry.

Sec. 12. [53A.12] [RULES.]

The commissioner may adopt rules under chapter 14 as may be necessary to administer and enforce this chapter.

Sec. 13. [53A.13] [FEE NOTICE; FALSE ADVERTISING; PENALTY.]

Subdivision 1. [FEE NOTICE.] The fees charged by currency exchanges for rendering any service authorized by this act must be prominently displayed on the premises of the currency exchange in the fashion required by the commissioner.

Subd. 2. [FALSE ADVERTISING.] A licensee may not advertise, print, display, publish, distribute, or broadcast any statement or representation that is false, misleading, or deceptive, or that omits material information.

Subd. 3. [CIVIL LIABILITY; PENALTY.] A person who violates any subdivision of this chapter is liable to the person damaged by the violation for actual damages. The court may award reasonable attorney fees and costs.

Sec. 14. [53A.14] [EFFECT ON LOCAL LAW.]

Local law requirements that are inconsistent with the requirements in this chapter are preempted to the extent of the inconsistency.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 to 14 are effective August 1, 1989. Existing currency exchanges must submit applications in compliance with this chapter by October 1, 1989. No currency exchange shall operate without a license after December 31, 1989."

Delete the title and insert:

"A bill for an act relating to commerce; regulating currency exchanges; requiring currency exchanges to be licensed by the commissioner of commerce; requiring charges to be reasonable; proposing coding for new law as Minnesota Statutes, chapter 53A."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 759, A bill for an act relating to veterans; requiring a presentence investigation report on a convicted veteran to include information on whether the veteran is suffering from a posttraumatic stress disorder; requiring the chief executive officers of correc-

tional facilities to provide veteran inmates suffering from posttraumatic stress disorders with appropriate medical care; amending Minnesota Statutes 1988, sections 241.06; and 609.115, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [243.251] [POSTTRAUMATIC STRESS DISORDER.]

(a) “Veteran” means a person who served in the United States armed forces in a combat zone. “Civilian medical staff” means a nurse or other person with medical training who provided medical care and assistance in a combat zone to members of the United States armed forces.

(b) When an inmate who is a veteran or served as a civilian medical staff person is confined in an adult correctional institution under the control of the commissioner of corrections, the chief executive officer shall require the director of inmate classification to determine if the inmate’s military duty or civilian medical service was unusually stressful. If the director determines that the inmate’s military duty or civilian medical service was unusually stressful, the director shall consider that fact in developing a corrections plan for the inmate.”

Delete the title and insert:

“A bill for an act relating to veterans; requiring corrections officials to consider the fact that a veteran inmate suffers from posttraumatic stress disorder in the preparation of the inmate’s corrections plan; proposing coding for new law in Minnesota Statutes, chapter 243.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Skoglund from the Committee on Insurance to which was referred:

H. F. No. 780, A bill for an act relating to insurance; township mutuals; permitting the directors to choose a manager who need not be a member of the board; expanding the permissible duties of the treasurer and manager; permitting township mutual fire insurance companies to cover certain secondary property; permitting township mutual insurance companies to insure secondary property outside the companies’ territory under certain circumstances; setting forth a director’s personal liability; amending Minnesota Statutes 1988,

sections 67A.09, subdivision 1; 67A.12, subdivision 1; 67A.14, subdivisions 1 and 5; and 67A.17, subdivisions 2 and 3.

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

The report was adopted.

Begich from the Committee on Labor-Management Relations to which was referred:

H. F. No. 848, A bill for an act relating to judicial administration; regulating the administration of the workers' compensation court of appeals; amending Minnesota Statutes 1988, sections 175A.01, subdivision 1; 175A.02; 175A.07, subdivision 4; and 176.421, subdivisions 5, 6, and by adding a subdivision.

Reported the same back with the following amendments:

Page 5, after line 9, insert:

"Sec. 8. [APPROPRIATION.]

\$200,000 is appropriated from the special compensation fund for fiscal year 1990 and \$170,000 for fiscal year 1991, to the workers' compensation court of appeals to provide additional staff and operations support to the court. The approved complement of the court is increased by five."

Amend the title as follows:

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

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 851, A bill for an act relating to courts; increasing certain fees collected by the court administrator; amending Minnesota Statutes 1988, sections 171.06, subdivisions 2 and 4; 357.021, subdivision 2; and 525.22.

Reported the same back with the following amendments:

Page 3, line 22, delete "\$10" and insert "\$7.50"

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 872, A bill for an act relating to education; proposing a fifth year incentive plan for teachers in the Duluth school district.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [NEGOTIATED INCENTIVE PLAN; PARTICIPATION IN RETIREMENT FUND.]

A teacher employed by independent school district No. 709, Duluth, who voluntarily participates in an incentive plan negotiated by the school board and the exclusive representative of the teachers permitting 80 percent payment of salary over a five-year period, during which the teacher works four years and is on leave the fifth year, may receive service credit in the Duluth teachers retirement fund association for the entire five-year period of the incentive plan if the teacher and the employing board make employer and employee contributions for the period based on the annual salary the teacher would have received if teaching in the district during the period without the salary reduction to 80 percent."

Delete the title and insert:

"A bill for an act relating to education; proposing a fifth-year incentive plan for teachers in the Duluth school district."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1040, A bill for an act relating to agriculture; allowing nuisance free, pollution free, aesthetic burial of solid waste on agricultural land by a person engaged in farming; requiring solid

waste management plans to describe methods for using leaves and other such waste for mixing into the soil; requiring the waste management board to encourage development of markets for solid waste suitable for land application and to provide technical assistance to political subdivisions on use of waste stream solid waste; requiring the pollution control agency to notify the commissioner of agriculture and hold public hearings on rules affecting farming operations; amending Minnesota Statutes 1988, sections 14.115, subdivision 1; 115A.46, subdivision 2; 115A.48, subdivisions 1, 2, and by adding a subdivision; and 116.07, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 17.

Reported the same back with the following amendments:

Page 2, line 2, delete "and" and insert a comma and after "88.17," insert "and 88.22"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1121, A bill for an act relating to animals; regulating using animals for certain purposes; providing a penalty; amending Minnesota Statutes 1988, sections 343.33; and 343.34.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 343.33, is amended to read:

343.33 [SALE AND USE AS PRIZES ADVERTISING DEVICES.]

Subdivision 1. [CHICKS, DUCKLINGS, GOSLINGS.] Chicks, ducklings, and goslings younger than four weeks of age shall not be sold or offered for sale; raffled; or offered or given as a prize, premium, or advertising device, in quantity of fewer than 12 birds to an individual person unless sold by a person, firm, partnership, or corporation engaged in the business of selling chicks, ducklings, and goslings for agricultural or wildlife purposes.

Subd. 2. [USE AS PRIZES OR INDUCEMENTS.] A carnival, street show, street fair, sideshow, circus, or similar enterprise may not give away any live animal as:

(1) a prize for, or as an inducement to enter, any contest, game, or other competition;

(2) an inducement to enter a place of amusement; or

(3) an inducement to enter into any business agreement if the offer of the animal is for the purpose of attracting trade."

Delete the title and insert:

"A bill for an act relating to animals; regulating using animals for certain purposes; providing a penalty; amending Minnesota Statutes 1988, section 343.33."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1158, A bill for an act relating to courts; providing for a study by the supreme court of racial bias in the judicial system; establishing a panel to investigate racism by judges and evaluate mechanisms for criticizing judges; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [SUPREME COURT STUDY OF RACIAL BIAS IN THE JUDICIAL SYSTEM.]

Subdivision 1. [STUDY.] The supreme court shall study racial bias in the judicial system in Minnesota. The court shall appoint an advisory task force to assist with the study.

Subd. 2. [CONTENTS.] The study must examine the extent to which racial bias exists in the judicial system, including the existence of discriminatory treatment of litigants, witnesses, jurors, judges, attorneys, and court personnel who are members of racial minorities. The study should:

(1) identify positions within the judicial system including, but not limited to, judges, judicial clerks, court reporters, judicial administrators and their staff, county attorneys, public defenders and their staff, and identify minority representation or underrepresentation in the positions;

(2) review sentencing patterns to see if the length or conditions of sentences vary based on the defendant's race;

(3) review the jury selection process, including grand juries, to determine the representation or underrepresentation of minority populations on juries and determine if the use of peremptory strikes varies based on the juror's race; and

(4) review other aspects of court operations as appropriate to identify patterns of different and unequal treatment of racial minority persons.

The task force shall report its findings and recommendations to the legislature by January 1, 1993. In the interim the task force may report findings as parts of the study are completed.

Sec. 2. [APPROPRIATION.]

§ is appropriated from the general fund to the supreme court to carry out the study under section 1."

Delete the title and insert:

"A bill for an act relating to courts; providing for a study by the supreme court of racial bias in the judicial system; appropriating money."

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

The report was adopted.

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

H. F. No. 1272, A bill for an act relating to human services; expanding the work readiness program; removing time limits on work readiness assistance; requiring participation in work readiness activities as a condition of receiving assistance; establishing notice and appeal requirements; establishing residency requirements; amending Minnesota Statutes 1988, sections 256D.01, subdivisions 1, 1a, 1b, and 1c; 256D.02, subdivisions 1, 4, and by adding a subdivision; 256D.03, subdivision 2; 256D.05, subdivision 1, and by adding a subdivision; 256D.051, subdivisions 1, 2, 3, 6, 8, 13, and by adding subdivisions; 256D.052, subdivisions 1, 2, 3, and 4; 256D.101; 2456D.111, subdivision 5; and 256G.03, subdivision 1; repealing Minnesota Statutes 1988, section 256D.052, subdivisions 5, 6, and 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 256D.01, subdivision 1, is amended to read:

Subdivision 1. [POLICY.] The objectives of sections 256D.01 to 256D.21 are to provide a sound administrative structure for public assistance programs; to maximize the use of federal money for public assistance purposes; and to provide an integrated public assistance program for all persons in the state without adequate income or resources to maintain a subsistence reasonably compatible with decency and health; and to provide work readiness services to help employable and potentially employable persons prepare for and attain self-sufficiency and obtain permanent work.

It is declared to be the policy of this state that persons unable to provide for themselves and not otherwise provided for by law and who meet the eligibility requirements of sections 256D.01 to 256D.21 are entitled to receive grants of general assistance necessary to maintain a subsistence reasonably compatible with decency and health. Providing this assistance is a matter of public concern and a necessity in promoting the public health and welfare.

Sec. 2. Minnesota Statutes 1988, section 256D.01, subdivision 1a, is amended to read:

Subd. 1a. [STANDARDS.] (1) (a) A principal objective in providing general assistance is to provide for persons ineligible for federal programs who are unable to provide for themselves. The minimum standard of assistance determines the total amount of the general assistance grant without separate standards for shelter, utilities, or other needs.

(2) (b) The commissioner shall set the standard of assistance for an assistance unit consisting of an adult recipient who is childless and unmarried or living apart from children and spouse and who does not live with a parent or parents or a legal custodian. When the other standards specified in this subdivision increase, this standard shall must also be increased by the same percentage.

(3) (c) For an assistance unit consisting of a single adult who lives with a parent or parents, the general assistance standard of assistance ~~shall be equal to~~ is the amount that the aid to families with dependent children standard of assistance would increase if the recipient were added as an additional minor child to an assistance unit consisting of the recipient's parent and all of that parent's family members, provided except that the standard shall may not exceed the standard for a general assistance recipient living alone.

Benefits received by a responsible relative of the assistance unit under the supplemental security income program, a workers' compensation program, the Minnesota supplemental aid program, or any other program based on the responsible relative's disability, and any benefits received by a responsible relative of the assistance unit under the social security retirement program, shall may not be counted in the determination of eligibility or benefit level for the assistance unit. Except as provided below, the assistance unit is ineligible for general assistance if the available resources or the countable income of the assistance unit and the parent or parents with whom the assistance unit lives are such that a family consisting of the assistance unit's parent or parents, the parent or parents' other family members and the assistance unit as the only or additional minor child would be financially ineligible for general assistance. For the purposes of calculating the countable income of the assistance unit's parent or parents, use the calculation methods, income deductions, exclusions, and disregards used when calculating the countable income for a single adult or childless couple must be used.

(4) (d) For an assistance unit consisting of a childless couple, the standards of assistance shall be equal to are the same as the first and second adult standards of the aid to families with dependent children program. If one member of the couple is not included in the general assistance grant, then the standard of assistance for the other shall be equal to is the second adult standard of the aid to families with dependent children program; except that, when one member of the couple is not included in the general assistance grant because that member is not categorically eligible for general assistance under section 256D.05, subdivision 1, and has exhausted work readiness eligibility under section 256D.051, subdivision 4 or 5, for the period of time covered by the general assistance grant, then the standard of assistance for the remaining member of the couple shall be equal to the first adult standard of the aid to families with dependent children program.

(5) (e) For an assistance unit consisting of all members of a family, the standards of assistance shall be are the same as the standards of assistance applicable that apply to a family under the aid to families with dependent children program if that family had the same number of parents and children as the assistance unit under general assistance and if all members of that family were eligible for the aid to families with dependent children program. If one or more members of the family are not included in the assistance unit for general assistance, the standards of assistance for the remaining members shall be equal to are the same as the standards of assistance applicable that apply to an assistance unit composed of the entire family, less the standards of assistance applicable to for a family of the same number of parents and children as those members of the family who are not in the assistance unit for general assistance. Notwithstanding the foregoing However, if an assistance unit

consists solely of the minor children because their parent or parents have been sanctioned from receiving benefits from the aid to families with dependent children program, the standard for the assistance unit shall be equal to is the same as the special child standard of the aid to families with dependent children program. A child shall may not be excluded from the assistance unit unless income intended for its benefit is received from a federally aided categorical assistance program or supplemental security income. The income of a child who is excluded from the assistance unit shall may not be counted in the determination of eligibility or benefit level for the assistance unit.

Sec. 3. Minnesota Statutes 1988, section 256D.01, subdivision 1b, is amended to read:

Subd. 1b. [RULES.] The commissioner may adopt emergency rules and shall adopt permanent rules to set standards of assistance and methods of calculating payment to conform with subdivision 1a this section. The minimum standards of assistance shall authorize the payment of rates negotiated by local agencies for recipients living in a room and board arrangement. Except for payments made to a secure crisis shelter under section 256D.05, subdivision 3, monthly general assistance payments for rates negotiated by a local agency on behalf of recipients living in a room and board, boarding care, supervised living, or adult foster care arrangement must not exceed the limits established under the Minnesota supplemental aid program. In order to maximize the use of federal funds, the commissioner shall adopt rules, to the extent permitted by federal law for eligibility for the emergency assistance program under aid to families with dependent children, and under the terms of sections 256D.01 to 256D.21 for general assistance, to require use of the emergency program under aid to families with dependent children as the primary financial resource when available. The commissioner shall provide by rule for eligibility for general assistance of persons with seasonal income, and may attribute seasonal income to other periods not in excess of one year from receipt by an applicant or recipient.

Sec. 4. Minnesota Statutes 1988, section 256D.01, subdivision 1c, is amended to read:

Subd. 1c. [GENERAL ASSISTANCE PAYMENTS TO FACILITIES.] (a) The commissioner shall make authorize the payment of rates negotiated by local agencies for recipients living in a room and board arrangement. Except for payments made to a secure crisis shelter under section 256D.05, subdivision 3, monthly general assistance payments for rates negotiated by a local agency on behalf of recipients living in a room and board, boarding care, supervised living, or adult foster care arrangement may not exceed the limits established under the Minnesota supplemental aid program. No payments under subdivision 1b this paragraph may be made to

facilities a facility licensed after August 1, 1987, which have that has more than four residents with a diagnosis of mental illness except for facilities unless the facility is specifically licensed to serve persons with mental illness. The commissioner of health shall monitor newly-licensed facilities and shall report to the commissioner of human services facilities that are not in compliance with this section.

(b) In order to maximize the use of federal funds, the commissioner shall adopt rules, to the extent permitted by federal law, for eligibility for the emergency assistance program under aid to families with dependent children, and under the terms of sections 256D.01 to 256D.21 for general assistance, to require use of the emergency program under aid to families with dependent children as the primary financial resource when available.

(c) The commissioner shall adopt rules for eligibility for general assistance of persons with seasonal income, and may attribute seasonal income to other periods not in excess of one year from receipt by an applicant or recipient.

(d) General assistance payments may not be made for foster care, child welfare services, or other social services.

(e) Vendor payments and vouchers may be issued only as authorized in sections 256D.05, subdivision 6, and 256D.09.

Sec. 5. Minnesota Statutes 1988, section 256D.02, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] For purposes of sections 256D.01 to 256D.21, the terms defined in this section shall have the meanings given them unless otherwise provided or indicated by the context.

Sec. 6. Minnesota Statutes 1988, section 256D.02, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE.] "General assistance" means cash payments to persons unable to provide themselves with a reasonable subsistence compatible with decency and health and who are not otherwise provided for under the laws of this state or the United States. General assistance shall not include payments for foster care, child welfare services, or other social services. Vendor payments and vouchers may be issued only as provided for in section 256D.09.

Sec. 7. Minnesota Statutes 1988, section 256D.03, subdivision 2, is amended to read:

Subd. 2. For the period from January 1 to June 30, state aid shall

be paid to local agencies for 75 percent of all general assistance and work readiness grants up to the standards of sections 256D.01, subdivision 1a, and 256D.051, and according to procedures established by the commissioner, except as provided for under section 256.017. Subsequent to July 1 of each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.017.

For the period from July 1 to December 31, state aid shall be paid to local agencies for 100 percent of all general assistance and work readiness grants up to the standards of sections 256D.01, subdivision 1a, and 256D.051, and according to procedures established by the commissioner, except as provided for under section 256.017 and except that, after December 31, 1988, state aid is reduced to 65 percent of all ~~general assistance grants~~ work readiness assistance if the local agency does not make occupational or vocational literacy training available and accessible to recipients who are eligible for assistance under section ~~256D.05, subdivision 1, paragraph (a), clause (15)~~ 256D.051.

After December 31, 1988, state aid must be paid to local agencies for 65 percent of work readiness assistance paid under section 256D.051 if the county does not have an approved and operating community investment program.

Any local agency may, from its own resources, make payments of general assistance and work readiness assistance: (a) at a standard higher than that established by the commissioner without reference to the standards of section 256D.01, subdivision 1; or, (b) to persons not meeting the eligibility standards set forth in section 256D.05, subdivision 1, or 256D.051 but for whom the aid would further the purposes established in the general assistance or work readiness program in accordance with rules ~~promulgated~~ adopted by the commissioner pursuant to the administrative procedure act.

Sec. 8. Minnesota Statutes 1988, section 256D.05, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) Each person or family whose income and resources are less than the standard of assistance established by the commissioner shall be eligible for and entitled to general assistance if the person or family is:

(1) a person who is suffering from a medically certified permanent or temporary illness, injury, or incapacity which is ~~medically certified~~ expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment;

(2) a person whose presence in the home on a substantially continuous basis is required because of the medically certified

illness, injury, incapacity, or the age of another member of the household;

(3) a person who has been placed in, and is residing in, a licensed or certified facility for purposes of physical or mental health or rehabilitation, or in an approved chemical dependency domiciliary facility, if the placement is based on illness or incapacity and is pursuant to a plan developed or approved by the local agency through its director or designated representative;

(4) a person who resides in a shelter facility described in subdivision 3;

(5) a person who is or may be eligible for displaced homemaker services, programs, or assistance under section 268.96, but only if that person is enrolled as a full-time student;

(6) a person who is unable to secure suitable employment due to inability to communicate in the English language, provided that the person is not an illegal alien, and who, if assigned to a language skills program by the local agency, is participating in that program;

(7) a person not described in clause (1) or (3) who is diagnosed by a licensed physician or, licensed consulting psychologist, or other qualified professional, as mentally retarded or mentally ill, and that condition prevents the person from obtaining or retaining employment;

(8) (6) a person who has an application pending for the social security disability program or the program of supplemental security income for the aged, blind, and disabled, provided that within 60 days of the initial denial of the application by the social security administration, the person produces medical evidence in support of his or her application; or a person who has been terminated from either program and has an appeal from that termination pending. A person whose benefits are terminated for failure to produce any medical evidence within 60 days of the denial of the application, is eligible as soon as medical evidence in support of the application for the social security disability program or the program of supplemental security income for the aged, blind, and disabled is produced. Except for a person whose application is based in whole or in part on mental illness or chemical dependency, a person whose application for either program is denied and who does not pursue an appeal is eligible under this paragraph based on a new application only if the new application concerns a different disability or alleges new or aggravated symptoms of the original disability;

(9) (7) a person who is unable to obtain or retain employment because advanced age significantly affects the person's ability to seek or engage in substantial work;

(10) a person completing a secondary education program;

(11) a family with one or more minor children; provided that, if all the children are six years of age or older, all the adult members of the family register for and cooperate in the work readiness program under section 256D.051; and provided further that, if one or more of the children are under the age of six and if the family contains more than one adult member, all the adult members except one adult member register for and cooperate in the work readiness program under section 256D.051. The adult members required to register for and cooperate with the work readiness program are not eligible for financial assistance under section 256D.051, except as provided in section 256D.051, subdivision 6, and shall be included in the general assistance grant. If an adult member fails to cooperate with requirements of section 256D.051, the local agency shall not take that member's needs into account in making the grant determination. The time limits of section 256D.051, subdivisions 4 and 5, do not apply to people eligible under this clause;

(12) a person who has substantial barriers to employment, including but not limited to factors relating to work or training history, as determined by the local agency in accordance with permanent or emergency rules adopted by the commissioner after consultation with the commissioner of jobs and training;

(13) a person who is certified by the commissioner of jobs and training before August 1, 1985, as lacking work skills or training or as being unable to obtain work skills or training necessary to secure employment, as defined in a permanent or emergency rule adopted by the commissioner of jobs and training in consultation with the commissioner;

(8) a person who has been assessed by a qualified professional or a vocational specialist as not being likely to obtain permanent employment. The assessment must consider the recipient's age, physical and mental health, education, trainability, prior work experience, and the local labor market;

(14) (9) a person who is determined by the local agency, in accordance with emergency and permanent rules adopted by the commissioner, to be learning disabled;

(15) a person who is determined by the local agency, in accordance with emergency and permanent rules adopted by the commissioner, to be functionally illiterate, provided that the person complies with literacy training requirements set by the local agency under section 256D.052. A person who is terminated for failure to comply with literacy training requirements may not reapply for assistance under this clause for 60 days. The local agency must provide an oral explanation to the person of the person's responsibilities under this clause, the penalties for failure to comply, the agency's duties under

section 256D.0505, subdivision 2, and the person's right to appeal (1) at the time an application is approved based on this clause, and (2) at the time the person is referred to literacy training; or

(16) (10) a child under the age of 18 who is not living with a parent, stepparent, or legal custodian, but only if: the child is legally emancipated or living with an adult with the consent of an agency acting as a legal custodian; the child is at least 16 years of age and the general assistance grant is approved by the director of the local agency or a designated representative as a component of a social services case plan for the child; or the child is living with an adult with the consent of the child's legal custodian and the local agency;

(b) The following persons or families with income and resources that are less than the standard of assistance established by the commissioner are eligible for and entitled to a maximum of six months of general assistance during any consecutive 12-month period, after registering with and completing six months in a work readiness program under section 256D.051:

(1) a person who has borderline mental retardation; and

(2) a person who exhibits perceptible symptoms of mental illness as certified by a qualified professional but who is not eligible for general assistance under paragraph (a), because the mental illness interferes with the medical certification process; provided that the person cooperates with social services, treatment, or other plans developed by the local agency to address the illness.

In order to retain eligibility under this paragraph, a recipient must continue to cooperate with work and training requirements as determined by the local agency.

(11) a woman in the last trimester of pregnancy who does not qualify for aid to families with dependent children. A woman who is in the last trimester of pregnancy who is currently receiving aid to families with dependent children may be granted emergency general assistance to meet emergency needs;

(12) a person whose need for general assistance will not exceed 30 days;

(13) a person who lives more than two hours round-trip traveling time from any potential suitable employment; and

(14) a person who is involved with protective or court-ordered services that prevent the applicant or recipient from working at least four hours per day.

Sec. 9. Minnesota Statutes 1988, section 256D.05, is amended by adding a subdivision to read:

Subd. 6. [ASSISTANCE FOR PERSONS WITHOUT A VERIFIED RESIDENCE.] (a) For applicants or recipients of general assistance, emergency general assistance, or work readiness assistance who do not have a verified residence address, the local agency may provide assistance using one or more of the following methods:

(1) the local agency may provide assistance in the form of vouchers or vendor payments and provide separate vouchers or vendor payments for food, shelter, and other needs;

(2) the local agency may divide the monthly assistance standard into weekly payments, whether in cash or by voucher or vendor payment; or, if actual need is greater than the standards of assistance established under section 256D.01, subdivision 1a, issue assistance based on actual need. Nothing in this clause prevents the local agency from issuing voucher or vendor payments for emergency general assistance in an amount less than the standards of assistance; and

(3) the local agency may determine eligibility and provide assistance on a weekly basis. Weekly assistance can be issued in cash or by voucher or vendor payment and can be determined either on the basis of actual need or by prorating the monthly assistance standard.

(b) An individual may verify a residence address by providing a driver's license; a state identification card; a statement by the landlord, apartment manager, or homeowner verifying that the individual is residing at the address; or other written documentation approved by the commissioner.

(c) If the local agency elects to provide assistance on a weekly basis, the agency may not provide assistance for a period during which no need is claimed by the individual. The individual must be notified, each time weekly assistance is provided, that subsequent weekly assistance will not be issued unless the individual claims need. The advance notice required under section 256D.10 does not apply to weekly assistance issued under this paragraph.

(d) The local agency may not issue assistance on a weekly basis to an applicant or recipient who has medically certified mental illness or mental retardation or a related condition, or to an assistance unit that includes minor children, unless requested by the assistance unit.

Sec. 10. Minnesota Statutes 1988, section 256D.051, subdivision 1, is amended to read:

Subdivision 1. [WORK REGISTRATION READINESS ELIGIBILITY.] A person, family, or married couple whose income and resources are less than the standard of assistance established by the commissioner, but who are not eligible to receive general assistance under section 256D.05, subdivision 1, are eligible for a the work readiness program. Upon registration, a registrant is eligible to receive assistance in an amount equal to general assistance under section 256D.05, subdivision 1, for a maximum of six months during any consecutive 12-month period, subject to subdivision 3. The local agency shall pay work readiness assistance in monthly payments beginning at the time of registration.

Sec. 11. Minnesota Statutes 1988, section 256D.051, is amended by adding a subdivision to read:

Subd. 1a. [WORK READINESS PAYMENTS.] Grants of work readiness shall be determined using the standards of assistance, exclusions, disregards, and procedures which are used in the general assistance program. Work readiness shall be granted in an amount that, when added to the nonexempt income actually available to the assistance unit, the total amount equals the applicable standard of assistance.

Work readiness payments must be provided to persons determined eligible for the work readiness program as provided in this subdivision except when the special payment provisions in subdivision 1b are utilized. The initial payment must be prorated to provide assistance for the period beginning with the date the completed application is received by the county agency or the date the assistance unit meets all work readiness eligibility factors, whichever is later, and ending on the final day of that month. The amount of the first payment must be determined by dividing the number of days to be covered under the payment by the number of days in the month, to determine the percentage of days in the month that are covered by the payment, and multiplying the monthly payment amount by this percentage. Subsequent payments must be paid monthly on the first day of each month.

There shall be an initial certification period which shall begin on the date the completed application is received by the county agency or the date that the assistance unit meets all work readiness eligibility factors, whichever is later, and ending on the date that mandatory registrants in the assistance unit must attend a work readiness orientation. This initial certification period may not cover a period in excess of 30 calendar days. All mandatory registrants in the assistance unit must be informed of the period of certification, the requirement to attend orientation, and that work readiness eligibility will end at the end of the certification period unless the registrants attend orientation. A registrant who fails to comply with requirements during the certification period, including attendance

at orientation, will lose work readiness eligibility without notice under section 256D.101, subdivision 1, paragraph (b).

Sec. 12. Minnesota Statutes 1988, section 256D.051, is amended by adding a subdivision to read:

Subd. 1b. [SPECIAL PAYMENT PROVISIONS.] A county agency may, at its option, provide work readiness payments as provided under section 256D.05, subdivision 6, during the initial certification period. The initial certification period shall cover the time from the date the completed application is received by the county agency or the date that the assistance unit meets all work readiness eligibility factors, whichever is later, and ending on the date that mandatory registrants in the assistance unit must attend a work readiness orientation. This initial certification period may not cover a period in excess of 30 calendar days. All mandatory registrants in the assistance unit must be informed of the period of certification, the requirement to attend orientation, and that work readiness eligibility will end at the end of the certification period unless the registrants attend orientation. A registrant who fails to comply with requirements during the certification period, including attendance at orientation, will lose work readiness eligibility without notice under section 256D.101, subdivision 1, paragraph (b). If all mandatory registrants attend orientation, an additional grant of work readiness assistance must be issued to cover the period beginning the day after the scheduled orientation and ending on the final day of that month. Subsequent payments of work readiness shall be governed by subdivision 1a or section 256D.05, subdivision 6. If one or more mandatory registrants from the assistance unit fail to attend the orientation, those who failed to attend orientation will be removed from the assistance unit without further notice and shall be ineligible for additional assistance. Subsequent assistance to such persons shall be dependent upon the person completing application for assistance and being determined eligible.

A local agency that utilizes the provisions in this subdivision must implement the provisions consistently for all applicants or recipients in the county. A local agency must pay emergency general assistance to a registrant whose prorated work readiness payment does not meet emergency needs. A local agency which elects to pay work readiness assistance on a prorated basis under this subdivision may not provide payments under section 256D.05, subdivision 6, for the same time period.

Sec. 13. Minnesota Statutes 1988, section 256D.051, subdivision 2, is amended to read:

Subd. 2. [LOCAL AGENCY DUTIES.] (a) The local agency shall provide to registrants under subdivision 1 a work readiness program. The work readiness program must include:

(1) orientation to the work readiness program;

(2) an individualized employability assessment and development plan in which the local agency that includes assessment of literacy, ability to communicate in the English language, eligibility for displaced homemaker services under section 268.96, educational history, and that estimates the length of time it will take the registrant to obtain employment. The employability assessment and development plan must assess the registrant's assets, barriers, and strengths, and must identify steps necessary to overcome barriers to employment;

(3) referral to available accredited remedial or skills training programs designed to address registrant's barriers to employment;

~~(2)~~ (4) referral to available employment assistance programs including the Minnesota employment and economic development program;

~~(3)~~ (5) a job search program, including job seeking skills training; and

(4) (6) other activities, including public employment experience programs to the extent of available resources designed by the local agency to prepare the registrant for permanent employment.

In order to allow time for job search, the local agency shall may not require an individual to participate in the work readiness program for more than 32 hours a week. The local agency shall require an individual to spend at least eight hours a week in job search or other work readiness program activities.

(b) The local agency may provide a work readiness program to recipients under section 256D.05, subdivision 1, paragraph (b) and shall provide a work readiness program to recipients referred under section 256D.052, subdivision 5, paragraph (b). The local agency shall prepare an annual plan for the operation of its work readiness program. The plan must be submitted to and approved by the commissioner of jobs and training. The plan must include:

(1) a description of the services to be offered by the local agency;

(2) a plan to coordinate the activities of all public entities providing employment-related services in order to avoid duplication of effort and to provide services more efficiently;

(3) a description of the factors that will be taken into account when determining a client's employability development plan; and

(4) provisions to assure that applicants and recipients are evalu-

ated for eligibility for general assistance prior to termination from the work readiness program.

Sec. 14. Minnesota Statutes 1988, section 256D.051, subdivision 3, is amended to read:

Subd. 3. [REGISTRANT DUTIES.] In order to receive work readiness assistance, a registrant shall: (1) cooperate with the local agency in all aspects of the work readiness program and shall; (2) accept any suitable employment, including employment offered through the job training partnership act, Minnesota employment and economic development act, and other employment and training options; and (3) participate in work readiness activities assigned by the local agency. The local agency may terminate assistance to a registrant who fails to cooperate in the work readiness program, as provided in subdivision 3b. A registrant who is terminated for failure to cooperate is not eligible, for a period of two months, for any remaining or additional work readiness assistance for which the registrant would otherwise be eligible.

Sec. 15. Minnesota Statutes 1988, section 256D.051, is amended by adding a subdivision to read:

Subd. 3a. [PERSONS REQUIRED TO REGISTER FOR AND PARTICIPATE IN THE WORK READINESS PROGRAM.] Each person in a work readiness assistance unit who is 18 years old or older must register for and participate in the work readiness program. A child in the assistance unit who is at least 16 years old but less than 19 years old and who is not a full-time secondary school student is required to register and participate. A student who was enrolled as a full-time student during the last school term must be considered a full-time student during summers and school holidays. If an assistance unit includes children under age six and suitable child care is not available at no cost to the family, one adult member of the assistance unit is exempt from registration for and participation in the work readiness program. The local agency shall designate the adult who must register. The registrant must be the adult who is the principal wage earner, having earned the greater of the incomes, except for income received in-kind, during the 24 months immediately preceding the month of application for assistance. When there are no earnings or when earnings are identical for each parent, the applicant must designate the principal wage earner, and that designation must not be transferred after program eligibility is determined as long as assistance continues without interruption.

Sec. 16. Minnesota Statutes 1988, section 256D.051, is amended by adding a subdivision to read:

Subd. 3b. [WORK READINESS PARTICIPATION REQUIRE-

MENTS.] A work readiness registrant meets the work readiness participation requirements if the registrant:

(1) completes the specific tasks or assigned duties that were identified by the county agency in the notice required under section 256D.101, subdivision 1, paragraph (a); and

(2) meets the requirements in subdivisions 3 and 8.

Sec. 17. Minnesota Statutes 1988, section 256D.051, is amended by adding a subdivision to read:

Subd. 3c. [WORK READINESS DISQUALIFICATION PERIOD.] Mandatory registrants who fail without good cause to meet the work readiness participation requirements will be terminated and disqualified from work readiness. If the county agency determines that a registrant has failed without good cause to meet the work readiness participation requirements, the agency will notify the registrant of its determination according to section 256D.101, subdivision 1, paragraph (b). For the first time in a six-month period that the registrant has failed without good cause to comply with program requirements, the notification shall inform the registrant of the particular actions that must be taken by the registrant by a date certain to achieve compliance. Failure to take the required action by the specified date will result in termination and disqualification from work readiness. Failure to comply a second or subsequent time during a six-month period shall result in termination and disqualification without opportunity for corrective action. The first time in a six-month period that a registrant is terminated from work readiness for failure to comply with participation requirements, that person is disqualified from receiving work readiness for one month. If less than six months have passed since the end of a disqualification period and the registrant is terminated from work readiness for failure to comply with participation requirements, the person is disqualified from receiving work readiness for two months. If an assistance unit includes more than one mandatory work readiness participant and it is determined that one or more, but not all, of the mandatory participants have failed to comply with work readiness requirements, those who failed to comply shall be removed from the assistance unit for the appropriate time period, subject to the notice and appeal rights in section 256D.101. If an assistance unit includes persons who are exempt from participation in work readiness activities and all of the mandatory registrants have been terminated for failure to participate, the county agency shall remove the terminated registrants from the assistance unit after notice and an opportunity to be heard, and provide assistance to the remaining persons using vendor or protective payments.

Sec. 18. Minnesota Statutes 1988, section 256D.051, subdivision 6, is amended to read:

Subd. 6. [LOCAL AGENCY OPTIONS.] The local agency may, ~~at its option, provide~~ receive up to \$200 \$300 each year for each registrant who has completed an employment development plan for direct expenses incurred by the registrant for transportation, clothes, and tools necessary for employment. After paying direct expenses as needed by individual registrants, the local agency may use any remaining money to provide additional services as needed by any registrant including education, orientation, placement, other work experience, on-the-job training, and other appropriate activities. The local agency may also receive up to \$500 per year per client as an emergency work grant in assistance to work readiness recipients for expenses of transportation, clothing, tools, and other costs necessary to accept a bona fide offer of employment.

Sec. 19. Minnesota Statutes 1988, section 256D.051, subdivision 6a, is amended to read:

Subd. 6a. [COUNTY MATCH AND USE OF FUNDS.] ~~Each county shall provide a 25 percent match for direct participation expenses and administrative costs of providing work readiness services.~~ Funds may be used for the following direct participation expenses: transportation, clothes, tools, and other necessary work-related expenses. Funds may be used for administrative costs incurred providing the following services: employability assessments and employability development plans, employment search assistance, education, orientation, placement, on-the-job training, and other appropriate activities.

Sec. 20. Minnesota Statutes 1988, section 256D.051, subdivision 8, is amended to read:

Subd. 8. [VOLUNTARY QUIT.] A person is not eligible for work readiness payments or services if, without good cause, the person refuses a legitimate offer of suitable employment within 60 days before the date of application. A person who, without good cause, voluntarily quits suitable employment or refuses a legitimate offer of suitable employment while receiving work readiness payments or services shall be terminated from the work readiness program and disqualified for two months according to rules adopted by the commissioner.

Sec. 21. Minnesota Statutes 1988, section 256D.051, subdivision 13, is amended to read:

Subd. 13. [RIGHT TO NOTICE AND HEARING.] (a) The local agency shall provide notice and opportunity for hearings for adverse actions under this section according to ~~sections 256D.10 and section 256D.101,~~ for adverse actions based on a determination that a recipient has failed to participate in work readiness activities, or 256D.10 for all other adverse actions. A determination made under subdivision 1, that a person is not eligible for general assistance is

a denial of general assistance for purposes of notice, appeal, and hearing requirements. The local agency must notify the person that this determination will result in a limit on the number of months of assistance for which the person will be eligible requirement that the person participate in the work readiness program as a condition of receiving assistance.

Sec. 22. Minnesota Statutes 1988, section 256D.051, is amended by adding a subdivision to read:

Subd. 15. [GENERAL ASSISTANCE REQUIREMENTS APPLY.] The laws and rules that apply to general assistance also apply to the work readiness program, unless superseded by a specific inconsistent provision in this section or section 256D.101.

Sec. 23. Minnesota Statutes 1988, section 256D.052, subdivision 1, is amended to read:

Subdivision 1. [OCCUPATIONAL AND VOCATIONAL PROGRAMS.] The local agency must work with local educational institutions and job training programs in the identification, development, and utilization of occupational and vocational literacy programs for general assistance recipients work readiness registrants who are functionally illiterate. Occupational and vocational literacy programs are programs which provide literacy training to adults who lack formal education or job skills. The programs emphasize particular language and reading skills needed for successful job performance.

Sec. 24. Minnesota Statutes 1988, section 256D.052, subdivision 2, is amended to read:

Subd. 2. [ASSESSMENT AND ASSIGNMENT.] The local agency must:

(1) assess existing reading level, learning disabilities, reading potential, and vocational or occupational interests of people eligible under section 256D.05, subdivision 1, paragraph (a), clause (15) work readiness registrants who are functionally illiterate;

(2) assign suitable recipients to openings in occupational and vocational literacy programs;

(3) if no openings are available in accessible occupational or vocational literacy programs, assign suitable recipients to openings in other accessible literacy training programs; and

(4) reassign to another accessible literacy program any recipient who does not complete an assigned program and who wishes to try another program; and

(5) within the limits of funds available contract with technical institutes or other groups who have literacy instructors trained in occupational literacy methods, to provide literacy training sessions so that county registrants eligible for literacy training will have the opportunity to attend training.

Sec. 25. Minnesota Statutes 1988, section 256D.052, subdivision 3, is amended to read:

Subd. 3. [SERVICES PROVIDED.] The local agency must provide child care and transportation to enable people to participate in literacy training under this section. The state shall reimburse local agencies for the costs of providing transportation under this section. Counties must make every effort to ensure that child care is available as needed by recipients who are pursuing literacy training.

Sec. 26. Minnesota Statutes 1988, section 256D.052, subdivision 4, is amended to read:

Subd. 4. [PAYMENT OF GENERAL ASSISTANCE WORK READINESS.] The local agency must provide assistance under section 256D.05, subdivision 1, paragraph (a), clause (15) 256D.051 to people persons who:

(1) participate in a literacy program assigned under subdivision 2. To "participate" means to attend regular classes, complete assignments, and make progress toward literacy goals; or

(2) ~~despite participation for a period of six months or more, fail to progress in assigned literacy programs;~~

(3) are not assigned to literacy training because there is no program available or accessible to them; or

(4) ~~have failed for good cause to complete an assigned literacy program.~~

Work readiness payments may be terminated for persons who fail to attend the orientation and participate in the assessment and development of the employment development plan.

Sec. 27. Minnesota Statutes 1988, section 256D.101, is amended to read:

256D.101 [FAILURE TO COMPLY WITH WORK REQUIREMENTS; NOTICE.]

Subdivision 1. [DISQUALIFICATION NOTICE REQUIREMENTS.] (a) At the time a registrant is registered for the work

readiness program, and at least every 30 days after that, the local agency shall provide, in advance, a clear, written description of the specific tasks and assigned duties the registrant must complete to receive work readiness pay. The notice must explain that the registrant will be terminated from the work readiness program unless the registrant has completed the specific tasks and assigned duties. The notice must inform the registrant that if the registrant fails without good cause to comply with work readiness requirements more than once every six months, the registrant will be terminated from the work readiness program and disqualified from receiving assistance for one month if it is the registrant's first disqualification within the preceding six months, or for two months if the registrant has been previously disqualified within the preceding six months.

(b) If the local agency determines that a registrant has failed to comply with the work readiness requirements of section 256D-051, the local agency shall notify the registrant of the determination. Notice must be hand delivered or mailed to the registrant within three days after the agency makes the determination but no later than the date work readiness pay was scheduled to be paid. For a recipient who has failed to provide the local agency with a mailing address, the recipient must be assigned a schedule by which a recipient is to visit the agency to pick up any notices. For a recipient without a mailing address, notices must be deemed delivered on the date of the registrant's next scheduled visit with the local agency. The notification shall be in writing and shall state the facts that support the local agency's determination. For the first two times time in a six-month period that the registrant has failed without good cause to comply with program requirements, the notification shall inform the registrant that the registrant may lose eligibility for work readiness pay and must specify the particular actions that must be taken by the registrant to achieve compliance; shall and reinstate work readiness payments. The notice must state that the recipient must take the specified actions by a date certain, which must be at least ten five working days following the date the notification is mailed or delivered to the registrant; shall must explain the ramifications of the registrant's failure to take the required actions by the specified date; and shall must advise the registrant that the registrant may request and have a conference with the local agency to discuss the notification. A registrant who fails without good cause to comply with requirements of the program more than two times once in a six-month period must be notified of termination.

Subd. 2. [NOTICE OF GRANT REDUCTION, SUSPENSION, OR TERMINATION.] The notice of grant reduction, suspension, or termination on the ground that a registrant has failed to comply with section 256D-051 work readiness requirements shall be mailed or hand delivered by the local agency concurrently with the notification required by subdivision 1, paragraph (b). Prior to giving the

notification, the local agency must assess the registrant's eligibility for general assistance under section 256D.05 to the extent possible using information contained in the case file, and determine that the registrant is not eligible under that section. The determination that the registrant is not eligible ~~shall~~ must be stated in the notice of ~~grant reduction, suspension, or termination~~. The notice of termination shall indicate the applicable disqualification period.

Subd. 3. [BENEFITS AFTER NOTIFICATION.] Assistance payments otherwise due to the registrant under section 256D.051 ~~shall~~ may not be paid after the notification required in subdivision 1 has been provided to the registrant unless, before the date stated in the notification, the registrant takes the specified action necessary to achieve compliance or, within five days after the effective date stated in the notice, files an appeal of the grant reduction, suspension, or termination. If, by the required date, the registrant does take the specified action necessary to achieve compliance, both the notification required by subdivision 1 and the notice required by subdivision 2 shall be canceled and all benefits due to the registrant shall be paid promptly. If, by the required date, the registrant files an appeal of the grant reduction, suspension, or termination, benefits otherwise due to the registrant shall be continued pending the outcome of the appeal. An appeal of a proposed termination shall be brought under section 256.045, except that the timelines specified in this section shall apply, notwithstanding the requirements of section 256.045, subdivision 3. Appeals of proposed terminations from the work readiness program shall be heard within 30 days of the date that the appeal was filed.

Sec. 28. Minnesota Statutes 1988, section 256D.111, subdivision 5, is amended to read:

Subd. 5. [RULEMAKING.] The commissioner shall adopt rules and is authorized to adopt emergency rules:

(a) providing for the disqualification from the receipt of ~~general assistance or work readiness assistance~~ for a recipient who has been ~~finally~~ determined to have failed to comply with work requirements or the requirements of the work readiness program;

(b) providing for the use of vouchers or vendor payments with respect to the family of a ~~recipient described in clause (a) or section 256D.09, subdivision 4 disqualified recipient~~; and

(c) providing that at the time of the approval of an application for assistance, the local agency gives to the recipient a written notice in plain and easily understood language describing the recipient's job registration, search, and acceptance obligations, and the disqualification that will be imposed for a failure to comply with those obligations.

Sec. 29. [MIGRANT ISSUES TASK FORCE.]

The department of human services, in coordination with the Minnesota housing finance agency, shall convene a task force to consider issues relating to public assistance and housing for migrant farm workers. The task force shall include migrant workers, representatives of communities in which migrant workers reside, employers of migrant workers, particularly agricultural employers, representatives of housing agencies, and representatives of advocacy groups. The task force shall report back to the legislature by February 1, 1990, with recommendations.

Sec. 30. Laws 1987, chapter 403, article 3, section 98, is amended to read:

Sec. 98. [REPEALER.]

Minnesota Statutes 1986, sections 257.34, subdivision 2; and section 268.86, subdivisions 1, 3, 4, and 5, are repealed. Section 95 is repealed effective June 30, 1989 1990.

Sec. 31. [APPROPRIATION.]

\$ is appropriated from the general fund to the commissioner of human services, for the biennium ending June 30, 1991, to fund county literacy programs required under section 24. Available funds will be distributed to counties in proportion to the county general assistance or work readiness caseload of persons determined to be illiterate in the previous state fiscal year.

Sec. 32. [REPEALER.]

Minnesota Statutes 1988, section 256D.052, subdivisions 5, 6, and 7, are repealed.

Sec. 33. [REVISOR'S INSTRUCTION.]

The revisor of statutes shall renumber each section of Minnesota Statutes specified in Column A with the number set forth in Column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A
256D.01, subdivision 1a
256D.01, subdivision 1b
256D.01, subdivision 1c
256D.03, subdivision 3
256D.03, subdivision 3a
256D.03, subdivisions 4 to 8
256D.511, subdivision 5

Column B
256D.011, subdivision 1
256D.011, subdivision 3
256D.011, subdivision 2
256D.031, subdivision 1
256D.031, subdivision 2
256D.031, subdivisions 3 to 7
256D.101, subdivision 4

Sec. 34. [EFFECTIVE DATE.]

Sections 1 to 8, 10 to 28, 32, and 33 are effective July 1, 1990.
Sections 9 and 30 are effective July 1, 1989."

Delete the title and insert:

"A bill for an act relating to human services; expanding the work readiness program; removing time limits on work readiness assistance; requiring participation in work readiness activities as a condition of receiving assistance; establishing notice and appeal requirements; establishing residency requirements; establishing a migrant issues task force; appropriating money; amending Minnesota Statutes 1988, sections 256D.01, subdivisions 1, 1a, 1b, and 1c; 256D.02, subdivisions 1 and 4; 256D.03, subdivision 2; 256D.05, subdivision 1, and by adding a subdivision; 256D.051, subdivisions 1, 2, 3, 6, 6a, 8, 13, and by adding subdivisions; 256D.052, subdivisions 1, 2, 3, and 4; 256D.101; 256D.111, subdivision 5; and Laws 1987, chapter 403, article 3, section 98; repealing Minnesota Statutes 1988, section 256D.052, subdivisions 5, 6, and 7."

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

The report was adopted.

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

H. F. No. 1358, A bill for an act relating to charitable gambling; permitting organizations to treat legal expenses as an allowable expense; amending Minnesota Statutes 1988, section 349.15.

Reported the same back with the following amendments:

Page 2, line 3, after "gambling" insert "except for legal fees or damages incurred in defending the organization against the board, attorney general, United States attorney, commissioner of revenue, or a county or city attorney"

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1387, A bill for an act relating to education; prohibiting certain punishment in schools; providing for civil liability; proposing coding for new law in Minnesota Statutes, chapter 127.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [127.45] [CORPORAL PUNISHMENT PROHIBITED.]

Subdivision 1. [DEFINITION.] For the purpose of this section, “corporal punishment” means conduct involving:

(1) hitting or spanking a person with or without an object; or

(2) unreasonable physical force that causes bodily harm or substantial emotional harm.

Subd. 2. [PROHIBITION.] An employee or agent of a public school district shall not inflict corporal punishment or cause corporal punishment to be inflicted upon a pupil to reform unacceptable conduct or as a penalty for unacceptable conduct.”

Delete the title and insert:

“A bill for an act relating to education; prohibiting certain punishment in schools; proposing coding for new law in Minnesota Statutes, chapter 127.”

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1532, A bill for an act relating to utilities; low-income energy needs; designating the department of public service as the agency responsible for coordinating energy policy for low-income Minnesotans; requiring the department to gather certain information on low-income energy programs; prescribing certain uses for oil

overcharge money; appropriating money; amending Minnesota Statutes 1988, sections 216B.241, subdivisions 1 and 2; 216C.02, subdivision 1; 216C.10; and 216C.11; proposing coding for new law in Minnesota Statutes, chapter 216B.

Reported the same back with the following amendments:

Page 1, line 26, after "providers" insert "proportionate to each provider's share of the customer's total heating energy costs"

Page 2, after line 9, insert:

"For the purpose of clause (2), the "customer's income" means the actual monthly income of the customer except for a customer who is normally employed only on a seasonal basis and whose annual income is over 135 percent of the federal poverty level, in which case the customer's income is the average monthly income of the customer computed on an annual calendar year basis."

Page 6, line 16, after the period insert paragraph coding

Page 9, after line 15, insert:

"Sec. 7. Minnesota Statutes 1988, section 268.37, is amended by adding a subdivision to read:

Subd. 2a. [BENEFITS OF WEATHERIZATION.] In the case of any grant made to an owner of a rental dwelling unit for weatherization, the commissioner shall require that (a) the benefits of weatherization assistance in connection with the dwelling unit accrue primarily to the low income family that resides in the unit; (b) the rents on the dwelling unit will not be raised because of any increase in value due solely to the weatherization assistance; and (c) no undue or excessive enhancement will occur to the value of the dwelling unit."

Renumber the remaining sections

Page 9, line 29, before the period insert "and other conservation measures including, but not limited to, furnace retrofits"

Page 10, line 18, delete "10" and insert "11"

Amend the title as follows:

Page 1, line 10, delete "and" and after "216C.11," insert "and 268.37, by adding a subdivision;"

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

The report was adopted.

Begin from the Committee on Labor-Management Relations to which was referred:

H. F. No. 1641, A bill for an act relating to employment; prohibiting termination of sales representative agreements under certain circumstances; proposing coding for new law in Minnesota Statutes, chapter 325E.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [325E.34] [TERMINATION OF SALES REPRESENTATIVES.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meaning given them.

(b) “Good cause” means failure by the sales representative to substantially comply with the material and reasonable requirements imposed by the manufacturer, wholesaler, assembler, or importer, including, but not limited to:

(1) the bankruptcy or insolvency of the sales representative;

(2) assignment for the benefit of creditors or similar disposition of the assets of the sales representative’s business;

(3) voluntary abandonment of the business by the sales representative;

(4) conviction or a plea of guilty or no contest to a charge of violating any law relating to the sales representative’s business; or

(5) any act by or conduct of the sales representative which materially impairs the good will associated with the manufacturer’s, wholesaler’s, assembler’s, or importer’s trademark, trade name, service mark, logotype, or other commercial symbol.

(c) “Sales representative” is a person who is operating under a sales representative agreement with a manufacturer, wholesaler, assembler, or importer, but is not an employee of the manufacturer, wholesaler, assembler, or importer.

(d) “Sales representative agreement” means a contract or agreement, either express or implied, whether oral or written, for a definite or indefinite period, between two or more persons, whereby a person is granted the right to distribute, represent, sell, or offer for sale a manufacturer’s, wholesaler’s, assembler’s, or importer’s goods or services by use of the latter’s trade name, trademark, service mark, logotype, advertising, or other commercial symbol or related characteristics, and in which there exists a community of interest between the parties in the marketing of the goods or services at wholesale, retail, by lease, agreement, or otherwise.

Subd. 2. [TERMINATION OF AGREEMENT.] A manufacturer, wholesaler, assembler, or importer may not terminate a sales representative agreement except for good cause. The sales representative agreement cannot be terminated unless the conditions of paragraph (a) or (b) are met.

(a) Except as provided in paragraph (b) a sales representative agreement cannot be terminated unless the representative:

(1) has been given written notice setting forth all the reasons for the termination at least 90 days in advance of termination; and

(2) fails to correct the reasons stated for termination in the notice within 60 days of receipt of the notice.

(b) A notice of termination is effective immediately upon receipt where the alleged grounds for termination are:

(1) voluntary abandonment of the relationship by the sales representative;

(2) the conviction of the sales representative of an offense directly related to the business conducted pursuant to the sales representative agreement; or

(3) failure to cure a default under the sales representative agreement which materially impairs the good will associated with the manufacturer’s, wholesaler’s, assembler’s, or importer’s trade name, trademark, service mark, logotype, or other commercial symbol after the sales representative has received written notice to cure at least 24 hours in advance thereof.

Subd. 3. [RENEWAL OF AGREEMENTS.] (a) Unless the failure to renew a sales representative agreement is for good cause, and the sales representative is given notices and has failed to correct reasons for termination as required by subdivision 2, paragraph (a) or (b), no manufacturer, wholesaler, assembler, or importer may fail to renew a sales representative agreement unless:

(1) the sales representative has been given written notice of the intention not to renew at least 180 days in advance of the expiration of the agreement; and

(2) the sales representative has been given an opportunity to operate the business over a sufficient period of time to enable the sales representative to recover the fair market value of the business as a going concern, as determined and measured from the date of the failure to renew.

(b) No manufacturer, wholesaler, assembler, or importer may refuse to renew a sales representative agreement if the refusal is for the purpose of converting the sales representative's business premises to an operation that will be owned by the manufacturer, wholesaler, assembler, or importer for its own account.

Subd. 4. [RIGHTS UPON TERMINATION.] If a sales representative is paid by commission under a sales representative agreement and the agreement is terminated, the representative is entitled to be paid for all sales made and orders to creditworthy customers made in the representative's territory prior to the date of termination of the agreement or the end of the notification period, whichever is later, regardless of whether the goods or services have actually been delivered to the purchaser. The payments of commissions are due when the goods or services are delivered.

Subd. 5. [ARBITRATION.] (a) The sole remedy for a sales representative against a manufacturer, wholesaler, assembler, or importer who has allegedly violated any provision of this section is to submit the matter to arbitration, if the manufacturer, wholesaler, assembler, or importer agrees to be bound by the arbitration. The cost of an arbitration hearing must be borne equally by both parties. The arbitration proceeding is to be governed by the uniform arbitration act, sections 572.08 to 572.30.

(b) The arbitrator may provide any of the following remedies:

(1) sustinment of the termination of the sales representative agreement;

(2) reinstatement of the sales representative agreement;

(3) payment of commissions due under subdivision 4;

(4) reasonable attorneys' fees and costs to a prevailing sales representative;

(5) reasonable attorneys' fees and costs to a prevailing manufacturer, wholesaler, assembler, or importer, if the arbitrator finds the complaint was frivolous, unreasonable, or without foundation; or

(6) the full amount of the arbitrator's fees and expenses if the arbitrator finds that the sales representative's resort to arbitration or the manufacturer's, wholesaler's, assembler's, or importer's defense in arbitration was vexatious and lacking in good faith.

(c) Notwithstanding any provision of the uniform arbitration act, the decision of any arbitration hearing under this subdivision is final and binding on the sales representative and the manufacturer, wholesaler, assembler, or importer.

(d) If the manufacturer, wholesaler, assembler, or importer does not consent to arbitration under paragraph (a), the sales representative may bring a civil action to recover any and all damages recoverable at law for a violation of this section. The court may, in its discretion, grant any equitable relief it considers appropriate.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective August 1, 1989, and applies to any sales representative agreements entered into or renewed on or after that date."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1648, A bill for an act relating to gambling; video games of chance; prohibiting cash awards; requiring notice to the public and to employees of the consequences of participating in cash awards; prescribing a penalty; amending Minnesota Statutes 1988, sections 349.51, subdivision 2; 349.53; and 349.56; proposing coding for new law in Minnesota Statutes, chapter 349.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [349.501] [REQUIRED NOTICE.]

Subdivision 1. [TO THE PUBLIC.] An operator must prominently post in the owner's business premises a brief description of the legal consequences of awarding cash instead of game credits or replays on video games of chance in violation of section 2.

The information is prominently posted if it can be readily seen by

a player immediately before the player participates in the video game of chance.

Subd. 2. [TO EMPLOYEES.] An owner shall require all employees to sign a statement that they understand the legal consequences of awarding cash instead of game credits or replays on video games of chance located in the owner's business premises. The statement must contain a full and accurate description of those legal consequences.

Sec. 2. [349.502] [CASH AWARDS PROHIBITED.]

Subdivision 1. [MISDEMEANOR.] A person who awards or receives cash instead of game credits or replays on a video game of chance is guilty of a misdemeanor. An owner who directs an employee to violate this section is also considered to have violated this section. For purposes of this subdivision "cash" includes checks.

Subd. 2. [MANDATORY PENALTY.] Upon conviction of a person for the crime established in subdivision 1, the court shall impose a fine of \$700.

Sec. 3. Minnesota Statutes 1988, section 349.51, subdivision 2, is amended to read:

Subd. 2. [APPLICATION; REQUIREMENTS.] (a) Every application for a license must be made on a form prescribed by the department and must state the name and address of the applicant. If the applicant is a firm, partnership, or association, the application must state the name and address of each of its members. If the applicant is a corporation, the application must state the name and address of each of its officers; the date of incorporation, the address of its principle place of business, the place where the business is to be licensed and business conducted, and information concerning whether or not any officer, director, resident manager, or direct salesperson of the applicant has been convicted of a felony or convicted for a gambling offense within the past five years. The application may contain other information the department requires for licensing purposes.

(b) Every applicant for a license shall be a legal resident or be incorporated within the state of Minnesota prior to the date of application for a distributor or operator license.

(c) Every applicant shall disclose under oath to the commissioner whether or not the applicant has any financial, legal, or other interests in a licensed wholesale liquor or alcoholic beverage distributorship or video game of chance distributorship in another state.

(d) No distributor may also be a wholesale distributor of liquor or alcoholic beverages.

(e) No distributor in this state may also be a distributor in another state, unless the distributor adequately demonstrates that the distributor does not manufacture video games of chance outside of this state for use, sale, or distribution within this state.

(f) An operator who has been convicted of a violation of section 2, subdivision 1, is not eligible to obtain or hold a license under this section.

Sec. 4. Minnesota Statutes 1988, section 349.53, is amended to read:

349.53 [RECORD-KEEPING DUTIES OF DISTRIBUTORS.]

A distributor shall keep at each licensed place of business complete and accurate records for that place of business, including the signed statements required by section 1, invoices of video games of chance held, purchased, manufactured, brought in or caused to be brought in from outside the state, or shipped or transported to operators in this state, and of all sales of video games of chance made. The distributor must also keep adequate records of the names, addresses, and license numbers of operators to whom video games of chance are sold. All books, records, and other papers and documents required by this section to be kept must be preserved for a period of at least one year after the date of the documents, or the date of their entries as they appear in the records, unless the department, in writing, authorizes their destruction or disposal at an earlier date. At any time during usual business hours, the commissioner or designated representatives may enter any place of business of a distributor without a search warrant and inspect the premises and the records required to be kept under this section, to determine whether or not all the provisions of this chapter are being fully complied with. If the commissioner or any representative is denied free access or is hindered or interfered with in making an examination, the license of the distributor at the premises is subject to revocation.

Sec. 5. Minnesota Statutes 1988, section 349.56, is amended to read:

349.56 [LOCATION AGREEMENTS.]

An operator is required to have a location agreement with the owner where the game is placed for use by the public. The location agreement must show that the game is to be placed only in locations permitted by law. The location agreement must also include the notice required by section 1. The location agreements, together with

the other records of the operator, must be accessible to the commissioner and designated representatives. The operator is required to certify under oath to the department annually the name and address of the location in which each game has been placed and that the games have been placed only in locations permitted by law. Placing a game in an illegal location is grounds for suspension or revocation of the operator's license.

Sec. 6. [INDIAN COMPACTS.]

Section 2 may not be construed as prohibiting the state from entering into a tribal-state compact under the provisions of the Federal Gaming Regulatory Act, Public Law No. 100-497, as it relates to video poker or video blackjack games of chance currently operated by Indian tribes in this state.

Sec. 7. [EFFECTIVE DATE.]

Section 2 is effective August 1, 1989, and applies to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to gambling; video games of chance; prohibiting cash awards; requiring notice to the public and to employees of the consequences of participating in cash awards; prescribing a penalty; amending Minnesota Statutes 1988, sections 349.51, subdivision 2; 349.53; and 349.56; proposing coding for new law in Minnesota Statutes, chapter 349."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1695, A bill for an act relating to natural resources; establishing a task force to study and report on metropolitan water management issues; appropriating money.

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1697, A bill for an act relating to traffic regulations; prohibiting the towing of motor vehicles for traffic violations for a period of 12 hours unless moving the vehicle is necessary to relieve a safety problem; amending Minnesota Statutes 1988, section 169.04.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [169.041] [TOWING AUTHORIZED.]

Subdivision 1. [TOWING AUTHORITY.] For purposes of this section, “towing authority” means:

(1) with respect to towing a motor vehicle from a public street, any local authority authorized by section 169.04 to enforce the traffic laws with respect to that public street; and

(2) with respect to towing a motor vehicle from a restricted parking area that is on privately owned nonresidential land, the owner or operator of the parking area or, if the parking area is adjacent to a commercial establishment, the owner or operator of that establishment.

Subd. 2. [WAITING PERIOD.] In enforcing state and local parking and traffic laws, a towing authority may not allow or require the towing of a motor vehicle for a parking or traffic violation until four hours after issuance of the traffic ticket or citation, except as provided in this section. A towing authority may not allow or require the towing of a motor vehicle from a restricted parking area on private land until the vehicle has been in violation of the parking restriction for at least one-half hour.

Subd. 3. [TOWING ALLOWED.] A towing authority may tow a motor vehicle without regard to the four-hour waiting period if:

(1) the vehicle is parked in violation of snow emergency regulations;

(2) the vehicle is parked in a rush-hour restricted parking area between the hours of 7:00 a.m. and 9:00 a.m. or 4:15 p.m. and 6:00 p.m. on a weekday;

(3) the vehicle is blocking a driveway, alley, or fire hydrant;

(4) the vehicle is parked in a bus lane where parking is prohibited;

(5) the vehicle is parked within 30 feet of a stop sign and visually blocking the stop sign;

(6) the vehicle is parked in a handicap transfer zone or handicapped parking space without a handicapped parking certificate or handicapped license plates;

(7) the vehicle is parked in an area that has been posted for temporary restricted parking at least 24 hours in advance;

(8) the vehicle is parked within the right-of-way of a controlled access highway or within the traveled portion of a public street when travel is allowed there;

(9) the vehicle is parked in a parking area adjacent to a residential building that is posted as restricted to parking by residents of that building;

(10) the vehicle is unlawfully parked more than one-half hour during business hours in a parking area reserved and posted for patrons of the business;

(11) a law enforcement official has probable cause to believe that the vehicle is stolen, or that the vehicle constitutes or contains evidence of a crime and impoundment is reasonably necessary to obtain or preserve the evidence;

(12) the driver, operator, or person in physical control of the vehicle is taken into custody and the vehicle is impounded for safekeeping;

(13) a law enforcement official has probable cause to believe that the owner, operator, or person in physical control of the vehicle has failed to respond to five or more citations for parking or traffic offenses; or

(14) the vehicle is illegally parked in a zone that is restricted by posted signs to use by fire, police, public safety, or emergency vehicles.

Subd. 4. [TOWING PROHIBITED.] Unless the vehicle is described in subdivision 3, a towing authority may not tow a motor vehicle because:

(1) the vehicle has expired registration tabs; or

(2) the vehicle is at a parking meter on which the time has expired and the vehicle has less than five outstanding, unpaid parking violation tickets.

Subd. 5. [PRIVATE PROPERTY.] This section does not restrict the authority of the owner of private residential property to authorize the towing at any time of a motor vehicle unlawfully parked on the private residential property.

Subd. 6. [DAMAGES.] The owner or driver of a motor vehicle towed in violation of this section is entitled to recover from the towing authority two times the actual damages sustained as a result of the violation. Damages recoverable under this subdivision include but are not limited to costs of recovering the vehicle, including time spent and transportation costs.

Sec. 2. Minnesota Statutes 1988, section 514.18, is amended by adding a subdivision to read:

Subd. 1a. [TOWED MOTOR VEHICLES.] A person who tows and stores a motor vehicle at the request of a law enforcement officer shall have a lien on the motor vehicle for the value of the storage and the right to retain possession of the motor vehicle until the lien is lawfully discharged."

Delete the title and insert:

"A bill for an act relating to traffic regulations; prohibiting the towing of motor vehicles for traffic violations for a period of four hours except under certain circumstances; providing a mechanic's lien for those who tow a vehicle at the direction of a law enforcement officer; amending Minnesota Statutes 1988, section 514.18, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 169."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1713, A bill for an act relating to rural development; providing for research and development; providing mechanisms for agriculture diversification; appropriating money; amending Laws 1985, chapter 19, section 2, subdivision 2, as amended, and section 6, subdivision 6, as amended; proposing coding for new law in Minnesota Statutes, chapter 17.

Reported the same back with the following amendments:

Page 1, line 18, delete "west central,"

Page 1, lines 21 and 23, delete "flower" and insert "wildflower"

Page 2, line 2, delete "\$1,500 per acre" and insert "\$225 per acre per year"

Page 2, line 4, before the period insert "over an expected average development period of five years"

Page 2, line 5, delete "seven" and insert "eight"

Page 2, lines 5 and 6, delete "in native grass and wildflower seed valued"

Page 2, line 6, after "percent" insert "per annum"

Page 2, line 14, after the period insert "The panel shall be chaired by the commissioner or the commissioner's designee."

Page 2, line 23, delete "flowers" and insert "wildflowers"

Page 3, line 5, delete everything after "seed"

Page 3, line 6, delete everything before the period and insert "produced is intended to be used to fulfill state agency needs for seeds and the purchase shall be arranged on a contract basis with state agencies in each biennium that the program's seed is available"

Page 3, line 8, delete "given" and insert "made"

Page 3, line 34, delete "\$" and insert "\$100,000"

Page 4, after line 5, insert:

"The complement of the department of agriculture is increased by one position."

Page 4, line 7, delete "\$" and insert "\$200,000"

Page 4, lines 9 and 10, delete ", to expand assistance to" and insert ". The commissioner must use the appropriation to assist"

Page 4, after line 13, insert:

"The complement of the department of agriculture is increased by two positions."

Page 4, line 15, delete "\$" and insert "\$100,000"

Page 4, after line 18, insert:

"Subd. 4. [TECHNICAL INFORMATION ON NATIVE SEED PRODUCTION.] \$ is appropriated from the general fund to the commissioner of agriculture to be available until June 30, 1991, for development of technical information on native seed development."

Renumber the remaining subdivisions in sequence

Page 4, line 19, delete "\$" and insert "\$70,000"

Page 4, line 23, delete "\$" and insert "\$50,000"

Page 4, line 34, delete "\$" and insert "\$30,000"

Page 5, line 2, delete "\$" and insert "\$200,000"

Page 5, line 5, delete everything after "organization"

Page 5, delete line 6

Page 5, line 7, delete "food products" and insert "to continue the certification program for organically grown seeds, products, and food as authorized in Minnesota Statutes, section 31.95"

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1715, A bill for an act relating to education; requiring teachers to report unfair discriminatory practices by other teachers; providing that commission of an unfair discriminatory practice or failure to report may be grounds for discharge or demotion; amending Minnesota Statutes 1988, sections 125.12, subdivision 8; and 125.17, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 125.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 125.12, subdivision 8, is amended to read:

Subd. 8. [IMMEDIATE DISCHARGE.] A school board may discharge a continuing-contract teacher, effective immediately, upon any of the following grounds:

- (a) Immoral conduct, insubordination, or conviction of a felony;
- (b) Conduct unbecoming a teacher which requires the immediate removal of the teacher from classroom or other duties;
- (c) Failure without justifiable cause to teach without first securing the written release of the school board;
- (d) Gross inefficiency which the teacher has failed to correct after reasonable written notice;
- (e) Willful neglect of duty; or
- (f) Continuing physical or mental disability subsequent to a 12 months leave of absence and inability to qualify for reinstatement in accordance with subdivision 7.

For purposes of this subdivision, conduct unbecoming a teacher includes an unfair discriminatory practice described in section 363.03, subdivision 5.

Prior to discharging a teacher the board shall notify the teacher in writing and state its ground for the proposed discharge in reasonable detail. Within ten days after receipt of this notification the teacher may make a written request for a hearing before the board and it shall be granted before final action is taken. The board may, however, suspend a teacher with pay pending the conclusion of such hearing and determination of the issues raised therein after charges have been filed which constitute ground for discharge.

Sec. 2. Minnesota Statutes 1988, section 125.17, subdivision 4, is amended to read:

Subd. 4. [GROUNDS FOR DISCHARGE OR DEMOTION.] Causes for the discharge or demotion of a teacher either during or after the probationary period shall be:

- (1) Immoral character, conduct unbecoming a teacher, or insubordination;
- (2) Failure without justifiable cause to teach without first securing the written release of the school board having the care, management, or control of the school in which the teacher is employed;
- (3) Inefficiency in teaching or in the management of a school;

(4) Affliction with active tuberculosis or other communicable disease shall be considered as cause for removal or suspension while the teacher is suffering from such disability; or

(5) Discontinuance of position or lack of pupils.

For purposes of this subdivision, conduct unbecoming a teacher includes an unfair discriminatory practice described in section 363.03, subdivision 5."

Delete the title and insert:

"A bill for an act relating to education; providing that discrimination against a pupil by a teacher may be grounds for discharge or demotion; amending Minnesota Statutes 1988, sections 125.12, subdivision 8; and 125.17, subdivision 4."

With the recommendation that when so amended the bill pass.

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

S. F. No. 184, A bill for an act relating to charitable organizations; regulating charitable solicitations and professional fund raisers; excluding certain religious organizations from registration; requiring a bond for professional fund raisers who have access to contributions; modifying disclosure requirements; authorizing the district court to redress violations of law; amending Minnesota Statutes 1988, sections 309.515, subdivision 2; 309.531, subdivision 2; 309.556; and 309.57, subdivision 1.

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

The report was adopted.

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

Senate Concurrent Resolution No. 7, A senate concurrent resolution commending retiring University of Minnesota Regents: the Honorable Wally Hilke, the Honorable David M. Lebedoff, the Honorable Charles F. McGuigan, and the Honorable Wenda W. Moore.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 30, 186, 187, 260, 357, 759, 780, 872, 1040, 1121, 1358, 1387, 1641, 1648, 1697 and 1715 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 184 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Anderson, G., for the Committee on Appropriations, introduced:

H. F. No. 1747, A bill for an act relating to public administration; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, board of regents of the University of Minnesota, and the Mayo medical foundation, with certain conditions; amending Minnesota Statutes 1988, sections 121.93, subdivisions 2, 3, and 4; 126.56, subdivision 5; 135A.05; 135A.06, subdivision 3; 136.31, subdivisions 3 and 5; 136A.02; 136A.04; 136A.05; 136A.08; 136A.095; 136A.101; 136A.121; 136A.131; 136A.132; 136A.134, subdivision 4; 136A.15, subdivisions 1, 7, and by adding a subdivision; 136A.16; 136A.162; 136A.17, subdivision 1; 136A.1701, subdivisions 1, 2, and 5; 136A.172; 136A.173, subdivision 1; 136A.174; 136A.175, subdivision 4; 136A.176; 136A.177; 136A.178; 136A.179; 136A.233; 136A.26, subdivision 1a; 136A.29, subdivision 9; 136A.69; 136C.04, subdivisions 2, 6, 9, 10, and 18; 136C.042, subdivision 2; 136C.05, by adding subdivisions; 136C.07, subdivision 4; 136C.075; 136C.08, subdivision 1; 136C.15; 136C.31, by adding a subdivision; 136C.36; 136C.43, subdivision 1; 169.44, subdivision 18; 275.125, subdivision 14a; 354.094, subdivisions 1a and 1b; 354A.091, subdivision 1a; and 355.46, subdivision 3; Laws 1988, chapter 703, article 1, section 23; proposing coding for new law in Minnesota Statutes, chapter 136A; repealing Minnesota Statutes 1988, sections 121.936, subdivision 1a; 136A.042; 136A.09; 136A.101, subdivision 6; 136A.111; 136A.121, subdivisions 1, 4, and

15; 136A.14; 136A.141; 136A.142; 136A.225; 136A.51; 136A.52; 136A.53; 136A.55; 136C.07, subdivisions 1, 2, 3 and 6; 136C.21; 136C.211; 136C.212; 136C.213; 136C.22; 136C.221; 136C.222; 136C.223; 136C.25; 136C.26, subdivisions 1, 3, 4, 5, 6, 7, and 9; 136C.27, subdivision 2; 136C.28, subdivisions 1 and 2; 136C.29; 136C.33, subdivisions 1 and 2; 136C.42; 136C.43, subdivisions 1, 2, and 3; 256H.07; and 256H.13.

The bill was read for the first time and laid over one day.

Scheid, Osthoff, Steensma and Abrams introduced:

H. F. No. 1748, A bill for an act relating to ethics in government; prescribing standards of conduct for state and local officials; expanding the financial disclosure requirements for state officials; imposing disclosure requirements on local officials; changing the reporting requirements for lobbyists; amending Minnesota Statutes 1988, sections 10A.01, subdivision 11, and by adding subdivisions; 10A.02, subdivisions 1, 3, and by adding subdivisions; 10A.04, subdivisions 4 and 5; 10A.06; 10A.07; and 10A.09, subdivisions 1, 2, 5, 7, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 10A; repealing Minnesota Statutes 1988, section 10A.02, subdivisions 11, 11a, and 12.

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

Wenzel, Trimble, McDonald, Hasskamp and Pelowski introduced:

H. F. No. 1749, A bill for an act relating to retirement; teachers retirement association; setting age 62 as the normal retirement age; providing for actuarial reductions for early retirement; changing the retirement formula and adopting a rule of 90; amending Minnesota Statutes 1988, sections 354.44, subdivisions 6 and 7; 354.46, subdivision 1; 354.48, subdivisions 3 and 10; 354.49, subdivision 3; and 354.55, subdivision 11.

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

HOUSE ADVISORIES

The following House Advisory was introduced:

Reding introduced:

H. A. No. 9, A proposal to study the organization and consolidation of counties.

The advisory was referred to the Committee on Local Government and Metropolitan Affairs.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 501, A bill for an act relating to education; vocational technical; allowing purchase of real property by independent school district No. 347.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Welle moved that the House concur in the Senate amendments to H. F. No. 501 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 501, A bill for an act relating to education; vocational technical; allowing purchase of real property by independent school district No. 347.

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

The question was taken on the repassage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Carlson, L.	Girard	Jefferson	Limmer
Anderson, G.	Carruthers	Greenfield	Jennings	Long
Battaglia	Clark	Gruenes	Johnson, A.	Lynch
Bauerly	Conway	Gutknecht	Johnson, R.	Macklin
Beard	Cooper	Hartle	Johnson, V.	Marsh
Begich	Dauner	Hasskamp	Kalis	McDonald
Bennett	Dawkins	Haukoos	Kelso	McEachern
Bertram	Dempsey	Heap	Kinkel	McGuire
Blatz	Dille	Henry	Knickerbocker	McLaughlin
Boo	Dorn	Hugoson	Kostohryz	McPherson
Brown	Forsythe	Jacobs	Krueger	Milbert
Burger	Frederick	Janezich	Lasley	Morrison
Carlson, D.	Frerichs	Jaros	Lieder	Munger

Murphy	Ostrom	Rest	Skoglund	Wagenius
Nelson, C.	Otis	Rice	Solberg	Waltman
Nelson, K.	Ozment	Richter	Sparby	Weaver
Neuenschwander	Pappas	Rodosovich	Stanisus	Welle
O'Connor	Pauly	Rukavina	Steensma	Wenzel
Ogren	Pellow	Runbeck	Sviggum	Williams
Olsen, S.	Pelowski	Sarna	Tjornhom	Winter
Olson, E.	Peterson	Schafer	Tompkins	Wynia
Olson, K.	Price	Scheid	Trimble	Spk. Vanasek
Omann	Pugh	Schreiber	Tunheim	
Onnen	Quinn	Seaberg	Uphus	
Orenstein	Redalen	Segal	Valento	
Osthoff	Reding	Simoneau	Vellenga	

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

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. 46, A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; providing for deficiencies in and supplementing appropriations for the expenses of state government; authorizing issuance of state bonds; providing for the maximum effort school loan program and the cooperative secondary facilities grant program; clarifying the definition of mental health service provider and providing for a fee for the providers; clarifying requirements of manufactured home parks in certain cases; reducing certain bond sales authorizations; distributing the proceeds of certain litigation; increasing authorizations for certain state transportation bonds; increasing the allocation for bridges to political subdivisions; providing for certain adjustment grants; approving a capital loan; appropriating money; amending Minnesota Statutes 1988, sections 116.18, subdivision 3d; 124.477; 124.493, subdivision 1; 124.494, subdivisions 1, 2, and 4; 124.495; 129B.72, subdivision 2, and by adding a subdivision; 129B.73, subdivision 4, and by adding a subdivision; 148B.40, subdivision 3; 148B.42, by adding a subdivision; 327.20, subdivision 1; and Laws 1979, chapter 280, sections 1 and 2, as amended; proposing coding for new law in Minnesota Statutes, chapter 129B; repealing Laws 1987, chapter 400, section 59, as amended; and Laws 1988, chapter 686, article 1, section 37, subdivision 10.

PATRICK E. FLAHAVEN, Secretary of the Senate

Anderson, G., moved that the House refuse to concur in the Senate amendments to H. F. No. 46, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests

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

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 104:

S. F. No. 104, A bill for an act relating to agriculture; making changes in the rural finance authority loan program; amending Minnesota Statutes 1988, sections 41B.02, subdivisions 12, 15, and 18; 41B.03, subdivision 3, and by adding a subdivision; 41B.039, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 41B; repealing Minnesota Statutes 1988, sections 41B.03, subdivision 4; and 41B.039, subdivisions 3, 4, and 5.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Beckman, Berg and Vickerman.

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

Winter 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. 104. The motion prevailed.

REPORT FROM THE COMMITTEE ON RULES AND
LEGISLATIVE ADMINISTRATION

Wynia, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately preceding General Orders for Thursday, April 27, 1989:

H. F. Nos. 925, 700, 333, 1574, 909, 1581, 949, 647 and 729; S. F. Nos. 206 and 827; H. F. No. 1175; S. F. Nos. 123, 671 and 695; and H. F. Nos. 1506, 1131, 1150 and 950.

Dempsey was excused for the remainder of today's session.

SPECIAL ORDERS

H. F. No. 925 was reported to the House.

Long moved that H. F. No. 925 be returned to General Orders. The motion prevailed.

The Speaker called Quinn to the Chair.

H. F. No. 700 was reported to the House.

Marsh moved to amend H. F. No. 700, the first engrossment, as follows:

Page 1, line 18, delete "BIAS" and insert "PREJUDICE"

Page 1, line 19, delete everything after "of" and insert "prejudice against the victim"

Page 1, delete lines 20 and 21

Page 2, line 3, delete everything after "of" and insert "prejudice against the property owner"

Page 2, delete lines 4 and 5

Page 2, line 6, delete everything before "is"

Page 2, delete lines 29 and 30

Page 2, line 31, delete everything before "may" and insert "prejudice against the property owner"

Page 3, line 15, delete "BIAS" and insert "PREJUDICE"

Page 3, line 16, delete "the" and insert "prejudice against the property owner"

Page 3, delete line 18

Page 3, line 19, delete everything before "may"

Page 3, line 26, delete everything after "of" and insert "prejudice against the victim"

Page 3, delete line 27

Page 3, line 28, delete everything before "may"

Page 3, line 35, delete everything after "of" and insert "prejudice against the victim"

Page 3, delete line 36

Page 4, delete line 1

Page 4, line 26, delete everything after "of" and insert "prejudice against the victim"

Page 4, delete lines 27 and 28

Page 4, line 29, delete everything before "may"

Amend the title as follows:

Page 1, line 3, delete everything after "of" and insert "prejudice against the victim"

Page 1, delete lines 4 and 5

Page 1, line 6, delete everything before the semicolon

A roll call was requested and properly seconded.

The question was taken on the Marsh amendment and the roll was called. There were 59 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Bauerly	Gruenes	Limmer	Onnen	Stanius
Beard	Gutknecht	Lynch	Osthoff	Steensma
Begich	Haukoos	Macklin	Ozment	Svigum
Bennett	Heap	Marsh	Pellow	Tjornhom
Bertram	Henry	McDonald	Redalen	Tompkins
Blatz	Hugoson	McEachern	Richter	Uphus
Boo	Johnson, R.	McPherson	Runbeck	Valento
Carlson, D.	Johnson, V.	Miller	Schafer	Waltman
Dille	Kalis	Neuenschwander	Schreiber	Weaver
Frederick	Kinkel	Olsen, S.	Seaberg	Wenzel
Frerichs	Knickerbocker	Olsen, E.	Solberg	Winter
Girard	Lieder	Omann	Sparby	

Those who voted in the negative were:

Abrams	Battaglia	Burger	Clark	Dawkins
Anderson, G.	Bishop	Carlson, L.	Conway	Dorn
Anderson, R.	Brown	Carruthers	Cooper	Forsythe

Greenfield	Kostohryz	Ogren	Quinn	Trimble
Hartle	Krueger	Olson, K.	Reding	Tunheim
Hasskamp	Lasley	Orenstein	Rest	Vellenga
Himle	Long	Ostrom	Rice	Wagenius
Jacobs	McGuire	Otis	Rodosovich	Welle
Janezich	McLaughlin	Pappas	Rukavina	Williams
Jaros	Morrison	Pauly	Sarna	Wynia
Jefferson	Munger	Pelowski	Scheid	Spk. Vanasek
Johnson, A.	Murphy	Peterson	Segal	
Kahn	Nelson, C.	Price	Simoneau	
Kelso	Nelson, K.	Pugh	Skoglund	

The motion did not prevail and the amendment was not adopted.

Bishop, Kelly, Orenstein, Forsythe, Greenfield, Seaberg and Brown moved to amend H. F. No. 700, the first engrossment, as follows:

Page 1, line 21, after "age," insert "political affiliation,"

Page 2, line 5, after "age," insert "political affiliation,"

Page 2, line 31, after "age," insert "political affiliation,"

Page 3, line 19, after "age," insert "political affiliation,"

Page 3, line 28, after "age," insert "political affiliation,"

Page 4, line 1, after "age," insert "political affiliation,"

Page 4, line 29, after "age," insert "political affiliation,"

The motion prevailed and the amendment was adopted.

Haukoos moved to amend H. F. No. 700, the first engrossment, as amended, as follows:

Page 1, line 21, after "age," insert "membership or lack of membership in a labor union,"

Page 2, line 5, after "age," insert "membership or lack of membership in a labor union,"

Page 2, line 31, after "age," insert "membership or lack of membership in a labor union,"

Page 3, line 19, after "age," insert "membership or lack of membership in a labor union,"

Page 3, line 28, after "age," insert "membership or lack of membership in a labor union,"

Page 4, line 1, after "age," insert "membership or lack of membership in a labor union,"

Page 4, line 29, after "age," insert "membership or lack of membership in a labor union,"

Amend the title as follows:

Page 1, line 5, after "age," insert "membership or lack of membership in a labor union,"

A roll call was requested and properly seconded.

The question was taken on the Haukoos amendment and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Knickerbocker	Olson, E.	Schreiber
Anderson, G.	Frerichs	Kostohryz	Olson, K.	Seaberg
Anderson, R.	Girard	Krueger	Omann	Skoglund
Battaglia	Greenfield	Lasley	Onnen	Solberg
Bauerly	Gruenes	Lieder	Orenstein	Stanius
Beard	Gutknecht	Limmer	Osthoff	Steensma
Begich	Hartle	Long	Ostrom	Sviggum
Bennett	Hasskamp	Lynch	Otis	Tjornhom
Bertram	Haukoos	Macklin	Ozment	Tompkins
Bishop	Heap	Marsh	Pappas	Trimble
Blatz	Henry	McDonald	Pauly	Tunheim
Boo	Himle	McEachern	Fellow	Uphus
Brown	Hugoson	McGuire	Pelowski	Valento
Burger	Jacobs	McLaughlin	Peterson	Vellenga
Carlson, D.	Janezich	McPherson	Price	Wagenius
Carlson, L.	Jaras	Miller	Pugh	Waltman
Carruthers	Jefferson	Morrison	Quinn	Weaver
Clark	Jennings	Munger	Redalen	Welle
Conway	Johnson, A.	Murphy	Reding	Wenzel
Cooper	Johnson, R.	Nelson, C.	Rest	Williams
Dauner	Johnson, V.	Nelson, K.	Richter	Winter
Dawkins	Kahn	Neuenschwander	Rukavina	Wynia
Dille	Kalis	O'Connor	Runbeck	Spk. Vanasek
Dorn	Kelso	Ogren	Sarna	
Forstythe	Kinkel	Olsen, S.	Schafer	

The motion prevailed and the amendment was adopted.

H. F. No. 700, as amended, was read for the third time.

MOTION FOR RECONSIDERATION

McDonald moved that the action whereby H. F. No. 700, as

amended, was given its third reading be now reconsidered. The motion did not prevail.

H. F. No. 700, A bill for an act relating to crimes; increasing penalties for certain crimes when committed because of the victim's or another's actual or perceived race, color, religion, sex, sexual orientation, disability, age, political affiliation, membership or lack of membership in a labor union, or national origin; increasing penalties for using the mail or making telephone calls and falsely impersonating another for the purpose of harassing, abusing, or threatening another person; amending Minnesota Statutes 1988, sections 609.2231, by adding a subdivision; 609.595, subdivisions 2, 3, and by adding a subdivision; 609.605, by adding a subdivision; 609.746, by adding a subdivision; 609.79, by adding a subdivision; and 609.795.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 95 yeas and 33 nays as follows:

Those who voted in the affirmative were:

Abrams	Dorn	Kahn	Olson, K.	Sarna
Anderson, G.	Forsythe	Kelso	Orenstein	Scheid
Anderson, R.	Frederick	Kostohryz	Ostrom	Schreiber
Battaglia	Girard	Krueger	Otis	Seaberg
Begich	Greenfield	Lasley	Ozment	Segal
Bennett	Gruenes	Lieder	Pappas	Simoneau
Bishop	Hartle	Long	Pauly	Skoglund
Boo	Hasskamp	Macklin	Pellow	Stanius
Brown	Haukoos	Marsh	Pelowski	Trimble
Burger	Heap	McGuire	Peterson	Tunheim
Carlson, D.	Himle	McLaughlin	Price	Uphus
Carlson, L.	Hugoson	Morrison	Pugh	Vellenga
Carruthers	Jacobs	Munger	Quinn	Wagenius
Clark	Janezich	Murphy	Redalen	Weaver
Conway	Jaros	Nelson, C.	Reding	Welle
Cooper	Jefferson	Nelson, K.	Rest	Williams
Dauner	Jennings	O'Connor	Rice	Winter
Dawkins	Johnson, A.	Ogren	Rukavina	Wynia
Dille	Johnson, V.	Olsen, S.	Runbeck	Spk. Vanasek

Those who voted in the negative were:

Bauerly	Kalis	McPherson	Richter	Tjornhom
Beard	Kinkel	Miller	Rodosevich	Tompkins
Bertram	Knickerbocker	Neuenschwander	Schafer	Valento
Blatz	Limmer	Olson, E.	Solberg	Waltman
Frerichs	Lynch	Omam	Sparby	Wenzel
Gutknecht	McDonald	Onnen	Steensma	
Henry	McEachern	Osthoff	Sviggum	

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

H. F. No. 333 was reported to the House.

Begich moved to amend H. F. No. 333, the second engrossment, as follows:

Page 7, line 16, after "vehicle" delete the remainder of the line

Page 7, line 17, delete "centimeters in size"

The motion prevailed and the amendment was adopted.

Begich moved to amend H. F. No. 333, the second engrossment, as amended, as follows:

Page 13, after line 21, insert:

"Sec. 22. Minnesota Statutes 1988, section 466.03, is amended by adding a subdivision to read:

Subd. 16. Any claim against a county, arising from the operation of an all-terrain vehicle on land administered by a county under chapter 280, 281, or 282."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "regarding" insert "county administered lands,"

Page 1, line 13, delete "and"

Page 1, line 14, after "7" insert "; and 466.03, by adding a subdivision"

Begich moved that H. F. No. 333, as amended, be temporarily laid over on Special Orders. The motion prevailed.

H. F. No. 1574 was reported to the House.

Bishop moved to amend H. F. No. 1574, the first engrossment, as follows:

Page 3, line 15, delete "four" and insert "three"

Page 8, line 10, delete "four" and insert "three"

A roll call was requested and properly seconded.

The question was taken on the Bishop amendment and the roll was called. There were 40 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abrams	Ferichs	Johnson, V.	Ozment	Seaberg
Bennett	Girard	Lynch	Pauly	Stanius
Bishop	Gruenes	Macklin	Pellow	Sviggum
Blatz	Gutknecht	McDonald	Redalen	Tjornhom
Boo	Haukoos	McPherson	Richter	Tompkins
Burger	Henry	Miller	Runbeck	Valento
Carlson, D.	Himle	Omann	Schafer	Waltman
Dille	Hugoson	Onnen	Schreiber	Weaver

Those who voted in the negative were:

Anderson, G.	Hasskamp	Limmer	Olson, K.	Sarna
Anderson, R.	Heap	Long	Orenstein	Scheid
Battaglia	Jacobs	Marsh	Osthoff	Segal
Bauerly	Janezich	McEachern	Ostrom	Simoneau
Beard	Jaros	McGuire	Otis	Skoglund
Begich	Jennings	McLaughlin	Pappas	Solberg
Bertram	Johnson, A.	Milbert	Pelowski	Sparby
Brown	Johnson, R.	Morrison	Peterson	Steensma
Carlson, L.	Kahn	Munger	Poppenhagen	Trimble
Carruthers	Kalis	Murphy	Price	Tunheim
Clark	Kelso	Nelson, C.	Pugh	Uphus
Conway	Kinkel	Nelson, K.	Quinn	Vellenga
Cooper	Knickerbocker	Neuenschwander	Reding	Wagenus
Dauner	Kostohryz	O'Connor	Rest	Welle
Dorn	Krueger	Ogren	Rice	Winter
Greenfield	Lasley	Olsen, S.	Rodosovich	Wynia
Hartle	Lieder	Olson, E.	Rukavina	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

H. F. No. 1574, A bill for an act relating to corporations; providing that the control share acquisition and business combination statutes apply to certain corporations unless they elect not to be covered; clarifying application of the statutes; reducing the period of time that business combinations may be regulated from five years to four years; eliminating procedures for the use of committees to determine whether a corporation should pursue certain legal remedies; providing that meeting notices do not have to be sent to shareholders when mail has been returned undeliverable; amending Minnesota Statutes 1988, sections 302A.011, subdivisions 41 and 49; 302A.111, subdivision 3; 302A.161, subdivision 17; 302A.241, subdivision 1; 302A.251, subdivision 2; 302A.435, subdivision 1; 302A.671, subdivision 1; and 302A.673, subdivisions 1 and 3; repealing Minnesota Statutes 1988, section 302A.243.

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 111 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Hartle	Lieder	Omann	Scheid
Anderson, R.	Hasskamp	Limmer	Onnen	Schreiber
Battaglia	Haukoos	Long	Orenstein	Seaberg
Bauerly	Heap	Lynch	Osthoff	Segal
Beard	Henry	Macklin	Ostrom	Simoneau
Begich	Hugoson	Marsh	Otis	Skoglund
Bennett	Jacobs	McEachern	Ozment	Solberg
Bertram	Janezich	McGuire	Pappas	Sparby
Brown	Jaros	McLaughlin	Pellow	Stanis
Burger	Jefferson	McPherson	Pelowski	Steenma
Carlson, D.	Jennings	Milbert	Peterson	Tjornhom
Carlson, L.	Johnson, A.	Morrison	Poppenhagen	Trimble
Carruthers	Johnson, R.	Munger	Price	Tunheim
Clark	Johnson, V.	Murphy	Pugh	Uphus
Conway	Kahn	Nelson, C.	Quinn	Vellenga
Cooper	Kalis	Nelson, K.	Reding	Wagenius
Dauner	Kelso	Neuenschwander	Rest	Waltman
Dorn	Kinkel	O'Connor	Rice	Welle
Forsythe	Knickerbocker	Ogren	Rodosovich	Wenzel
Frederick	Kostohryz	Olsen, S.	Rukavina	Williams
Greenfield	Krueger	Olson, E.	Rumbeck	Winter
Gruenes	Lasley	Olson, K.	Sarna	Wynia
				Spk. Vanasek

Those who voted in the negative were:

Abrams	Dille	Himle	Redalen	Tompkins
Bishop	Frerichs	McDonald	Richter	Valento
Blatz	Girard	Miller	Schafer	Weaver
Boo	Gutknecht	Pauly	Sviggunn	

The bill was passed and its title agreed to.

Hugoson, Marsh and Schafer were excused for the remainder of today's session.

H. F. No. 333, as amended, which was temporarily laid over earlier today was again reported to the House.

Begich withdrew his amendment to H. F. No. 333, the second engrossment, as amended, which he offered earlier today.

Begich moved to amend H. F. No. 333, the second engrossment, as amended, as follows:

Page 13, after line 21, insert:

"Sec. 22. Minnesota Statutes 1988, section 466.03, is amended by adding a subdivision to read:

Subd. 16. Any claim against a county, arising from the operation of an all-terrain vehicle on land administered by a county under chapter 280, 281, or 282, except that the county is liable for conduct

that would entitle a trespasser to damages against a private person."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "regarding" insert "county administered lands,"

Page 1, line 13, delete "and"

Page 1, line 14, after "7" insert "; and 466.03, by adding a subdivision"

The motion prevailed and the amendment was adopted.

H. F. No. 333, A bill for an act relating to recreational vehicles; regulating all-terrain vehicles; setting fees; revising liability provisions regarding county administered lands, recreational areas and the Minnesota zoological garden; imposing a penalty; amending Minnesota Statutes 1988, sections 3.736, subdivision 3; 84.92, subdivision 1, and by adding subdivisions; 84.922, subdivisions 1 and 5, and by adding subdivisions; 84.924, subdivision 3; 84.9256, subdivisions 1, 2, and 3; 84.928, subdivisions 1, 2, and 6; 84.929; 169.02, subdivision 1; and 171.03; repealing Minnesota Statutes 1988, sections 84.922, subdivision 8; 84.925, subdivision 2; 84.928, subdivision 7; and 466.03, by adding a subdivision.

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 123 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Carruthers	Hasskamp	Kinkel	Morrison
Anderson, G.	Clark	Haukoos	Knickerbocker	Munger
Anderson, R.	Conway	Heap	Kostohryz	Murphy
Battaglia	Cooper	Henry	Krueger	Nelson, C.
Bauerly	Dauner	Himle	Lasley	Nelson, K.
Beard	Dawkins	Jacobs	Lieder	Neuenschwander
Begich	Dille	Janezich	Limmer	O'Connor
Bennett	Dorn	Jaros	Long	Olsen, S.
Bertram	Forsythe	Jefferson	Macklin	Olson, E.
Bishop	Frederick	Jennings	McDonald	Olson, K.
Blatz	Frerichs	Johnson, A.	McEachern	Omann
Boo	Girard	Johnson, R.	McGuire	Onnen
Brown	Greenfield	Johnson, V.	McLaughlin	Orenstein
Burger	Gruenes	Kahn	McPherson	Osthoff
Carlson, D.	Gutknecht	Kalis	Milbert	Ostrom
Carlson, L.	Hartle	Kelso	Miller	Otis

Ozment	Quinn	Sarna	Steensma	Weaver
Pappas	Redalen	Scheid	Sviggum	Welle
Pauly	Reding	Schreiber	Tjornhom	Wenzel
Pellow	Rest	Seaberg	Tompkins	Williams
Pelowski	Rice	Segal	Trimble	Winter
Peterson	Richter	Simoneau	Tunheim	Wynia
Poppenhagen	Rodosovich	Solberg	Uphus	Spk. Vanasek
Price	Rukavina	Sparby	Valento	
Pugh	Runbeck	Stanius	Waltman	

Those who voted in the negative were:

Vellenga Wagenius

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

H. F. No. 909, A bill for an act relating to workers' compensation; providing coverage for preventive rabies treatment; amending Minnesota Statutes 1988, section 176.135, 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frichs	Lasley	Orenstein	Segal
Anderson, G.	Girard	Lieder	Osthoff	Skoglund
Anderson, R.	Greenfield	Limmer	Ostrom	Solberg
Battaglia	Gruenes	Long	Otis	Sparby
Bauerly	Gutknecht	Lynch	Ozment	Stanius
Beard	Hartle	Macklin	Pappas	Steensma
Begich	Hasskamp	McDonald	Pauly	Sviggum
Bennett	Haukoos	McEachern	Pellow	Tjornhom
Bertram	Heap	McGuire	Pelowski	Tompkins
Bishop	Henry	McLaughlin	Peterson	Trimble
Blatz	Himle	McPherson	Poppenhagen	Tunheim
Boo	Jacobs	Milbert	Price	Uphus
Brown	Janezich	Miller	Pugh	Valento
Burger	Jaros	Morrison	Quinn	Vellenga
Carlson, D.	Jefferson	Munger	Redalen	Wagenius
Carlson, L.	Jennings	Murphy	Reding	Waltman
Carruthers	Johnson, A.	Nelson, C.	Rest	Weaver
Clark	Johnson, R.	Nelson, K.	Rice	Welle
Conway	Johnson, V.	Neuenschwander	Richter	Wenzel
Cooper	Kahn	O'Connor	Rodosovich	Williams
Dauner	Kalis	Ogren	Rukavina	Winter
Dawkins	Kelso	Olsen, S.	Runbeck	Wynia
Dille	Kinkel	Olson, E.	Sarna	Spk. Vanasek
Dorn	Knickrbocker	Olson, K.	Scheid	
Forsythe	Kostohryz	Omam	Schreiber	
Frederick	Krueger	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1581, A bill for an act relating to commerce; securities

regulation; exempting certain over-the-counter securities from registration requirements; amending Minnesota Statutes 1988, section 80A.15, 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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Onnen	Schreiber
Anderson, G.	Girard	Lasley	Orenstein	Seaberg
Anderson, R.	Greenfield	Lieder	Osthoff	Segal
Battaglia	Gruenes	Limmer	Ostrom	Simoneau
Bauerly	Gutknecht	Long	Otis	Skoglund
Beard	Hartle	Lynch	Ozment	Solberg
Begich	Hasskamp	Macklin	Pappas	Sparby
Bennett	Haukoos	McDonald	Pauly	Stanisus
Bertram	Heap	McEachern	Pellow	Steensma
Blatz	Henry	McGuire	Pelowski	Sviggum
Boo	Himle	McPherson	Peterson	Tjornhom
Brown	Jacobs	Milbert	Poppenhagen	Tompkins
Burger	Janezich	Miller	Price	Trimble
Carlson, D.	Jaros	Morrison	Pugh	Tunheim
Carlson, L.	Jefferson	Munger	Quinn	Uphus
Carruthers	Jennings	Murphy	Redalen	Valento
Clark	Johnson, A.	Nelson, C.	Reding	Vellenga
Conway	Johnson, R.	Nelson, K.	Rest	Wagenius
Cooper	Johnson, V.	Neuenschwander	Rice	Waltman
Dauner	Kahn	O'Connor	Richter	Weaver
Dawkins	Kalis	Ogren	Rodosovich	Welle
Dille	Kelso	Olsen, S.	Rukavina	Wenzel
Dorn	Kinkel	Olson, E.	Runbeck	Williams
Forsythe	Knickerbocker	Olson, K.	Sarna	Winter
Frederick	Kostohryz	Omann	Scheid	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 949, A bill for an act relating to traffic safety; increasing penalties for persons convicted of DWI after a previous conviction for criminal vehicular operation or for another impaired driving crime; amending Minnesota Statutes 1988, section 169.121, subdivision 3.

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

The question was taken on the passage of the bill and the roll was called. There were 110 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Bennett	Blatz	Brown
Battaglia	Begich	Bishop	Boo	Burger

Carlson, D.	Heap	McDonald	Otis	Solberg
Carlson, L.	Henry	McGuire	Ozment	Sparby
Carruthers	Himle	McLaughlin	Pappas	Stanius
Clark	Jacobs	McPherson	Pauly	Steensma
Conway	Jaros	Milbert	Pellow	Sviggum
Cooper	Jefferson	Miller	Pelowski	Tjornhom
Dauner	Johnson, A.	Morrison	Peterson	Tompkins
Dawkins	Johnson, R.	Munger	Poppenhagen	Trimble
Dille	Johnson, V.	Nelson, C.	Price	Tunheim
Dorn	Kahn	Nelson, K.	Pugh	Valento
Forsythe	Kalis	O'Connor	Rest	Vellenga
Frederick	Knickerbocker	Ogren	Richter	Wagenius
Frerichs	Kostohryz	Olsen, S.	Rodosovich	Waltman
Girard	Krueger	Olson, E.	Rukavina	Weaver
Greenfield	Lasley	Olson, K.	Runbeck	Welle
Gruenes	Lieder	Omman	Sarna	Wenzel
Gutknecht	Limmer	Onnen	Schreiber	Williams
Hartle	Long	Orenstein	Seaberg	Winter
Hasskamp	Lynch	Osthoff	Segal	Wynia
Haukoos	Macklin	Ostrom	Skoglund	Spk. Vanasek

Those who voted in the negative were:

Anderson, G.	Bertram	Kelso	Redalen	Uphus
Anderson, R.	Janezich	Kinkel	Rice	
Beard	Jennings	Quinn	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 647, A bill for an act relating to crimes; prohibiting the intentional distribution of destructive computer programs; imposing penalties; amending Minnesota Statutes 1988, sections 609.87, by adding a subdivision; and 609.88, 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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Clark	Heap	Krueger	Nelson, C.
Anderson, G.	Conway	Henry	Lasley	Nelson, K.
Anderson, R.	Cooper	Himle	Lieder	Neuenschwander
Battaglia	Dauner	Jacobs	Limmer	Ogren
Bauerly	Dawkins	Janezich	Long	Olsen, S.
Beard	Dille	Jaros	Lynch	Olson, E.
Begich	Dorn	Jefferson	Macklin	Olson, K.
Bennett	Forsythe	Jennings	McDonald	Omman
Bertram	Frederick	Johnson, A.	McEachern	Onnen
Bishop	Frerichs	Johnson, R.	McGuire	Orenstein
Blatz	Girard	Johnson, V.	McLaughlin	Osthoff
Boo	Greenfield	Kahn	McPherson	Ostrom
Brown	Gruenes	Kalis	Milbert	Otis
Burger	Gutknecht	Kelso	Miller	Ozment
Carlson, D.	Hartle	Kinkel	Morrison	Pappas
Carlson, L.	Hasskamp	Knickerbocker	Munger	Pauly
Carruthers	Haukoos	Kostohryz	Murphy	Pellow

Pelowski	Rice	Segal	Tjornhom	Waltman
Peterson	Richter	Simoneau	Tompkins	Weaver
Poppenhagen	Rodosovich	Skoglund	Trimble	Welle
Price	Rukavina	Solberg	Tunheim	Wenzel
Pugh	Runbeck	Sparby	Uphus	Williams
Quinn	Sarna	Stanius	Valento	Winter
Redalen	Scheid	Steensma	Vellenga	Wynia
Rest	Seaberg	Sviggum	Wagenius	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 729, A bill for an act relating to marriage dissolution; requiring courts to consider the existence of domestic abuse in determining whether to award joint custody; providing for the appointment of visitation expeditors to resolve ongoing visitation disputes; providing for visitation by persons who have resided with a child; providing that either parent may request visitation rights on behalf of the child; requiring the court to restrict or modify visitation under certain circumstances; permitting agreements about modification of maintenance; amending Minnesota Statutes 1988, sections 257.022, by adding a subdivision; 518.17, subdivision 2; 518.175, subdivisions 1 and 5; 518.552, by adding a subdivision; and 518.58, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 518.

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

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Lasley	Orenstein	Simoneau
Anderson, G.	Girard	Lieder	Osthoff	Skoglund
Anderson, R.	Greenfield	Limmer	Ostrom	Solberg
Battaglia	Gruenes	Long	Otis	Sparby
Bauerly	Gutknecht	Lynch	Ozment	Stanius
Beard	Hartle	Macklin	Pappas	Steensma
Begich	Hasskamp	McDonald	Pauly	Sviggum
Bennett	Haukoos	McEachern	Pellow	Tjornhom
Bertram	Heap	McGuire	Pelowski	Tompkins
Bishop	Henry	McLaughlin	Peterson	Trimble
Blatz	Himle	McPherson	Poppenhagen	Tunheim
Boo	Jacobs	Milbert	Price	Uphus
Brown	Janezich	Miller	Pugh	Valento
Burger	Jaros	Morrison	Quinn	Vellenga
Carlson, D.	Jefferson	Munger	Redalen	Wagenius
Carlson, L.	Jennings	Murphy	Rest	Waltman
Carruthers	Johnson, A.	Nelson, C.	Rice	Weaver
Clark	Johnson, R.	Nelson, K.	Richter	Welle
Conway	Johnson, V.	Neuenschwander	Rodosovich	Wenzel
Cooper	Kahn	O'Connor	Rukavina	Williams
Dauner	Kahis	Ogren	Runbeck	Winter
Dawkins	Kelso	Olsen, S.	Sarna	Wynia
Dille	Kinkel	Olson, E.	Scheid	Spk. Vanasek
Dorn	Knickerbocker	Olson, K.	Schreiber	
Forsythe	Kostohryz	Omann	Seaberg	
Frederick	Krueger	Onnen	Segal	

The bill was passed and its title agreed to.

S. F. No. 206 was reported to the House.

Sviggum, Jennings, Dauner, Girard and Lynch moved to amend S. F. No. 206, the unofficial engrossment, as follows:

Page 2, after line 20, insert:

“Sec. 2. [14.386] [EFFECTIVE PERIOD.]

Notwithstanding any law to the contrary, a rule adopted by an agency after the effective date of this section has the force and effect of law only until the end of the first regular legislative session after the rule first becomes effective, unless a law is enacted extending the force and effect of the rule. However, if a rule first becomes effective within 30 calendar days before the adjournment of a regular legislative session, the rule may remain in force and effect until the end of the next regular legislative session. This section does not extend the force and effect of a rule that would otherwise expire before the periods specified in this section.”

Renumber subsequent sections

Correct internal cross-references

Amend the title as follows:

Page 1, line 6, delete “chapter 3” and insert “chapters 3 and 14”

A roll call was requested and properly seconded.

The question was taken on the Sviggum et al amendment and the roll was called. There were 77 yeas and 50 nays as follows:

Those who voted in the affirmative were:

Abrams	Dille	Jennings	Miller	Poppenhagen
Anderson, R.	Forsythe	Johnson, R.	Morrison	Redalen
Bauerly	Frederick	Johnson, V.	Neuenschwander	Richter
Beard	Frerichs	Kelso	O'Connor	Runbeck
Bennett	Girard	Kinkel	Ogren	Sarna
Bertram	Gutknecht	Knickerbocker	Olsen, S.	Schreiber
Bishop	Hartle	Limmer	Olson, E.	Seaberg
Blatz	Hasskamp	Lynch	Olson, K.	Solberg
Boo	Haukoos	Macklin	Omann	Sparby
Burger	Heap	McDonald	Onnen	Stanius
Carlson, D.	Henry	McEachern	Osthoff	Steensma
Carlson, L.	Himle	McGuire	Ozment	Sviggum
Cooper	Jacobs	McPherson	Pauly	Tjornhom
Dauner	Janezich	Milbert	Pellow	Tompkins

Tunheim	Valento	Weaver	Winter
Uphus	Waltman	Wenzel	

Those who voted in the negative were:

Anderson, G.	Gruenes	McLaughlin	Peterson	Segal
Battaglia	Jefferson	Munger	Price	Simoneau
Begich	Johnson, A.	Murphy	Pugh	Skoglund
Brown	Kahn	Nelson, C.	Quinn	Trimble
Carruthers	Kalis	Nelson, K.	Reding	Vellenga
Clark	Kostohryz	Orenstein	Rest	Wagenius
Conway	Krueger	Ostrom	Rice	Welle
Dawkins	Lasley	Otis	Rodosovich	Williams
Dorn	Lieder	Pappas	Rukavina	Wynia
Greenfield	Long	Pelowski	Scheid	Spk. Vanasek

The motion prevailed and the amendment was adopted.

S. F. No. 206, A bill for an act relating to state government; administrative procedures; regulating exempt rules; making certain technical changes; amending Minnesota Statutes 1988, sections 14.40; and 97A.051, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 3; repealing Minnesota Statutes 1988, sections 97A.051, subdivision 3; 144A.10, subdivision 6a; 174.031, subdivision 2; 254B.03, subdivision 6; 254B.04, subdivision 2; 257.357; and 574.262, subdivision 3; Laws 1985, chapter 4, section 8; and Laws 1987, chapter 337, section 128.

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 124 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Kalis	Nelson, C.	Quinn
Anderson, G.	Frederick	Kelso	Nelson, K.	Redalen
Anderson, R.	Frerichs	Kinkel	Neuenschwander	Reding
Battaglia	Girard	Knickerbocker	O'Connor	Rest
Bauerly	Greenfield	Kostohryz	Ogren	Rice
Beard	Gruenes	Krueger	Olsen, S.	Richter
Bennett	Gutknecht	Lasley	Olson, E.	Rodosovich
Bertram	Hartle	Lieder	Olson, K.	Rukavina
Bishop	Hasskamp	Limmer	Omann	Runbeck
Blatz	Haukoos	Long	Onnen	Sarna
Boo	Heap	Lynch	Orenstein	Scheid
Brown	Henry	Macklin	Osthoff	Schreiber
Burger	Himle	McDonald	Ostrom	Seaberg
Carlson, D.	Jacobs	McEachern	Otis	Segal
Carlson, L.	Janezich	McGuire	Ozment	Simoneau
Clark	Jaros	McLaughlin	Pauly	Skoglund
Conway	Jefferson	McPherson	Pellow	Solberg
Cooper	Jennings	Milbert	Pelowski	Sparby
Dauner	Johnson, A.	Miller	Peterson	Stanius
Dawkins	Johnson, R.	Morrison	Poppenhagen	Steensma
Dille	Johnson, V.	Munger	Price	Sviggum
Dorn	Kahn	Murphy	Pugh	Tjornhom

Tompkins
Trimble
Tunheim

Uphus
Valento
Vellenga

Waltman
Weaver
Welle

Wenzel
Williams
Winter

Wynia
Spk. Vanasek

Those who voted in the negative were:

Carruthers Pappas Wagenius

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

S. F. No. 827 was reported to the House.

Williams moved to amend S. F. No. 827, as follows:

Page 1, line 25, strike "expires" and insert "does not expire"

The motion prevailed and the amendment was adopted.

S. F. No. 827, A bill for an act relating to public safety; increasing membership on advisory council for the children's trust fund; amending Minnesota Statutes 1988, section 299A.23, subdivision 2.

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

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Onnen	Schreiber
Anderson, G.	Girard	Lasley	Orenstein	Seaberg
Anderson, R.	Greenfield	Lieder	Osthoff	Segal
Battaglia	Gruenes	Limmer	Ostrom	Simoneau
Bauerly	Gutknecht	Long	Otis	Skoglund
Beard	Hartle	Lynch	Ozment	Solberg
Begich	Hasskamp	Macklin	Pappas	Sparby
Bennett	Haukoos	McDonald	Pauly	Stanius
Bertram	Heap	McEachern	Pellow	Stensma
Bishop	Henry	McGuire	Pelowski	Sviggum
Blatz	Himle	McLaughlin	Peterson	Tjornhom
Boo	Jacobs	McPherson	Popenhagen	Tompkins
Brown	Janezich	Milbert	Price	Trimble
Burger	Jaros	Miller	Pugh	Tunheim
Carlson, D.	Jefferson	Morrison	Quinn	Uphus
Carlson, L.	Jennings	Munger	Redalen	Valento
Carruthers	Johnson, A.	Murphy	Reding	Vellenga
Clark	Johnson, R.	Nelson, C.	Rest	Wagenius
Conway	Johnson, V.	Nelson, K.	Rice	Waltman
Cooper	Kahn	O'Connor	Richter	Weaver
Dawkins	Kalis	Ogren	Rodosovich	Welle
Dille	Kelso	Olsen, S.	Rukavina	Wenzel
Dorn	Kinkel	Olson, E.	Runbeck	Williams
Forsythe	Knickerbocker	Olson, K.	Sarna	Winter
Frederick	Kostohryz	Omann	Scheid	Wynia
				Spk. Vanasek

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

Speaker pro tempore Quinn called Simoneau to the Chair.

H. F. No. 1175 was reported to the House.

Bertram moved that H. F. No. 1175 be continued on Special Orders. The motion prevailed.

Morrison was excused for the remainder of today's session.

S. F. No. 123, A bill for an act relating to state government; providing for the establishment of an audit guide task force by the state auditor; amending Minnesota Statutes 1988, section 6.65.

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 125 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kostohryz	Orenstein	Seaberg
Anderson, G.	Frerichs	Krueger	Osthoff	Segal
Anderson, R.	Girard	Lasley	Ostrom	Simoneau
Battaglia	Greenfield	Lieder	Otis	Skoglund
Bauerly	Gruenes	Limmer	Ozment	Solberg
Beard	Gutknecht	Long	Pappas	Sparby
Begich	Hartle	Lynch	Pauly	Stanius
Bennett	Hasskamp	Macklin	Pellow	Steensma
Bertram	Haukoos	McDonald	Pelowski	Sviggum
Bishop	Heap	McGuire	Peterson	Tjornhom
Blatz	Henry	McLaughlin	Popenhagen	Tompkins
Boo	Himle	McPherson	Price	Trimble
Brown	Jacobs	Milbert	Pugh	Tunheim
Burger	Janezich	Miller	Quinn	Uphus
Carlson, D.	Jaros	Munger	Redalen	Valento
Carlson, L.	Jefferson	Murphy	Reding	Vellenga
Carruthers	Jennings	Nelson, C.	Rest	Wagenius
Clark	Johnson, A.	Nelson, K.	Rice	Waltman
Conway	Johnson, R.	Neuenschwander	Richter	Weaver
Cooper	Johnson, V.	Ogren	Rodosovich	Welle
Dauner	Kahn	Olsen, S.	Rukavina	Wenzel
Dawkins	Kalis	Olson, E.	Rumbeck	Williams
Dille	Kelso	Olson, K.	Sarna	Winter
Dorn	Kinkel	Omann	Scheid	Wynia
Forsythe	Knickerbocker	Onnen	Schreiber	Spk. Vanasek

Those who voted in the negative were:

McEachern

The bill was passed and its title agreed to.

S. F. No. 671 was reported to the House.

There being no objection, S. F. No. 671 was temporarily laid over on Special Orders.

S. F. No. 695 was reported to the House.

McEachern moved to amend S. F. No. 695, as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 125.09, is amended by adding a subdivision to read:

Subd. 1a. [MANDATORY REPORTING.] A school board shall report to the board of teaching, the state board of education, or the state board of vocational technical education, whichever has jurisdiction over the teacher's license, when its teacher is discharged or resigns from employment after a charge is filed with the school board under section 125.17, subdivisions 4, clauses (1), (2), and (3), and 5, or after charges are filed that are ground for discharge under section 125.12, subdivision 8, clauses (a), (b), (c), (d), and (e), or when a teacher is suspended or resigns while an investigation is pending under section 125.12, subdivision 8, clauses (a), (b), (c), (d), and (e); 125.17, subdivisions 4, clauses (1), (2), and (3), and 5; or 626.556. The report must be made to the board within ten days after the discharge, suspension, or resignation has occurred. The board to which the report is made shall investigate the report for violation of subdivision 1 and the reporting school board shall cooperate in the investigation. Any data transmitted to any board under this section shall be private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

Sec. 2. Minnesota Statutes 1988, section 125.09, is amended by adding a subdivision to read:

Subd. 1b. [IMMUNITY FROM LIABILITY.] A school board, its members in their official capacity, and employees of the school district run by the board are immune from civil or criminal liability for reporting or cooperating as required under section 1, if their actions required under section 1 are done in good faith and with due care.”

A roll call was requested and properly seconded.

The question was taken on the McEachern amendment and the roll was called. There were 125 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Krueger	Onnen	Seaberg
Anderson, G.	Frerichs	Lasley	Orenstein	Segal
Anderson, R.	Girard	Lieder	Osthoff	Simoneau
Battaglia	Greenfield	Limmer	Ostrom	Skoglund
Bauerly	Gruenes	Long	Otis	Solberg
Beard	Gutknecht	Lynch	Ozment	Sparby
Begich	Hartle	Macklin	Pappas	Stanius
Bennett	Hasskamp	McDonald	Pauly	Steensma
Bertram	Haukoos	McEachern	Pellow	Sviggum
Bishop	Heap	McGuire	Pelowski	Tjornhom
Blatz	Henry	McLaughlin	Peterson	Tompkins
Boo	Himle	McPherson	Poppenhagen	Trimble
Brown	Jacobs	Milbert	Price	Tunheim
Burger	Janezich	Miller	Pugh	Uphus
Carlson, D.	Jaros	Munger	Quinn	Valento
Carlson, L.	Jefferson	Murphy	Redalen	Vellenga
Carruthers	Jennings	Nelson, C.	Reding	Wagenius
Clark	Johnson, A.	Nelson, K.	Rest	Waltman
Conway	Johnson, R.	Neuenschwander	Rice	Weaver
Cooper	Johnson, V.	O'Connor	Richter	Welle
Dauner	Kahn	Ogren	Rodosovich	Wenzel
Dawkins	Kalis	Olsen, S.	Runbeck	Williams
Dille	Kelso	Olson, E.	Sarna	Winter
Dorn	Kinkel	Olson, K.	Scheid	Wynia
Forsythe	Kostohryz	Omann	Schreiber	Spk. Vanasek

Those who voted in the negative were:

Knickerbocker Rukavina

The motion prevailed and the amendment was adopted.

S. F. No. 695, A bill for an act relating to education; requiring school boards to report certain teacher discharges and resignations to the board of teaching; providing for immunity from liability; amending Minnesota Statutes 1988, section 125.09, by adding subdivisions.

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 126 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Begich	Brown	Conway	Forsythe
Anderson, G.	Bennett	Burger	Cooper	Frederick
Anderson, R.	Bertram	Carlson, D.	Dauner	Frerichs
Battaglia	Bishop	Carlson, L.	Dawkins	Girard
Bauerly	Blatz	Carruthers	Dille	Greenfield
Beard	Boo	Clark	Dorn	Gruenes

Gutknecht	Knickerbocker	Nelson, K.	Poppenhagen	Sparby
Hartle	Kostohryz	Neuenschwander	Price	Stanius
Hasskamp	Krueger	O'Connor	Pugh	Steensma
Haukoos	Lasley	Ogren	Quinn	Sviggum
Heap	Lieder	Olsen, S.	Redalen	Tjornhom
Henry	Limmer	Olson, E.	Reding	Tompkins
Himle	Long	Olson, K.	Rest	Trimble
Jacobs	Lynch	Omann	Rice	Tunheim
Janezich	Macklin	Onnen	Richter	Uphus
Jaros	McDonald	Orenstein	Rodosovich	Valento
Jefferson	McEachern	Osthoff	Runbeck	Vellenga
Jennings	McGuire	Ostrom	Sarna	Wagenius
Johnson, A.	McLaughlin	Otis	Scheid	Waltman
Johnson, R.	McPherson	Ozment	Schreiber	Weaver
Johnson, V.	Milbert	Pappas	Seaberg	Welle
Kahn	Miller	Pauly	Segal	Wenzel
Kalis	Munger	Pellow	Simoneau	Williams
Kelso	Murphy	Pelowski	Skoglund	Winter
Kinkel	Nelson, C.	Peterson	Solberg	Wynia
				Spk. Vanasek

Those who voted in the negative were:

Rukavina

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

H. F. No. 1506, A bill for an act relating to commerce; regulating certain rentals of real property, membership camping practices, and subdivided land sales; amending Minnesota Statutes 1988, sections 82A.02, by adding a subdivision; 82A.04, subdivision 2; 82A.13, subdivision 2; 83.20, by adding a subdivision; and 83.30, 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 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Clark	Henry	Limmer	Ogren
Anderson, G.	Conway	Himle	Long	Olsen, S.
Anderson, R.	Cooper	Jacobs	Lynch	Olson, E.
Battaglia	Dawkins	Janezich	Macklin	Olson, K.
Bauerly	Dille	Jaros	McDonald	Omann
Beard	Dorn	Jefferson	McEachern	Onnen
Begich	Forsythe	Jennings	McGuire	Orenstein
Bennett	Frederick	Johnson, A.	McLaughlin	Osthoff
Bertram	Frerichs	Johnson, V.	McPherson	Ostrom
Bishop	Girard	Kahn	Milbert	Otis
Blatz	Greenfield	Kalis	Miller	Ozment
Boo	Gruenes	Kelso	Munger	Pappas
Bröwn	Gutknecht	Kinkel	Murphy	Pauly
Burger	Hartle	Knickerbocker	Nelson, C.	Pellow
Carlson, D.	Hasskamp	Kostohryz	Nelson, K.	Pelowski
Carlson, L.	Haukoos	Krueger	Neuenschwander	Peterson
Carruthers	Heap	Lieder	O'Connor	Poppenhagen

Price	Rukavina	Skoglund	Trimble	Welle
Pugh	Runbeck	Solberg	Tunheim	Wenzel
Quinn	Sarna	Sparby	Uphus	Williams
Redalen	Scheid	Stanius	Valento	Winter
Reding	Schreiber	Steensma	Vellenga	Wynia
Rest	Seaberg	Sviggum	Wagenius	Spk. Vanasek
Richter	Segal	Tjornhom	Waltman	
Rodosovich	Simoneau	Tompkins	Weaver	

The bill was passed and its title agreed to.

H. F. No. 1131, A bill for an act relating to Olmsted county; authorizing certain appropriations for economic and agricultural development.

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 8 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Lasley	Ostrom	Simoneau
Anderson, G.	Frerichs	Lieder	Otis	Solberg
Anderson, R.	Girard	Limmer	Ozment	Sparby
Battaglia	Greenfield	Lynch	Pappas	Stanius
Bauerly	Gruenes	Macklin	Pauly	Steensma
Beard	Gutknecht	McDonald	Pellow	Sviggum
Begich	Hartle	McEachern	Pelowski	Tjornhom
Bennett	Haukoos	McGuire	Peterson	Tompkins
Bertram	Heap	McLaughlin	Poppenhagen	Trimble
Bishop	Henry	McPherson	Price	Tunheim
Blatz	Himle	Milbert	Pugh	Uphus
Boo	Jacobs	Murphy	Quinn	Valento
Brown	Janezich	Nelson, C.	Redalen	Vellenga
Burger	Jefferson	Nelson, K.	Reding	Wagenius
Carlson, D.	Jennings	Neuenschwander	Rest	Waltman
Carlson, L.	Johnson, A.	O'Connor	Rice	Weaver
Clark	Johnson, R.	Ogren	Richter	Welle
Conway	Johnson, V.	Olsen, S.	Rukavina	Wenzel
Cooper	Kahn	Olson, E.	Runbeck	Williams
Dawkins	Kinkel	Olson, K.	Sarna	Winter
Dille	Knickerbocker	Omann	Scheid	Wynia
Dorn	Kostohryz	Onnen	Seaberg	Spk. Vanasek
Forsythe	Krueger	Osthoff	Segal	

Those who voted in the negative were:

Carruthers	Hasskamp	Kelso	Schreiber
Dauner	Kalis	Orenstein	Skoglund

The bill was passed and its title agreed to.

H. F. No. 1150 was reported to the House.

Pugh moved to amend H. F. No. 1150, the first engrossment, as follows:

Page 3, after line 8, insert:

“Sec. 5. Minnesota Statutes 1988, section 13.46, subdivision 8, is amended to read:

Subd. 8. [ACCESS FOR AUDITING.] To the extent required by state or federal law, representatives of federal, state, or local agencies shall have access to data maintained by public or private community mental health centers, mental health divisions of counties, and other providers under contract to deliver mental health services which is necessary to achieve the purpose of auditing. Public or private community mental health centers, mental health divisions of counties, and other providers under contract to deliver mental health services shall not permit this data to identify any particular patient or client by name or contain any other unique personal identifier, except data provided to the legislative auditor. Notwithstanding other provisions in statute or rule, and solely for the purposes of conducting an audit approved by the legislative audit commission in 1988, the legislative auditor shall be given access to all data, records, and files classified as not public. The legislative auditor shall maintain all such data collected in keeping with the provisions of chapter 13 and shall not disclose any data that identifies a patient or client by name or contains any other personal identifier.”

Renumber the remaining sections

Page 8, after line 35, insert:

“Sec. 18. [EFFECTIVE DATE.]

Section 5 is effective the day following final enactment.”

Amend the title as follows:

Page 1, line 11, before “13.64” insert “13.46, subdivision 8;”

The motion prevailed and the amendment was adopted.

Blatz moved to amend H. F. No. 1150, the first engrossment, as amended, as follows:

Page 3, after line 8, insert:

“Sec. 5. Minnesota Statutes 1988, section 13.41, is amended by adding a subdivision to read:

Subd. 6. [FINANCIAL DATA ON LIQUOR LICENSE APPLICATIONS.] Financial data on individuals and private entities, including but not limited to tax returns, financial and bank statements, loan documents, and credit reports, that are contained in applications for liquor licenses submitted to political subdivisions are private data and nonpublic data."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Welle moved to amend H. F. No. 1150, the first engrossment, as amended, as follows:

Page 6, after line 23, insert:

"Sec. 14. Minnesota Statutes 1988, section 144.581, is amended by adding a subdivision to read:

Subd. 5. [CLOSED MEETINGS; RECORDING.] (a) Notwithstanding the provisions of subdivision 4 or section 471.705, a public hospital or an organization established under this section may hold a closed meeting to discuss specific marketing activity and contracts that might be entered into pursuant to the marketing activity in cases where the hospital or organization is in competition with health care providers that offer similar goods or services, and where disclosure of information pertaining to those matters would cause harm to the competitive position of the hospital or organization, provided that the goods or services do not require a tax levy. No contracts referred to in this paragraph may be entered into earlier than 15 days after the proposed contract has been described at a public meeting and the description entered in the minutes, except for contracts for consulting services or with individuals for personal services.

(b) A meeting may not be closed under paragraph (a) except by a majority vote of the board of directors in a public meeting. The time and place of the closed meeting must be announced at the public meeting. A written roll of members present at the closed meeting must be available to the public after the closed meeting. The proceedings of a closed meeting must be tape recorded and preserved by the board of directors for two years. The data on the tape are nonpublic data under section 13.02, subdivision 9. However, the data become public data under section 13.02, subdivision 14, two years after the meeting, or when the hospital or organization takes action on matters referred to in paragraph (a) except for contracts

for consulting services. In the case of personal service contracts, the data become public when the contract is signed. For entities subject to section 471.345, a contract entered into by the board is subject to the requirements of section 471.345.

(c) The board of directors may not discuss a tax levy at a closed meeting.

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 1150, A bill for an act relating to the collection, access to, and dissemination of data; proposing classifications of data as private, confidential, nonpublic, and protected nonpublic; regulating classification of and access to certain data and meetings; clarifying classification of data; establishing an internal audit function with access to state agency data; clarifying what data on juveniles may be made available to the public; amending Minnesota Statutes 1988, sections 13.02, subdivision 9; 13.10, subdivision 1; 13.32, subdivisions 3 and 5; 13.41, by adding a subdivision; 13.46, subdivision 8; 13.64; 13.82, subdivisions 8 and 10; 16A.055, subdivision 1; 144.581, by adding a subdivision; 245.94, subdivision 1; 260.161, subdivision 3; and 340A.503, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 13.

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 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Conway	Jaros	Macklin	Orenstein
Anderson, G.	Cooper	Jefferson	McDonald	Osthoff
Anderson, R.	Dauner	Jennings	McEachern	Ostrom
Battaglia	Dawkins	Johnson, A.	McGuire	Otis
Bauerly	Dorn	Johnson, R.	McLaughlin	Ozment
Beard	Forsythe	Johnson, V.	McPherson	Pappas
Begich	Frederick	Kahn	Milbert	Pauly
Bennett	Frerichs	Kalis	Miller	Pellow
Bertram	Girard	Kelso	Munger	Pelowski
Bishop	Greenfield	Kinkel	Murphy	Peterson
Blatz	Gutknecht	Knickerbocker	Nelson, K.	Poppenhagen
Boo	Hasskamp	Kostohryz	Neuenschwander	Pugh
Brown	Haukoos	Krueger	O'Connor	Quinn
Burger	Heap	Lasley	Ogren	Redalen
Carlson, D.	Henry	Lieder	Olsen, S.	Reding
Carlson, L.	Himle	Limmer	Olson, E.	Rest
Carruthers	Jacobs	Long	Olson, K.	Rice
Clark	Janezich	Lynch	Onnen	Richter

Rodosovich	Seaberg	Stanisus	Tunheim	Weaver
Rukavina	Segal	Steensma	Uphus	Welle
Runbeck	Simoneau	Sviggum	Valento	Williams
Sarna	Skoglund	Tjornhom	Vellenga	Winter
Scheid	Solberg	Tompkins	Wagenius	Wynia
Schreiber	Sparby	Trimble	Waltman	Spk. Vanasek

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

Pugh was excused for the remainder of today's session.

H. F. No. 950 was reported to the House.

Orenstein moved that H. F. No. 950 be continued on Special Orders. The motion prevailed.

The Speaker resumed the Chair.

S. F. No. 671 which was temporarily laid over earlier today was again reported to the House.

S. F. No. 671, A bill for an act relating to the commission on uniform state laws; providing for its composition; amending Minnesota Statutes 1988, section 3.251.

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

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Conway	Himle	Limmer	Olsen, S.
Anderson, G.	Cooper	Jacobs	Long	Olson, E.
Anderson, R.	Dauner	Janezich	Lynch	Olson, K.
Battaglia	Dawkins	Jaros	Macklin	Omann
Bauerly	Dille	Jefferson	McDonald	Onnen
Beard	Dorn	Jennings	McEachern	Orenstein
Begich	Forsythe	Johnson, A.	McGuire	Osthoff
Bennett	Frederick	Johnson, R.	McLaughlin	Ostrom
Bertram	Frerichs	Johnson, V.	McPherson	Otis
Bishop	Girard	Kahn	Milbert	Ozment
Blatz	Greenfield	Kalis	Miller	Pappas
Boo	Gruenes	Kelso	Munger	Pauly
Brown	Gutknecht	Kinkel	Murphy	Pellow
Burger	Hartle	Knickerbocker	Nelson, C.	Pelowski
Carlson, D.	Hasskamp	Kostohryz	Nelson, K.	Peterson
Carlson, L.	Haukoos	Krueger	Neuenschwander	Poppenhagen
Carruthers	Heap	Lasley	O'Connor	Price
Clark	Henry	Lieder	Ogren	Quinn

Redalen	Sarna	Sparby	Uphus	Williams
Reding	Scheid	Stanis	Valento	Winter
Rest	Schreiber	Steensma	Vellenga	Wynia
Rice	Seaberg	Sviggum	Wagenius	Spk. Vanasek
Richter	Segal	Tjornhom	Waltman	
Rodosovich	Simoneau	Tompkins	Weaver	
Rukavina	Skoglund	Trimble	Welle	
Runbeck	Solberg	Tunheim	Wenzel	

The bill was passed and its title agreed to.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued. The motion prevailed.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

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

Senate Concurrent Resolution No. 8, A senate concurrent resolution adopting permanent joint rules of the Senate and House of Representatives.

PATRICK E. FLAHAVEN, Secretary of the Senate

SUSPENSION OF RULES

Wynia moved that the rules be so far suspended that Senate Concurrent Resolution No. 8 be now considered and be placed upon its adoption. The motion prevailed.

SENATE CONCURRENT RESOLUTION NO. 8

A senate concurrent resolution adopting permanent joint rules of the Senate and House of Representatives.

Be It Resolved, by the Senate of the State of Minnesota, the House of Representatives concurring:

The Permanent Joint Rules of the Senate and House of Representatives for the 76th Legislature shall read as follows:

**JOINT RULES OF THE SENATE AND
HOUSE OF REPRESENTATIVES**

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ARTICLE I: JOINT CONVENTIONS

HOW GOVERNED

Rule 1.01. The Speaker of the House shall preside at all Conventions of the two houses of the Legislature and shall call the members to order. The Chief Clerk of the House shall be the Secretary and the Sergeant at Arms of the House shall be the Sergeant at Arms of the Convention.

PRESIDENT'S DUTIES

Rule 1.02. The President of the Convention shall preserve order and decorum. He may speak on all points of order in preference to other members and shall decide questions of order, subject to an appeal to the Convention by any member. He shall rise to put a question but may state it while seated.

PRESIDENT'S RIGHT TO VOTE

Rule 1.03. The President shall have the right to vote in all cases except appeals from his decisions. He shall vote last on all questions.

STATING QUESTIONS

Rule 1.04. Questions shall be put to the Convention in the following form: "As many as are of the opinion that (the question) shall pass, say 'Aye.'" After an affirmative vote is expressed the nays shall be called as follows: "As many as are of the contrary opinion, say 'No.'" If the President is in doubt or a division is called, those in the affirmative shall rise first and those in the negative afterward.

ORDER OF DEBATE

Rule 1.05. When any member wishes to speak to the Convention on any matter, he shall rise and respectfully address the President, and not speak further until recognized. He shall confine himself to the question under debate and avoid personal remarks. When two or more members rise at the same time, the President shall designate the member to speak first. No member shall speak more than twice on the same question without permission of the Convention.

CALLING MEMBER TO ORDER

Rule 1.06. If any member of the Joint Convention is called to order for offensive words in debate, the member calling him to order shall report the words to which exception is taken and the Secretary shall record them. No member may be called to order for any language used in debate if exception is not taken before any other member has spoken or any other business has taken place. A member called to order shall immediately sit down unless another member moves to permit him to explain. In any case, the Joint Convention, if appealed to, shall decide without debate. Only if the decision is in favor of the member called to order shall he be at liberty to proceed.

CALL OF THE CONVENTION

Rule 1.07. Five members may demand a call of the Convention at any time except after voting has commenced. When such a call is demanded, the doors shall be closed, the roll shall be called, the absent members shall be sent for, and no member may be permitted to leave the Chamber, unless excused by the President, until the call is lifted. Proceedings under the roll call may be suspended by a majority vote of all the members of the Convention. A call of the Convention may be lifted by a majority vote of all the members of the Convention.

ELECTIONS

Rule 1.08. In all elections by the Joint Convention, members shall vote viva voce and the roll of Senate members shall be called first. Whenever there is an election of any officer in Joint Convention, the result shall be certified by the President of the Senate and the Speaker of the House and announced by them to their respective houses. The result shall be entered on the Journal of each house and communicated to the Governor by the Secretary of the Convention.

NO SMOKING

Rule 1.09. No person is permitted to smoke in the Chamber or in the gallery during a Joint Convention.

PARLIAMENTARY PROCEDURE

Rule 1.10. The rules of the House shall be the Rules of the Joint Convention of both houses in all cases in which the foregoing rules are not applicable.

ARTICLE II: BILLS

FORM

Rule 2.01. The title of each bill shall clearly state its subject and briefly state its purpose. When a bill amends or repeals an existing act, the title shall refer to the chapter, section or subdivision.

Reference shall be made to Minnesota Statutes for the provisions appearing therein unless reference to previous session laws is required for some special reason.

Bills shall refer to Minnesota Statutes as follows:

“Minnesota Statutes, section”

Bills shall refer to the session laws as follows:

“Laws, chapter, section”

A bill for the amendment of a statute shall contain the full text of the section or subdivision to be amended as it appears in the latest edition of Minnesota Statutes unless it has been amended, in which event it shall contain the full text as amended.

The words and characters constituting the amending matter shall be inserted in the proper place in the text and underscored. The words and characters to be eliminated by the amendment shall be stricken by drawing a line through them. The text of a new section or subdivision shall also be underscored when a bill amends an existing chapter or section by adding a new section or subdivision. In the omnibus appropriation bills required by Joint Rule 2.02, sections making an appropriation or transfer and not amending a statute or session law need not have new material underscored. Before a committee favorably reports upon a bill, the chairman of the committee shall see that the bill conforms to this rule. When a bill is printed in the Journal, the new matter shall be in italics or

underscored and the matter to be eliminated shall be capitalized and in parentheses or stricken by drawing a line through it. A bill drafted by the Revisor of Statutes for the purposes of correcting errors in Minnesota Statutes need not comply with the provisions of this paragraph if the bill is labeled "REVISOR'S BILL" immediately below the title, and if there is attached thereto a memorandum of information explaining the reasons for the bill.

If the bill is for an original law and not for an amendment of an existing law, the sections and subdivisions shall be arranged, subdivided, and numbered in like manner as Minnesota Statutes. If such a bill assigns to the sections thereof headnotes or identification by the decimal system of numbering used in Minnesota Statutes, such headnotes and decimal identification may be submitted by standing committee chairmen to the Revisor of Statutes for examination. Any such headnotes shall be capital letters enclosed in brackets, and shall be subject to the provisions of Minnesota Statutes, section 648.36.

All numbers in titles shall be expressed in figures. All numbers of section or chapter of law shall be in figures. In the body of a bill numbers in excess of ten shall be in figures, except for a special reason they may be written, but when written they shall not be followed by numbers or parentheses.

APPROPRIATING MONEY

Rule 2.02. The same bill shall not appropriate public money or property to more than one local or private purpose.

No clause appropriating money for a local or private purpose shall be contained in a bill appropriating money for the State government or public institutions. All resolutions authorizing the issuing of abstracts by the Secretary of the Senate or the Chief Clerk of the House for the payment of money shall be upon the call of "yeas" and "nays."

In odd-numbered years, at least twenty calendar days prior to the last day the Legislature can meet in regular session [Tuesday, May 2, 1989], the Committee on Finance of the Senate and the Committee on Appropriations of the House shall report to their respective houses, unless directed by concurrent resolution to report different appropriation bills, eight five separate appropriation bills as follows:

(a) A bill appropriating money for the general administrative and judicial expenses of the State government for the succeeding two fiscal years including salaries, office expenses and supplies and other necessary expenses connected therewith;

(b) A bill covering all appropriations relating to public welfare,

health and corrections for the support and maintenance of all State penal and charitable institutions, and other institutions of the State except educational for the two succeeding fiscal years;

(c) A bill appropriating money for the support and maintenance of all State educational institutions for the two succeeding fiscal years;

(d) A bill covering all appropriations providing for the payment of claims against the State of Minnesota which may have been allowed by the Finance Committee of the Senate or the Appropriations Committee of the House;

(e) A bill covering all appropriations made for agriculture, transportation, and semi-state activities;

(f) A bill covering all appropriations for construction and major rehabilitation of public buildings to be financed by issuance of bonds;

(g) A bill covering all appropriations for maintenance, repair, and minor rehabilitation and construction of public buildings; and

(h) A bill covering appropriations for the department of transportation.

No other appropriations shall be contained in any of said bills but all other appropriations shall be contained in separate bills.

DEADLINES

Rule 2.03. (a) In odd-numbered years, committee reports on bills favorably acted upon by a committee in the house of origin after ~~April 10, 1987~~ April 14, 1989, and committee reports on bills originating in the other house favorably acted upon by a committee after ~~April 28, 1987~~ April 26, 1989, shall be referred in the Senate to the Committee on Rules and Administration, and in the House of Representatives to the Committee on Rules and Legislative Administration for disposition. Referral is not required when a committee after the earlier date and by the later date set by this paragraph acts on a bill that is a companion to a bill that has met the earlier deadline in the other house. This rule does not apply to the Senate Committees on Finance and on Taxes and Tax Laws, and the House Committees on Appropriations and on Taxes.

Conference committees on the major appropriation bills specified in Joint Rule 2.02 shall have their reports on the members' desks by the last Thursday on which the Legislature can meet in regular session [May 18, 1989]. After the last Friday on which the Legislature can meet in regular session [May 19, 1989], neither house shall act on bills other than those contained in:

- (1) Reports of Conference Committees;
- (2) Messages from the other house;
- (3) Reports of the Committee on Rules and Administration in the Senate or the Committee on Rules and Legislative Administration in the House; or
- (4) Messages from the Governor.

(b) In even-numbered years the Legislature shall establish by concurrent resolution deadlines based on the date intended to be the date of adjournment sine die.

AMENDING BILLS ORIGINATING IN OTHER HOUSE

Rule 2.04. Either house shall have the power to amend any bill, memorial, or resolution passed by the other house.

RECEDING FROM POSITION

Rule 2.05. Prior to a Conference Committee on any matter, either house may recede from its position on any difference existing between the two houses. In order to recede, and if the matter is not in the possession of a house, that house shall request return of the matter from the other house. To recede, a majority of a house shall govern, except in cases otherwise provided in the Constitution. If the question is put and lost, it shall not be put again on the same day. A reconsideration of the question shall in all respects be regulated by the rules of that house.

CONFERENCE COMMITTEES

Rule 2.06. In all cases of disagreement between the Senate and House on amendments adopted by either house to a bill, memorial or resolution passed by the other house, a Conference Committee consisting of not less than three members nor more than five members from each house may be requested by either house. The other house shall appoint a similar committee.

The manner of procedure shall be as follows: The house of origin passes a bill and transmits it to the other body. If the other body adopts an amendment to the bill and passes it as amended, it shall return the bill with a record of its actions to the house of origin. If the house of origin refuses to concur in the amendment, it shall ask for a Conference Committee, appoint such a committee on its part, and transmit the bill with a record of its action to the other house.

If the other house adheres to its amendment, it shall appoint a like committee and return the bill to the house of origin.

All Conference Committees shall be open to the public. As much as practical, meetings of Conference Committees shall be announced as far in advance as possible and actions taken shall be agreed upon in an open meeting. At an agreed upon hour the Conference Committee shall meet. The members from each house shall state to the members from the other house, orally or in writing, the reason for their respective positions. The members shall confer thereon and shall report to their respective houses the agreement they have reached, or, if none, the fact of a disagreement.

If an agreement is reported, the house of origin shall act first upon the report. A Conference Committee report must be limited to provisions that are germane to the bill and ~~amendment~~ amendments that were referred to the Conference Committee. A provision is not germane if it relates to a substantially different subject or is intended to accomplish a substantially different purpose from that of the bill and amendment that were referred to the Conference Committee. If the report is adopted and re-passed as amended by the Conference Committee by the house of origin, the report, the bill and a record of its action shall be transmitted to the other house.

~~All Conference Committees shall be open to the public. Meetings of Conference Committees shall be announced as far in advance as practical.~~

Except after the last Thursday on which the Legislature can meet in regular session in odd-numbered years [May 18, 1989], and after the last Thursday on which the Legislature intended, when it adopted the concurrent resolution required by Rule 2.03, paragraph (b), to meet in regular session in even-numbered years, a written copy of a report of a Conference Committee shall be placed on the desk of each member of a house twelve hours before action on the report by that house. If the report has been reprinted in the Journal of either house for a preceding day and is available to the members, the Journal copy shall serve as the written report. The member presenting the Conference Committee report to the body shall disclose, either in writing or orally, the substantial changes from the bill or the amendment as they were last before the body.

ENROLLMENT AND SIGNATURE

Rule 2.07. After a bill or memorial has been passed by both houses, it shall be carefully and properly enrolled by the Revisor of Statutes under the direction of the Secretary of the Senate for a matter originating in the Senate or the Chief Clerk of the House for a matter originating in the House. The Revisor of Statutes shall obtain the signatures and certificates of the proper officers to the

enrolled copy of the bill or memorial and present it to the Governor for his approval.

A bill or memorial may be prepared for presentation to the Governor on good quality paper approximately 8 1/2" x 14" in size and may be produced by means of a copying machine. An enrolled bill shall be labeled "An Act" and it shall be identical to the bill passed by the Legislature. An enrolled bill which is amendatory of any existing law or constitutional provision shall indicate deletions and additions in the manner provided in Rule 2.01 for printed bills.

ARTICLE III: GENERAL PROVISIONS

SUSPENSION OF JOINT RULES

Rule 3.01. Either house may suspend the Joint Rules of the Senate and House by a vote of two-thirds of its members.

ODD YEAR SESSION ADJOURNMENT

Rule 3.02. Adjournment of the regular session in any odd-numbered year to a date certain in the following year shall be equivalent to daily adjournment, except that upon adjournment in any odd-numbered year to a date certain in the following year:

(a) Any bill being considered by a Conference Committee shall be returned to the house of origin, laid on the table, and the Conference Committee shall be discharged;

(b) Any bill referred to the Committee on Rules and Administration in the Senate or the Committee on Rules and Legislative Administration in the House pursuant to Joint Rule 2.03 shall be returned to the standing committee to which it was last previously referred; and

(c) Any bill returned by the Governor to the house of origin with his objections following such adjournment shall be laid on the table.

INTERIM COMMITTEE AND COMMISSION REPORTS

Rule 3.03. Except as otherwise provided by law, the report of any interim committee or commission to the Legislature shall be submitted on paper 8 1/2" x 11" in size, spiral bound, stapled, or punched on the left edge to fit a standard size three ring binder intended for that size paper. A brief summary of the recommendations of the commission or committee shall appear first and be clearly separated from its findings, discussions, and exhibits. If the report contains legislative recommendations, a copy of any proposed legislation,

particularly if extensive in character, shall if possible be attached as an exhibit at the end of the report.

ARTICLE IV: ELECTION OF REGENTS

JOINT COMMITTEE

Rule 4.01. By May 7 of each odd-numbered year, a joint committee shall meet to recommend nominees for regent of the University of Minnesota to be presented to a Joint Convention of the legislature. The members of the joint committee are the members of the senate and house committees on education and the members of the education division of the senate committee on finance and the education division of the house committee on appropriations. A majority of the members of the committee from each house is a quorum of the joint committee.

The joint committee shall determine the number of persons, and the person or persons to be recommended for each open seat.

Each person recommended by the regent candidate advisory council is considered to be nominated. Other persons may be nominated by a member of the committee at the meeting. Nominations may be made by committee members only. Nominations must be made for a specified congressional or student seat, or for any at-large seat.

Voting must be by public ballot. Each member has one vote for each recommendation to be made. A majority vote of the members of the committee from each house is required for a candidate to be recommended.

JOINT CONVENTION

Rule 4.02. At the Joint Convention of the senate and house of representatives called to elect regents, the joint committee shall report the name of the person or persons recommended for each seat. These persons are considered to be nominated. Any member of the legislature may submit additional nominations. If there is more than one at-large seat to be filled, all candidates for an at-large seat run for any of the at-large seats.

The roll shall be called viva voce on the election of regents. The roll must be called first on congressional district seats until they are filled, then on the student seat, and then on the at-large seats. The candidate for each seat receiving a majority of the votes cast must be declared elected. If no candidate receives a majority of the votes cast for a seat, on each succeeding ballot the candidate with the fewest

votes must be dropped from consideration and the votes cast again until a majority vote is achieved. Any candidate with fewer than 20 votes on any ballot shall also be dropped on succeeding ballots.

Wynia moved that Senate Concurrent Resolution No. 8 relating to Permanent Joint Rules of the Senate and House of Representatives be now adopted.

Wynia moved to amend Senate Concurrent Resolution No. 8, as follows:

Page 11, line 19, delete "of the committee"

Page 11, delete lines 29 to 32 and insert:

"The roll shall be called viva voce on the recommendation of regents. A majority vote of the members of the joint committee is required for a candidate to be recommended."

The motion prevailed and the amendment was adopted.

Gutknecht, Lynch, Dille, Weaver, Scheid and Runbeck moved to amend Senate Concurrent Resolution No. 8, as amended, as follows:

Page 2, after line 9, insert "3.04 Fund Raisers"

Page 11, after line 9, insert:

"FUND-RAISERS

Rule 3.04. No member of the Senate or House of Representatives may conduct a political fund-raiser during a regular session of the legislature. This rule does not apply to a political fund-raiser conducted by a political party or a caucus of members of the Senate or House of Representatives."

A roll call was requested and properly seconded.

Wynia moved to refer the Gutknecht et al amendment to Senate Concurrent Resolution No. 8, as amended, to the Committee on Rules and Legislative Administration.

A roll call was requested and properly seconded.

POINT OF ORDER

Schreiber raised a point of order pursuant to section 399 of "Mason's Manual of Legislative Procedure". The Speaker ruled the point of order not well taken and the Wynia motion in order.

The question recurred on the Wynia motion and the roll was called. There were 68 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Battaglia	Jacobs	McEachern	Otis	Solberg
Bauerly	Janezich	McGuire	Pappas	Sparby
Beard	Jaros	McLaughlin	Pelowski	Steensma
Begich	Jefferson	Munger	Peterson	Trimble
Bertram	Johnson, A.	Murphy	Price	Tunheim
Carlson, L.	Johnson, R.	Nelson, C.	Quinn	Vellenga
Carruthers	Kahn	Nelson, K.	Reding	Welle
Clark	Kalis	Neuenschwander	Rest	Wenzel
Cooper	Kelso	O'Connor	Rice	Williams
Dauner	Kinkel	Ogren	Rodosovich	Winter
Dawkins	Krueger	Olson, E.	Rukavina	Wynia
Dorn	Lasley	Olson, K.	Sarna	Spk. Vanasek
Greenfield	Lieder	Osthoff	Segal	
Hasskamp	Long	Ostrom	Simoneau	

Those who voted in the negative were:

Abrams	Forsythe	Jennings	Onnen	Seaberg
Anderson, G.	Frederick	Johnson, V.	Orenstein	Skoglund
Anderson, R.	Frerichs	Knickerbocker	Ozment	Sviggum
Bishop	Girard	Limmer	Pauly	Tjornhom
Blatz	Gruenes	Lynch	Pellow	Tompkins
Boo	Gutknecht	Macklin	Poppenhagen	Uphus
Brown	Hartle	McDonald	Redalen	Valento
Burger	Haukoos	McPherson	Richter	Wagenius
Carlson, D.	Heap	Miller	Rumbeck	Waltman
Conway	Henry	Olsen, S.	Scheid	Weaver
Dille	Himle	Omann	Schreiber	

The motion prevailed and the Gutknecht et al amendment to Senate Concurrent Resolution No. 8, as amended, was referred to the Committee on Rules and Legislative Administration.

The question recurred on the Wynia motion that Senate Concurrent Resolution No. 8, as amended, relating to Permanent Joint Rules of the Senate and House of Representatives be now adopted. The motion prevailed and Senate Concurrent Resolution No. 8, as amended, and the Permanent Joint Rules of the Senate and House of Representatives were adopted by the House as follows:

JOINT RULES OF THE SENATE AND
HOUSE OF REPRESENTATIVES

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ARTICLE I: JOINT CONVENTIONS

HOW GOVERNED

Rule 1.01. The Speaker of the House shall preside at all Conventions of the two houses of the Legislature and shall call the members to order. The Chief Clerk of the House shall be the Secretary and the Sergeant at Arms of the House shall be the Sergeant at Arms of the Convention.

PRESIDENT'S DUTIES

Rule 1.02. The President of the Convention shall preserve order and decorum. He may speak on all points of order in preference to other members and shall decide questions of order, subject to an appeal to the Convention by any member. He shall rise to put a question but may state it while seated.

PRESIDENT'S RIGHT TO VOTE

Rule 1.03. The President shall have the right to vote in all cases except appeals from his decisions. He shall vote last on all questions.

STATING QUESTIONS

Rule 1.04. Questions shall be put to the Convention in the following form: "As many as are of the opinion that (the question) shall pass, say 'Aye.'" After an affirmative vote is expressed the nays shall be called as follows: "As many as are of the contrary opinion,

say 'No.' ” If the President is in doubt or a division is called, those in the affirmative shall rise first and those in the negative afterward.

ORDER OF DEBATE

Rule 1.05. When any member wishes to speak to the Convention on any matter, he shall rise and respectfully address the President, and not speak further until recognized. He shall confine himself to the question under debate and avoid personal remarks. When two or more members rise at the same time, the President shall designate the member to speak first. No member shall speak more than twice on the same question without permission of the Convention.

CALLING MEMBER TO ORDER

Rule 1.06. If any member of the Joint Convention is called to order for offensive words in debate, the member calling him to order shall report the words to which exception is taken and the Secretary shall record them. No member may be called to order for any language used in debate if exception is not taken before any other member has spoken or any other business has taken place. A member called to order shall immediately sit down unless another member moves to permit him to explain. In any case, the Joint Convention, if appealed to, shall decide without debate. Only if the decision is in favor of the member called to order shall he be at liberty to proceed.

CALL OF THE CONVENTION

Rule 1.07. Five members may demand a call of the Convention at any time except after voting has commenced. When such a call is demanded, the doors shall be closed, the roll shall be called, the absent members shall be sent for, and no member may be permitted to leave the Chamber, unless excused by the President, until the call is lifted. Proceedings under the roll call may be suspended by a majority vote of all the members of the Convention. A call of the Convention may be lifted by a majority vote of all the members of the Convention.

ELECTIONS

Rule 1.08. In all elections by the Joint Convention, members shall vote viva voce and the roll of Senate members shall be called first. Whenever there is an election of any officer in Joint Convention, the result shall be certified by the President of the Senate and the Speaker of the House and announced by them to their respective houses. The result shall be entered on the Journal of each house and communicated to the Governor by the Secretary of the Convention.

NO SMOKING

Rule 1.09. No person is permitted to smoke in the Chamber or in the gallery during a Joint Convention.

PARLIAMENTARY PROCEDURE

Rule 1.10. The rules of the House shall be the Rules of the Joint Convention of both houses in all cases in which the foregoing rules are not applicable.

ARTICLE II: BILLS

FORM

Rule 2.01. The title of each bill shall clearly state its subject and briefly state its purpose. When a bill amends or repeals an existing act, the title shall refer to the chapter, section or subdivision.

Reference shall be made to Minnesota Statutes for the provisions appearing therein unless reference to previous session laws is required for some special reason.

Bills shall refer to Minnesota Statutes as follows:

“Minnesota Statutes, section”

Bills shall refer to the session laws as follows:

“Laws, chapter, section”

A bill for the amendment of a statute shall contain the full text of the section or subdivision to be amended as it appears in the latest edition of Minnesota Statutes unless it has been amended, in which event it shall contain the full text as amended.

The words and characters constituting the amending matter shall be inserted in the proper place in the text and underscored. The words and characters to be eliminated by the amendment shall be stricken by drawing a line through them. The text of a new section or subdivision shall also be underscored when a bill amends an existing chapter or section by adding a new section or subdivision. In the omnibus appropriation bills required by Joint Rule 2.02, sections making an appropriation or transfer and not amending a statute or session law need not have new material underscored. Before a committee favorably reports upon a bill, the chairman of the committee shall see that the bill conforms to this rule. When a bill is printed in the Journal, the new matter shall be in italics or

underscored and the matter to be eliminated shall be capitalized and in parentheses or stricken by drawing a line through it. A bill drafted by the Revisor of Statutes for the purposes of correcting errors in Minnesota Statutes need not comply with the provisions of this paragraph if the bill is labeled "REVISOR'S BILL" immediately below the title, and if there is attached thereto a memorandum of information explaining the reasons for the bill.

If the bill is for an original law and not for an amendment of an existing law, the sections and subdivisions shall be arranged, subdivided, and numbered in like manner as Minnesota Statutes. If such a bill assigns to the sections thereof headnotes or identification by the decimal system of numbering used in Minnesota Statutes, such headnotes and decimal identification may be submitted by standing committee chairmen to the Revisor of Statutes for examination. Any such headnotes shall be capital letters enclosed in brackets, and shall be subject to the provisions of Minnesota Statutes, section 648.36.

All numbers in titles shall be expressed in figures. All numbers of section or chapter of law shall be in figures. In the body of a bill numbers in excess of ten shall be in figures, except for a special reason they may be written, but when written they shall not be followed by numbers or parentheses.

APPROPRIATING MONEY

Rule 2.02. The same bill shall not appropriate public money or property to more than one local or private purpose.

No clause appropriating money for a local or private purpose shall be contained in a bill appropriating money for the State government or public institutions. All resolutions authorizing the issuing of abstracts by the Secretary of the Senate or the Chief Clerk of the House for the payment of money shall be upon the call of "yeas" and "nays."

In odd-numbered years, at least twenty calendar days prior to the last day the Legislature can meet in regular session [Tuesday, May 2, 1989], the Committee on Finance of the Senate and the Committee on Appropriations of the House shall report to their respective houses, unless directed by concurrent resolution to report different appropriation bills, eight five separate appropriation bills as follows:

(a) A bill appropriating money for the general administrative and judicial expenses of the State government for the succeeding two fiscal years including salaries, office expenses and supplies and other necessary expenses connected therewith;

(b) A bill covering all appropriations relating to public welfare,

health and corrections for the support and maintenance of all State penal and charitable institutions, and other institutions of the State except educational for the two succeeding fiscal years;

(c) A bill appropriating money for the support and maintenance of all State educational institutions for the two succeeding fiscal years;

(d) A bill covering all appropriations providing for the payment of claims against the State of Minnesota which may have been allowed by the Finance Committee of the Senate or the Appropriations Committee of the House;

(e) A bill covering all appropriations made for agriculture, transportation, and semi-state activities;

(f) A bill covering all appropriations for construction and major rehabilitation of public buildings to be financed by issuance of bonds;

(g) A bill covering all appropriations for maintenance, repair, and minor rehabilitation and construction of public buildings; and

(h) A bill covering appropriations for the department of transportation.

No other appropriations shall be contained in any of said bills but all other appropriations shall be contained in separate bills.

DEADLINES

Rule 2.03. (a) In odd-numbered years, committee reports on bills favorably acted upon by a committee in the house of origin after April 10, 1987 April 14, 1989, and committee reports on bills originating in the other house favorably acted upon by a committee after April 28, 1987 April 26, 1989, shall be referred in the Senate to the Committee on Rules and Administration, and in the House of Representatives to the Committee on Rules and Legislative Administration for disposition. Referral is not required when a committee after the earlier date and by the later date set by this paragraph acts on a bill that is a companion to a bill that has met the earlier deadline in the other house. This rule does not apply to the Senate Committees on Finance and on Taxes and Tax Laws, and the House Committees on Appropriations and on Taxes.

Conference committees on the major appropriation bills specified in Joint Rule 2.02 shall have their reports on the members' desks by the last Thursday on which the Legislature can meet in regular session [May 18, 1989]. After the last Friday on which the Legislature can meet in regular session [May 19, 1989], neither house shall act on bills other than those contained in:

- (1) Reports of Conference Committees;
- (2) Messages from the other house;
- (3) Reports of the Committee on Rules and Administration in the Senate or the Committee on Rules and Legislative Administration in the House; or
- (4) Messages from the Governor.

(b) In even-numbered years the Legislature shall establish by concurrent resolution deadlines based on the date intended to be the date of adjournment sine die.

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Rule 2.04. Either house shall have the power to amend any bill, memorial, or resolution passed by the other house.

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CONFERENCE COMMITTEES

Rule 2.06. In all cases of disagreement between the Senate and House on amendments adopted by either house to a bill, memorial or resolution passed by the other house, a Conference Committee consisting of not less than three members nor more than five members from each house may be requested by either house. The other house shall appoint a similar committee.

The manner of procedure shall be as follows: The house of origin passes a bill and transmits it to the other body. If the other body adopts an amendment to the bill and passes it as amended, it shall return the bill with a record of its actions to the house of origin. If the house of origin refuses to concur in the amendment, it shall ask for a Conference Committee, appoint such a committee on its part, and transmit the bill with a record of its action to the other house.

If the other house adheres to its amendment, it shall appoint a like committee and return the bill to the house of origin.

All Conference Committees shall be open to the public. As much as practical, meetings of Conference Committees shall be announced as far in advance as possible and actions taken shall be agreed upon in an open meeting. At an agreed upon hour the Conference Committee shall meet. The members from each house shall state to the members from the other house, orally or in writing, the reason for their respective positions. The members shall confer thereon and shall report to their respective houses the agreement they have reached, or, if none, the fact of a disagreement.

If an agreement is reported, the house of origin shall act first upon the report. A Conference Committee report must be limited to provisions that are germane to the bill and amendment amendments that were referred to the Conference Committee. A provision is not germane if it relates to a substantially different subject or is intended to accomplish a substantially different purpose from that of the bill and amendment that were referred to the Conference Committee. If the report is adopted and repassed as amended by the Conference Committee by the house of origin, the report, the bill and a record of its action shall be transmitted to the other house.

All Conference Committees shall be open to the public. Meetings of Conference Committees shall be announced as far in advance as practical.

Except after the last Thursday on which the Legislature can meet in regular session in odd-numbered years [May 18, 1989], and after the last Thursday on which the Legislature intended, when it adopted the concurrent resolution required by Rule 2.03, paragraph (b), to meet in regular session in even-numbered years, a written copy of a report of a Conference Committee shall be placed on the desk of each member of a house twelve hours before action on the report by that house. If the report has been reprinted in the Journal of either house for a preceding day and is available to the members, the Journal copy shall serve as the written report. The member presenting the Conference Committee report to the body shall disclose, either in writing or orally, the substantial changes from the bill or the amendment as they were last before the body.

ENROLLMENT AND SIGNATURE

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enrolled copy of the bill or memorial and present it to the Governor for his approval.

A bill or memorial may be prepared for presentation to the Governor on good quality paper approximately 8 1/2" x 14" in size and may be produced by means of a copying machine. An enrolled bill shall be labeled "An Act" and it shall be identical to the bill passed by the Legislature. An enrolled bill which is amendatory of any existing law or constitutional provision shall indicate deletions and additions in the manner provided in Rule 2.01 for printed bills.

ARTICLE III: GENERAL PROVISIONS

SUSPENSION OF JOINT RULES

Rule 3.01. Either house may suspend the Joint Rules of the Senate and House by a vote of two-thirds of its members.

ODD YEAR SESSION ADJOURNMENT

Rule 3.02. Adjournment of the regular session in any odd-numbered year to a date certain in the following year shall be equivalent to daily adjournment, except that upon adjournment in any odd-numbered year to a date certain in the following year:

(a) Any bill being considered by a Conference Committee shall be returned to the house of origin, laid on the table, and the Conference Committee shall be discharged;

(b) Any bill referred to the Committee on Rules and Administration in the Senate or the Committee on Rules and Legislative Administration in the House pursuant to Joint Rule 2.03 shall be returned to the standing committee to which it was last previously referred; and

(c) Any bill returned by the Governor to the house of origin with his objections following such adjournment shall be laid on the table.

INTERIM COMMITTEE AND COMMISSION REPORTS

Rule 3.03. Except as otherwise provided by law, the report of any interim committee or commission to the Legislature shall be submitted on paper 8 1/2" x 11" in size, spiral bound, stapled, or punched on the left edge to fit a standard size three ring binder intended for that size paper. A brief summary of the recommendations of the commission or committee shall appear first and be clearly separated from its findings, discussions, and exhibits. If the report contains legislative recommendations, a copy of any proposed legislation,

particularly if extensive in character, shall if possible be attached as an exhibit at the end of the report.

ARTICLE IV: ELECTION OF REGENTS

JOINT COMMITTEE

Rule 4.01. By May 7 of each odd-numbered year, a joint committee shall meet to recommend nominees for regent of the University of Minnesota to be presented to a Joint Convention of the legislature. The members of the joint committee are the members of the senate and house committees on education and the members of the education division of the senate committee on finance and the education division of the house committee on appropriations. A majority of the members from each house is a quorum of the joint committee.

The joint committee shall determine the number of persons, and the person or persons to be recommended for each open seat.

Each person recommended by the regent candidate advisory council is considered to be nominated. Other persons may be nominated by a member of the committee at the meeting. Nominations may be made by committee members only. Nominations must be made for a specified congressional or student seat, or for any at-large seat.

The roll shall be called viva voce on the recommendation of regents. A majority vote of the members of the joint committee is required for a candidate to be recommended.

JOINT CONVENTION

Rule 4.02. At the Joint Convention of the senate and house of representatives called to elect regents, the joint committee shall report the name of the person or persons recommended for each seat. These persons are considered to be nominated. Any member of the legislature may submit additional nominations. If there is more than one at-large seat to be filled, all candidates for an at-large seat run for any of the at-large seats.

The roll shall be called viva voce on the election of regents. The roll must be called first on congressional district seats until they are filled, then on the student seat, and then on the at-large seats. The candidate for each seat receiving a majority of the votes cast must be declared elected. If no candidate receives a majority of the votes cast for a seat, on each succeeding ballot the candidate with the fewest votes must be dropped from consideration and the votes cast again

until a majority vote is achieved. Any candidate with fewer than 20 votes on any ballot shall also be dropped on succeeding ballots.

MOTIONS AND RESOLUTIONS

Trimble moved that the name of Kelly be added as an author on H. F. No. 260. The motion prevailed.

Wenzel moved that his name be stricken as an author on H. F. No. 1049. The motion prevailed.

Skoglund moved that the name of Wagenius be added as an author on H. F. No. 1286. The motion prevailed.

Pauly moved that the name of Blatz be added as an author on H. F. No. 1736. The motion prevailed.

Wynia introduced:

House Concurrent Resolution No. 2, A house concurrent resolution providing for a joint convention of the Senate and the House of Representatives to elect members of the Board of Regents of the University of Minnesota.

SUSPENSION OF RULES

Wynia moved that the rules be so far suspended that House Concurrent Resolution No. 2 be now considered and be placed upon its adoption. The motion prevailed.

HOUSE CONCURRENT RESOLUTION NO. 2

A house concurrent resolution providing for a joint convention of the Senate and the House of Representatives to elect members of the Board of Regents of the University of Minnesota.

Be It Resolved by the House of Representatives of the State of Minnesota, the Senate concurring:

The House of Representatives and the Senate shall meet in joint convention on Wednesday, May 3, 1989, at 12 o'clock, noon in the chamber of the House of Representatives to elect members to the Board of Regents of the University of Minnesota.

Wynia moved that House Concurrent Resolution No. 2 be now

adopted. The motion prevailed and House Concurrent Resolution No. 2 was adopted.

Senate Concurrent Resolution No. 7 was reported to the House.

Wynia moved that Senate Concurrent Resolution No. 7 be now adopted.

SENATE CONCURRENT RESOLUTION NO. 7

A senate concurrent resolution commending retiring University of Minnesota Regents: the Honorable Wally Hilke, the Honorable David M. Lebedoff, the Honorable Charles F. McGuiggan, and the Honorable Wenda W. Moore.

Whereas, providing quality education on all levels to citizens of the United States of America is perhaps the most important challenge facing our country; and

Whereas, the University of Minnesota Board of Regents has the responsibility of ensuring that the University of Minnesota maintains its reputation as one of the finest academic institutions in the United States; and

Whereas, service on the Board of Regents requires a thorough understanding of both the University and the people of the State of Minnesota, a willingness to work to resolve complex problems, and a deep devotion to public service; and

Whereas, the present regents have served at a time of extraordinary difficulty; and

Whereas, four members of the University of Minnesota Board of Regents have recently announced their retirement after years of service to the University of Minnesota, its educators, staff, and students; and

Whereas, these retiring Regents are: the Honorable Wally Hilke, the Honorable David M. Lebedoff, the Honorable Charles F. McGuiggan, and the Honorable Wenda W. Moore; *Now, Therefore,*

Be It Resolved by the Senate of the State of Minnesota, the House of Representatives concurring, that the Senate and House of Representatives commend these retiring Regents for their years of dedicated service to the University of Minnesota and to quality education.

Be It Further Resolved that the Secretary of the Senate is directed to prepare enrolled copies of this resolution, to be authenticated by

his signature and those of the Chairman of the Senate Rules and Administration Committee, the Speaker of the House of Representatives, and the Chief Clerk of the House of Representatives, and present them to Wally Hilke, David M. Lebedoff, Charles F. McGuigan, and Wenda W. Moore.

The motion prevailed and Senate Concurrent Resolution No. 7 was adopted.

Schreiber moved that H. F. No. 654 be recalled from the Committee on Appropriations and be re-referred to the Committee on Education.

A roll call was requested and properly seconded.

The question was taken on the Schreiber motion and the roll was called. There were 49 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Knickerbocker	Omann	Seaberg
Anderson, R.	Girard	Limmer	Onnen	Sviggum
Bennett	Gruenes	Lynch	Ozment	Tjornhom
Bishop	Gutknecht	Macklin	Pauly	Tompkins
Blatz	Hartle	McDonald	Pellow	Uphus
Boo	Haukoos	McGuire	Poppenhagen	Valento
Burger	Heap	McPherson	Redalen	Waltman
Carlson, D.	Henry	Miller	Richter	Weaver
Forsythe	Himle	Olsen, S.	Runbeck	Williams
Frederick	Johnson, V.	Olsen, K.	Schreiber	

Those who voted in the negative were:

Anderson, G.	Dorn	Krueger	Orenstein	Scheid
Battaglia	Greenfield	Lasley	Osthoff	Segal
Bauerly	Hasskamp	Lieder	Ostrom	Simoneau
Beard	Jacobs	Long	Otis	Skoglund
Begich	Janezich	McEachern	Pappas	Solberg
Bertram	Jaros	McLaughlin	Pelowski	Sparby
Brown	Jefferson	Milbert	Peterson	Steensma
Carlson, L.	Jennings	Munger	Price	Trimble
Carruthers	Johnson, A.	Murphy	Quinn	Tunheim
Clark	Johnson, R.	Nelson, C.	Reding	Vellenga
Conway	Kahn	Nelson, K.	Rest	Wagenius
Cooper	Kalis	Neuenschwander	Rice	Welle
Dauner	Kelso	O'Connor	Rodosovich	Wenzel
Dawkins	Kinkel	Ogren	Rukavina	Winter
Dille	Kostohryz	Olsen, E.	Sarna	Wynia
				Spk. Vanasek

The motion did not prevail.

Schreiber, Gruenes, Frerichs and Waltman introduced:

House Resolution No. 8, A house resolution establishing the sense

of the House of Representatives to reduce workers' compensation rates by 20 percent and reducing commercial/industrial property taxes to be no greater than 3.5 percent of market value.

SUSPENSION OF RULES

Schreiber moved that the rules be so far suspended that House Resolution No. 8 be now considered and be placed upon its adoption.

A roll call was requested and properly seconded.

The question was taken on the Schreiber motion and the roll was called. There were 56 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Abrams	Dille	Henry	Miller	Runbeck
Anderson, R.	Forsythe	Himle	Olsen, S.	Schreiber
Bennett	Frederick	Johnson, V.	Omann	Seaberg
Bertram	Frerichs	Kalis	Onnen	Steensma
Bishop	Girard	Knickerbocker	Ostrom	Sviggum
Blatz	Gruenes	Limmer	Ozment	Tjornhom
Boo	Gutknecht	Lynch	Pauly	Tompkins
Burger	Hartle	Macklin	Pellow	Uphus
Carlson, D.	Hasskamp	McDonald	Poppenhagen	Valento
Conway	Haukoos	McGuire	Redalen	Waltman
Dauner	Heap	McPherson	Richter	Weaver
				Winter

Those who voted in the negative were:

Anderson, G.	Jaros	McLaughlin	Pappas	Skoglund
Battaglia	Jefferson	Milbert	Pelowski	Solberg
Beard	Jennings	Munger	Peterson	Sparby
Begich	Johnson, A.	Murphy	Price	Trimble
Brown	Johnson, R.	Nelson, C.	Quinn	Tunheim
Carlson, L.	Kahn	Nelson, K.	Reding	Vellenga
Carruthers	Kelso	Neuenschwänder	Rest	Wagenius
Clark	Kinkel	O'Connor	Rice	Welle
Cooper	Kostohryz	Ogren	Rodosovich	Wenzel
Dawkins	Krueger	Olson, E.	Rukavina	Williams
Dorn	Lasley	Olson, K.	Sarna	Wynia
Greenfield	Lieder	Orenstein	Scheid	Spk. Vanasek
Jacobs	Long	Osthoff	Segal	
Janezich	McEachern	Otis	Simoneau	

The motion did not prevail.

The resolution was referred to the Committee on Labor-Management Relations.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 46:

Anderson, G.; Anderson, R.; Carlson, L.; Dorn and Krueger.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 104:

Winter, Steensma and Dille.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 2:30 p.m., Monday, May 1, 1989. The motion prevailed.

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Monday, May 1, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION — 1989

FORTY-FIRST DAY

SAINT PAUL, MINNESOTA, FRIDAY, APRIL 28, 1989

The Senate met on Friday, April 28, 1989, which was the Forty-first Legislative Day of the Seventy-sixth Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION — 1989

FORTY-SECOND DAY

SAINT PAUL, MINNESOTA, MONDAY, MAY 1, 1989

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

Prayer was offered by the Reverend Sue Zabel, Director of Admissions and Institutional Planning of United Theological Seminary of the Twin Cities, New Brighton, Minnesota.

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

The roll was called and the following members were present:

Abrams	Frerichs	Krueger	Orenstein	Segal
Anderson, G.	Girard	Lasley	Osthoff	Simoneau
Anderson, R.	Greenfield	Lieder	Ostrom	Skoglund
Battaglia	Gruenes	Limmer	Otis	Solberg
Bauerly	Gutknecht	Long	Ozment	Sparby
Beard	Hartle	Lynch	Pappas	Stanius
Begich	Hasskamp	Macklin	Pauly	Steensma
Bennett	Haukoos	Marsh	Pellow	Sviggum
Bertram	Heap	McDonald	Pelowski	Swenson
Bishop	Henry	McEachern	Peterson	Tjornhom
Blatz	Himle	McGuire	Poppenhagen	Tompkins
Boo	Hugoson	McLaughlin	Price	Trimble
Brown	Jacobs	McPherson	Pugh	Tunheim
Burger	Janezich	Milbert	Quinn	Uphus
Carlson, D.	Jaros	Miller	Redalen	Valento
Carlson, L.	Jefferson	Morrison	Reding	Vellenga
Carruthers	Jennings	Munger	Rest	Wagenius
Clark	Johnson, A.	Murphy	Rice	Waltman
Conway	Johnson, R.	Nelson, C.	Richter	Weaver
Cooper	Johnson, V.	Nelson, K.	Rodosovich	Welle
Dauner	Kahn	Neuenschwander	Rukavina	Wenzel
Dawkins	Kalis	O'Connor	Runbeck	Williams
Dempsey	Kelly	Ogren	Sarna	Winter
Dille	Kelso	Olson, E.	Schafer	Wynia
Dorn	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Forsythe	Knickerbocker	Omann	Schreiber	
Frederick	Kostohryz	Onnen	Seaberg	

A quorum was present.

Olsen, S., was excused until 5:45 p.m.

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 780, 30, 186, 187, 260, 357, 759, 872, 1040, 1121, 1358, 1387, 1641, 1648, 1697, 1715, 1747, 700, 333 and 1150 have been placed in the members' files.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

April 19, 1989

The Honorable Robert E. Vanasek
Speaker of the House of Representatives
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 321, relating to consumer protection; regulating new motor vehicle sales; limiting a dealer's liability due to the manufacturer's failure to repair, refund, or replace nonconforming vehicles.

Sincerely,

RUDY PERPICH
Governor

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

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1989 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F.</i> No.	<i>H.F.</i> No.	<i>Session Laws</i> Chapter No.	<i>Time and</i>	
			<i>Date Approved</i> 1989	<i>Date Filed</i> 1989
916		42	20:55-April 19	April 19
	321	43	20:58-April 19	April 19
156		44	20:57-April 19	April 19

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

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

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

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<i>S.F.</i> No.	<i>H.F.</i> No.	<i>Session Laws</i> Chapter No.	<i>Time and</i>	
			<i>Date Approved</i> 1989	<i>Date Filed</i> 1989
1051		Resolution No. 3		April 25
271		45	16:56-April 25	April 25

332	46	16:54-April 25	April 25
1080	48	16:58-April 25	April 25
478	51	16:59-April 25	April 25

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

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

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

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<i>S.F.</i>	<i>H.F.</i>	<i>Session Laws</i>	<i>Time and</i>	<i>Date Filed</i>
<i>No.</i>	<i>No.</i>	<i>Chapter No.</i>	<i>Date Approved</i>	<i>1989</i>
			<i>1989</i>	<i>1989</i>
681		47	21:31-April 24	April 25
358		49	21:43-April 24	April 25
192		50	21:45-April 24	April 25
560		52	21:47-April 24	April 25
115		53	21:49-April 24	April 25

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

Sarna from the Committee on Commerce to which was referred:

H. F. No. 579, A bill for an act relating to certain commercial transactions; adopting an article of the uniform commercial code that governs leases; amending Minnesota Statutes 1986, section

336.1-201; proposing coding for new law in Minnesota Statutes, chapter 336.

Reported the same back with the following amendments:

Page 1, lines 21 and 22, delete "to him or her"

Page 2, line 7, delete "such" and delete "as" and insert "that"

Page 2, line 26, delete "(i)" and insert "(1)"

Page 2, line 27, delete "(ii)" and insert "(2)"

Page 2, line 29, delete "(iii)" and insert "(3)" and after "either" insert "(i)"

Page 2, lines 31 and 33, after "goods" insert "or a disclaimer statement"

Page 2, line 32, after "or" insert "(ii)"

Page 2, line 34, after the period insert "Disclaimer statement" means a written statement that is part of or separate from the lease contract that discloses all warranties and other rights provided to the lessee by the lessor and supplier in connection with the lease contract and informs the lessee in a conspicuous manner that there are no warranties or other rights provided to the lessee by the lessor and supplier other than those disclosed in the statement."

Page 3, lines 34 and 35, delete "to him or her"

Page 6, line 19, delete "therein" and insert "in the statute"

Page 6, line 30, delete "thereafter" and insert "after that"

Page 6, line 35, after "the" insert "lessee signed the lease or in which the"

Page 7, line 1, delete "thereafter" and insert "after that"

Page 7, line 30, delete "thereof"

Page 7, line 34, delete "shall" and insert "may"

Page 7, line 36, delete "and the"

Page 8, delete lines 1 and 2

Page 8, line 3, delete "reasonable attorney's fees" and insert "the court may make an award under section 549.21"

Page 8, line 9, delete "(1)" and delete "his or her" and insert "the party's"

Page 8, lines 11 and 13, delete "he or she" and insert "the party"

Page 8, line 12, delete "himself or herself" and insert "self"

Page 8, line 14, delete "he or she" and insert "the party"

Page 8, delete lines 16 to 20

Page 9, line 35, delete "such" and insert "the included" and delete "as are included therein"

Page 10, line 30, delete "such"

Page 11, line 32, delete "such a" and insert "this"

Page 12, lines 16 and 20, delete "therefrom" and insert "from the supply contract"

Page 14, line 1, delete "such as" and insert "goods that:"

Page 16, line 13, delete everything after "limited"

Page 16, line 14, delete "whom the warranty extends"

Page 18, line 14, delete "he or she" and insert "the lessee"

Page 18, lines 15 and 35, delete "his or her" and insert "the lessee's"

Page 18, line 22, delete "his or her" and insert "the lessor's or supplier's"

Page 19, line 1, delete "that is not a consumer lease"

Page 19, line 36, delete "he or she" and insert "the transferee"

Page 20, line 3, delete "he or she" and insert "the transferee"

Page 20, line 20, delete "him or her" and insert "the assignee"

Page 20, line 29, delete "his or her" and insert "the assignor's"

Page 21, delete lines 19 to 26 and insert:

“(2) If a lessee has entrusted leased goods to the lessee’s lessor who is a merchant dealing in goods of that kind, a subsequent lessee from that lessor under a lease entered into after the entrustment and in the ordinary course of business takes those goods free of the existing lease contract and obtains, to the extent of the leasehold interest transferred, all of the lessor’s and the earlier lessee’s rights to the goods.”

Page 22, line 29, delete “his or her” and insert “the person’s”

Page 25, line 15, delete “thereafter” and insert “after that”

Page 26, line 23, after “may” insert a colon

Page 26, lines 26 and 27, delete “his or her” and insert “the lessor’s or lessee’s”

Page 26, line 27, delete the comma and insert a semicolon

Page 26, line 30, delete “he or she” and insert “the lessor or lessee”

Page 27, line 21, delete “such” and insert “the”

Page 27, line 36, after “may” insert a colon

Page 28, line 4, delete “his or her” and insert “the lessor’s or lessee’s” and delete the comma and insert a semicolon

Page 28, line 6, delete “he or she” and insert “the lessor or lessee”

Page 28, line 26, delete “he or she” and insert “the insecure party”

Page 29, line 16, before “In” insert paragraph coding

Page 29, line 17, delete “foregoing” and after “remedies” insert “in this section”

Page 30, lines 33 and 34, delete “he or she” and insert “the lessor or supplier”

Page 30, line 34, delete “his or her” and insert “the lessor’s or supplier’s”

Page 30, line 35, delete “at his or her option”

Page 30, line 36, delete “his or her”

Page 31, line 1, delete “own” and insert “other” and delete “He or she” and insert “The lessor or supplier”

Page 31, line 7, delete "thus"

Page 31, line 17, delete "that is not a consumer lease"

Page 31, line 26, before "2A-407" insert "Sec." and delete "[366.2A-407]" and insert "[336.2A-407]"

Page 31, lines 28 and 29, delete "that is not a consumer lease"

Page 32, line 26, delete "his or her" and insert "the party's"

Page 33, line 29, delete "such" and insert "the"

Page 33, line 30, delete "such" and insert "the"

Page 33, line 36, delete "his or her" and insert "the lessee's"

Page 35, lines 3 and 4, delete "By the original lease contract" and insert "If the lease contract is not a consumer lease,"

Page 35, line 5, before the period insert "in the original lease contract"

Page 35, line 12, delete ", whichever is later"

Page 36, line 8, delete "he or she" and insert "the party"

Page 36, line 27, after "may" insert "pursue any or all of the following remedies"

Page 38, line 21, delete "his or her" and insert "the lessee's"

Page 38, line 30, delete "he or she" and insert "the lessee"

Page 38, line 34, delete "such" and insert "a"

Page 39, line 2, delete "hereunder"

Page 40, line 5, delete "he or she" and insert "the lessor or supplier"

Page 41, lines 26 and 30, delete "he or she" and insert "the lessor or supplier"

Page 41, line 27, delete "him or her" and insert "the lessor or supplier"

Page 42, line 10, delete "he or she" and insert "the lessee"

Page 45, line 25, after: "may" insert "pursue any or all of the following remedies"

Page 47, line 15, delete "such"

Page 47, line 33, delete "thereof"

Page 48, line 5, delete "default" and insert "the start of the term of the new lease agreement"

Page 48, line 6, delete "default" and insert "the start of the term of the new lease agreement"

Page 49, line 1, delete "of default" and insert "the lessor obtained possession of the goods or an earlier date when the lessee made an effective tender of possession of the goods back to the lessor"

Page 49, line 2, delete "of default" and insert "determined under paragraph (a)"

Page 49, line 3, before "remaining" insert "then"

Page 49, line 4, after "time" insert "determined under paragraph (a)."

Page 49, lines 22 and 31, delete "default" and insert "entry of judgment in favor of the lessor"

Page 49, lines 23 and 32, delete "default" and insert "entry of judgment in favor of the lessor"

Page 49, lines 24 and 32, before "remaining" insert "then"

Page 51, line 5, delete "his or her" and insert "the party plaintiff's"

Page 51, line 6, delete "his or her" and insert "the party plaintiff's"

Page 51, after line 17 insert:

"Section 1. Minnesota Statutes 1988, section 168A.17, is amended by adding a subdivision to read:

Subd. 1a. [LEASES THAT ARE NOT SALES OR SECURITY INTERESTS.] A motor vehicle lease does not create a security interest merely because it provides that the rental price is permitted or required to be adjusted under the agreement by reference to the amount realized upon sale or other disposition of the motor vehicle. In the case of a lease agreement with respect to a vehicle other than a vehicle used primarily for personal, family, or household purposes,

the determination whether the lease agreement constitutes a lease and does not create a conditional sale or security interest shall be governed by the stated intent of the parties set forth in the lease agreement, unless the substance of the lease agreement is inconsistent with the stated intent."

Page 51, line 18, delete "1986" and insert "1988"

Page 52, line 8, delete "1986" and insert "1988"

Page 60, line 11, delete "1986" and insert "1988"

Renumber the sections of article 2 in sequence

Page 60, after line 28, insert:

"ARTICLE 3

Section 1. [EFFECTIVE DATE; APPLICATION.]

This act is effective January 1, 1990, and applies to lease contracts that first become effective on or after that date. This act does not apply to a lease contract that first became effective before January 1, 1990, or to an extension, amendment, modification, renewal, or supplement of or to the lease contract, unless the parties agree in writing to be governed by this act."

Amend the title as follows:

Page 1, lines 4 and 5, delete "amending Minnesota Statutes 1986, section 336.1-201" and insert "providing the conditions for the determination of the existence of certain vehicle leases; amending Minnesota Statutes 1988, sections 168A.17, by adding a subdivision; 336.1-105; 336.1-201; and 336.9-113"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 604, A bill for an act relating to juveniles; including emotionally abused children among children in need of protection or services; amending Minnesota Statutes 1988, section 260.015, subdivision 2a, and by adding a subdivision.

Reported the same back with the following amendments:

Page 3, line 3, delete "or deliberate"

Page 3, line 6, after the period insert "Emotional maltreatment does not include reasonable training or discipline administered by the person responsible for the child's care, or the reasonable exercise of authority by that person."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1203, A bill for an act relating to nonprofit corporations; providing for the organization, operation, and dissolution of nonprofit corporations; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 8.31, subdivision 1; 79A.09, subdivision 1; 257.03; 309.67; 319A.20; 354A.021, subdivision 2; and 469.144, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 317A; repealing Minnesota Statutes 1988, sections 317.01 to 317.69.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"CITATION

Section 1. [317A.001] [CITATION.]

This chapter may be cited as the Minnesota nonprofit corporation act.

DEFINITIONS

Sec. 2. [317A.011] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For purposes of this chapter, the terms in this section have the meanings given them, unless the language or context clearly shows that a different meaning is intended.

Subd. 2. [ADDRESS.] "Address" means mailing address, including a zip code, except that in the case of a registered office, address means the mailing address and the actual office location, which may not be a post office box.

Subd. 3. [ARTICLES.] "Articles" means, in the case of a corporation incorporated under or governed by this chapter, articles of incorporation, articles of amendment, a resolution of election to become governed by this chapter, a statement of change of registered office, registered agent, or name of registered agent, articles of merger, articles of consolidation, articles of abandonment, and articles of dissolution. In the case of a foreign corporation, the term includes documents serving a similar function required to be filed with the secretary of state or other officer of the corporation's state of incorporation.

Subd. 4. [BOARD OF DIRECTORS.] "Board of directors" or "board" means the group of persons vested with the general management of the internal affairs of a corporation, regardless of how they are identified.

Subd. 5. [BYLAWS.] "Bylaws" means the code adopted for the regulation or management of the internal affairs of a corporation, regardless of how designated.

Subd. 6. [CLASS.] "Class" means a group of memberships that have the same rights with respect to voting, dissolution, redemption, or transfer. Rights are the same if they are determined by a formula applied uniformly.

Subd. 7. [CORPORATION.] "Corporation" means a corporation that is governed by this chapter. A corporation may not:

(1) be formed for a purpose involving pecuniary gain to its members, other than to members that are nonprofit organizations; and

(2) pay dividends or other pecuniary remuneration, directly or indirectly, to its members, other than to members that are nonprofit organizations.

Subd. 8. [DIRECTOR.] "Director" means a member of the board.

Subd. 9. [FILED WITH THE SECRETARY OF STATE.] "Filed with the secretary of state" means that an original of a document meeting the requirements of this chapter, signed, and accompanied by a filing fee of \$25, has been delivered to the secretary of state of this state. The secretary of state shall endorse on the original the word "Filed" and the month, day, year, and time of filing, record the document in the office of the secretary of state, and return the document to the person who delivered it for filing.

Subd. 10. [FOREIGN CORPORATION.] "Foreign corporation" means a corporation that is formed under laws other than the laws of this state.

Subd. 11. [GOOD FAITH.] "Good faith" means honesty in fact in the conduct of an act or transaction.

Subd. 12. [LEGAL REPRESENTATIVE.] "Legal representative" means a person empowered to act for another person, including, but not limited to, an agent, officer, partner, or associate of an organization; a trustee of a trust; a personal representative; a trustee in bankruptcy; or a receiver, guardian, custodian, or conservator.

Subd. 13. [MEMBER.] "Member" means a person with membership rights in a corporation under its articles or bylaws, regardless of how the person is identified.

Subd. 14. [MEMBERS WITH VOTING RIGHTS.] "Members with voting rights" or "voting members" means members or a class of members that has voting rights with respect to the purpose or matter involved.

Subd. 15. [NOTICE.] (a) "Notice" is given by a member of a corporation to the corporation or an officer of the corporation when in writing and mailed or delivered to the corporation or the officer at the registered office of the corporation.

(b) Notice is given by the corporation to an officer, member, or other person:

(1) when mailed to the person at an address designated by the person, at the last known address of the person, or, in the case of an officer or member, at the address of the person in the corporate records;

(2) when communicated to the person orally;

(3) when handed to the person;

(4) when left at the office of the person with a clerk or other person in charge of the office, or if there is no one in charge, when left in a conspicuous place in the office;

(5) if the person's office is closed or the person to be notified has no office, when left at the dwelling or usual place of abode of the person with a person of suitable age and discretion residing in the house; or

(6) when the method is fair and reasonable when all the circumstances are considered.

(c) Notice by mail is given when deposited in the United States mail with sufficient postage. Notice is considered received when it is given.

Subd. 16. [OFFICER.] "Officer" means a person elected, appointed, or otherwise designated as an officer by the board, and a person considered elected an officer under section 51.

Subd. 17. [ORGANIZATION.] "Organization" means a domestic or foreign business or nonprofit corporation, partnership, limited partnership, joint venture, association, trust, estate, enterprise, or other legal or commercial entity.

Subd. 18. [REGISTERED OFFICE.] "Registered office" means the place in this state designated in the articles of a corporation as the registered office of the corporation.

Subd. 19. [RELATED ORGANIZATION.] "Related organization" means an organization that controls, is controlled by, or is under common control with, another corporation. Control exists if an organization:

(1) owns, directly or indirectly, at least 50 percent of the stock ownership or membership interests of another organization;

(2) has the right, directly or indirectly, to elect, appoint, or remove 50 percent or more of the voting members of the governing body of another organization; or

(3) has the power, directly or indirectly, to direct or cause the direction of the management and policies of another organization, whether through the ownership of voting interests, by contract, or otherwise.

Subd. 20. [SIGNED.] (a) "Signed" means that the signature of a person is written on a document, as provided in section 645.44, subdivision 14. A document required by this chapter to be filed with the secretary of state must be signed by a person authorized to do so by this chapter, the articles or bylaws, or a resolution approved by the affirmative vote of the required proportion or number of the directors, or the required proportion or number of members with voting rights, if any.

(b) A signature on a document not required by this chapter to be filed with the secretary of state may be a facsimile affixed, engraved, printed, placed, stamped with indelible ink, or in any other manner reproduced on the document.

Subd. 21. [WRITTEN ACTION.] "Written action" means a written document signed by all of the persons required to take the action. The term also means the counterparts of a written document signed by any of the persons taking the action. A counterpart is the action of the persons signing it, and all the counterparts are one written action by all of the persons signing them.

APPLICATION

Sec. 3. [317A.021] [APPLICATION AND ELECTION.]

Subdivision 1. [ELECTION BY CHAPTER 300, 309, OR 315 CORPORATIONS.] A corporation incorporated under chapter 300, 309, or 315 that has not later become governed by chapter 317 may elect to be governed by this chapter.

Subd. 2. [ELECTION BY CHAPTER 317 CORPORATIONS.] On or after August 1, 1989, and before January 1, 1991, a corporation incorporated under chapter 317 may elect to become governed by this chapter.

Subd. 3. [CONFORMING ARTICLES OF ELECTING CORPORATIONS.] If the articles of an electing corporation include a provision prohibited by this chapter, omit a provision required by this chapter, or are inconsistent with this chapter, the electing corporation shall amend its articles to conform to the requirements of this chapter. The appropriate provisions of the corporation's articles or bylaws or the law by which it was governed before the effective date of the election made under this section control the manner of adoption of the amendment.

Subd. 4. [METHOD OF ELECTION.] An election by a corporation to become governed by this chapter must be made by resolution approved by the affirmative vote of the members with voting rights of the same proportion that is required for amendment of the articles of the corporation before the election. If there are no members with voting rights, the corporation must elect to be governed by this chapter by a resolution adopted by a majority vote of the directors entitled to vote at a special meeting of the board, with proper notice given. The resolution, articles of amendment, if required, and a certified copy of corporate documents previously filed with the county recorder that would be filed with the secretary of state under this chapter, must be filed with the secretary of state and are effective upon filing. If an amendment of the articles is required, the resolution must state that the articles of the corporation conform to the requirements of this chapter.

Subd. 5. [EFFECT OF ELECTION UPON BYLAWS.] Upon filing an election under subdivision 4, provisions of the bylaws that are consistent with this chapter remain or become effective and provisions of the bylaws that are inconsistent with this chapter are not effective.

Subd. 6. [CHOICE OF INCORPORATION UNTIL JANUARY 1, 1990.] From August 1, 1989, to December 31, 1990, a corporation may be incorporated under this chapter or under chapter 317.

Subd. 7. [NONELECTING NONPROFIT CORPORATIONS SUBJECT TO THIS CHAPTER AS OF JANUARY 1, 1991.] A corporation in existence on January 1, 1991, that is within the scope of this chapter and incorporated under another statute of this state, other than a corporation incorporated under chapter 300, 309, or 315 that has not later become governed by chapter 317, is governed by this chapter as of January 1, 1991, as though the corporation had been incorporated under this chapter. The provisions of the articles and bylaws of the corporation that may be included in the articles or bylaws under this chapter remain in effect. The provisions of the articles and bylaws of the corporation that are inconsistent with this chapter are not effective as of January 1, 1991. Provisions required by this chapter to be contained in the articles that do not appear in the articles are read into them as a matter of law.

Subd. 8. [INCORPORATION AFTER JANUARY 1, 1991.] On and after January 1, 1991, a corporation that is within the scope of this chapter may be incorporated only under this chapter.

Subd. 9. [APPLICABILITY OF OTHER LAWS.] (a) Except as provided in paragraphs (b) and (c), chapters 300, 316, 317, and 556 do not apply to corporations.

(b) Sections 300.60, 300.61, and 300.63 apply to corporations.

(c) This subdivision does not affect the applicability of chapter 300 to a corporation that elected to reject Laws 1951, chapter 500, sections 1 to 25.

Sec. 4. [317A.031] [TRANSITION; CONTINUATION OF LEGAL ACTS.]

The continuation or completion of an act by a corporation that is not incorporated under, but has become governed by, this chapter, and the continuation or performance of an executed or wholly or partially executory contract, conveyance, or transfer to or by the corporation, is valid if otherwise lawful before the corporation became governed by this chapter. The act may be continued, completed, enforced, or ended as required or permitted by a statute applicable before the date on which the corporation became governed by this chapter.

Sec. 5. [317A.041] [RESERVATION OF RIGHT.]

The state reserves the right to amend or repeal this chapter. A corporation governed by this chapter is subject to this reserved right.

Sec. 6. [317A.051] [SCOPE OF CHAPTER.]

Subdivision 1. [GENERAL.] This chapter does not apply to cooperative associations, public cemetery corporations and associations, and private cemeteries.

Subd. 2. [RELIGIOUS CORPORATIONS.] This chapter does not apply to a religious corporation authorized by chapter 315 unless it is formed under this chapter or elects to be governed by this chapter as provided in section 3. Regardless of whether it is formed or elects to be governed by this chapter, a religious corporation may elect to be governed by sections 84 to 93 without electing to come under the entire chapter. If a religious corporation elects to be governed by sections 84 to 93, it shall file its documents with the county recorder of the county where its registered office is located instead of the secretary of state.

Sec. 7. [317A:061] [FOREIGN NONPROFIT CORPORATIONS; SECTIONS APPLICABLE.]

Subdivision 1. [GENERAL.] Except for this section and section 91 concerning merger or consolidation, this chapter does not apply to foreign nonprofit corporations.

Subd. 2. [SECTIONS APPLICABLE.] (a) Except as provided in paragraph (b), a foreign nonprofit corporation is subject to chapter 303. Unless it complies with chapter 303, a foreign corporation may not transact business in this state.

(b) Sections 303.02, subdivision 2, 303.07, 303.14, 303.16, subdivision 2, clauses (6) and (7), and 303.22, do not apply to foreign nonprofit corporations.

INCORPORATION; ARTICLES

Sec. 8. [317A.101] [PURPOSES.]

A corporation may be incorporated under this chapter for any lawful purpose, unless another statute requires incorporation for a purpose under a different law. Unless otherwise limited in its articles, a corporation has a general purpose of engaging in any lawful activity. A corporation engaging in conduct that is regulated by another statute is subject to the limitations of the other statute.

Sec. 9. [317A.105] [INCORPORATORS.]

One or more adult natural persons may act as incorporators of a corporation by filing articles of incorporation for the corporation with the secretary of state.

Sec. 10. [317A.111] [ARTICLES.]

Subdivision 1. [REQUIRED PROVISIONS.] The articles of incorporation must contain:

- (1) the name of the corporation;
- (2) the address of the registered office of the corporation and the name of its registered agent, if any, at that address;
- (3) the name and address of each incorporator; and
- (4) a statement that the corporation is organized under this chapter.

Subd. 2. [STATUTORY PROVISIONS THAT MAY BE MODIFIED ONLY IN ARTICLES.] The following provisions govern a corporation unless modified in the articles:

- (1) a corporation has a general purpose of engaging in any lawful activity (section 8);
- (2) the power to initially adopt, amend, or repeal the bylaws is vested in the board (section 26);
- (3) cumulative voting for directors is prohibited (section 34);
- (4) a written action by the board taken without a meeting must be signed by all directors (section 42); and
- (5) members are of one class (section 56).

Subd. 3. [STATUTORY PROVISIONS THAT MAY BE MODIFIED IN ARTICLES OR BYLAWS.] The following provisions govern a corporation unless modified in the articles or bylaws:

- (1) a certain method must be used for amending the articles (section 17);
- (2) a corporation has perpetual duration and certain powers (section 22);
- (3) a certain method must be used for the members to adopt, amend, or repeal existing bylaws (section 26);
- (4) a director holds office until expiration of the director's term and election of a successor (section 30);
- (5) the term of a director filling a vacancy expires at the end of the term the director is filling (section 30);

- (6) the compensation of directors is fixed by the board (section 32);
- (7) a certain method must be used for removal of directors (section 36);
- (8) a certain method must be used for filling board vacancies (section 38);
- (9) board meetings must be held at least once per year and if the board fails to select a place for a board meeting, it must be held at the registered office (section 39);
- (10) a director may call a board meeting, and the notice of the meeting need not state the purpose of the meeting (section 39);
- (11) a majority of the board is a quorum (section 40);
- (12) the affirmative vote of the majority of directors present is required for board action (section 41);
- (13) a committee consists of one or more persons, who need not be directors, appointed by the board (section 43);
- (14) the president and treasurer have certain duties, until the board determines otherwise (section 48);
- (15) officers may delegate some or all of their duties and powers, if not prohibited by the board from doing so (section 54);
- (16) a corporation does not have members (section 56);
- (17) the board may determine the consideration required to admit members (section 56);
- (18) all members are entitled to vote and have equal rights and preferences in matters not otherwise provided for by the board or members (section 56);
- (19) memberships may not be transferred (section 58);
- (20) a corporation with voting members must hold a regular meeting of voting members annually (section 64);
- (21) if a specific minimum notice period has not been fixed by law, at least five days' notice is required for a meeting of members (section 67);
- (22) the board may fix a date up to 60 days before the date of a

members meeting as the date for determination of the members entitled to notice of and entitled to vote at the meeting (section 68);

(23) each member has one vote (section 70);

(24) the affirmative vote of the majority of members with voting rights present and entitled to vote is required for action of the members, unless this chapter or the articles or bylaws require a greater vote or voting by class (section 71);

(25) members may take action at a meeting by voice or ballot, by unanimous action without a meeting, by mailed ballot, or by electronic communication (section 71);

(26) the number of members required for a quorum is ten percent of the members entitled to vote (section 75);

(27) certain procedures govern acceptance of member acts (section 77); and

(28) indemnification of certain persons is required (section 83).

Subd. 4. [OPTIONAL PROVISIONS; SPECIFIC SUBJECTS.] The following provisions relating to the management or regulation of the affairs of a corporation may be included in the articles or, except for naming members of the first board or fixing a greater than majority director or member vote, in the bylaws:

(1) the first board of directors may be named in the articles (section 25);

(2) additional qualifications for directors may be imposed (section 29);

(3) terms of directors may be staggered (section 30);

(4) the day or date, time, and place of board meetings may be fixed (section 39);

(5) in addition to the president, authority to sign and deliver certain documents may be delegated to an officer or agent of the corporation (section 48);

(6) additional officers may be designated (section 49);

(7) additional powers, rights, duties, and responsibilities may be given to officers (section 49);

(8) a method for filling vacant offices may be specified (section 53);

(9) membership criteria and procedures for admission may be established (section 56);

(10) membership terms may be fixed (section 56);

(11) a corporation may levy dues, assessments, or fees on members (section 59);

(12) a corporation may buy memberships (section 62);

(13) a corporation may have delegates with some or all the authority of members (section 63);

(14) the day or date, time, and place of regular member meetings or the place of special meetings may be fixed (section 64);

(15) certain persons may be authorized to call special meetings of members (section 65);

(16) notices of special member meetings may be required to contain certain information (section 65);

(17) a larger than majority vote may be required for member action (section 71);

(18) members may vote by proxy (section 76); and

(19) members may enter into voting agreements (section 78).

Subd. 5. [OPTIONAL PROVISIONS; GENERALLY.] The articles may contain other provisions consistent with law relating to the management or regulation of the affairs of the corporation.

Subd. 6. [POWERS NEED NOT BE STATED.] It is not necessary to state the corporate powers granted by this chapter in the articles.

Subd. 7. [SUBSTANTIVE LAW CONTROLS.] If there is a conflict between subdivision 2, 3, or 4 and another section of this chapter, the other section controls.

Sec. 11. [317A.113] [PRIVATE FOUNDATIONS; PROVISIONS CONSIDERED CONTAINED IN ARTICLES.]

Subdivision 1. [PROVISIONS REQUIRED.] The articles of incorporation of a corporation that is a private foundation as defined in section 509(a) of the Internal Revenue Code of 1986 and an instrument governing the use, retention, or disposition by the corporation of its income or property must contain the provisions contained in this section. If the articles and instrument do not contain these

provisions, they are considered to have incorporated the language in clauses (1) to (5) with the same effect as though the language was set forth verbatim. Except as provided in subdivision 2, these provisions govern the corporation as to the use, retention, and disposition of its income and property regardless of provisions of the articles or instrument or other law of this state to the contrary:

(1) the corporation shall distribute for each of its taxable years amounts at least sufficient to avoid liability for the tax imposed by section 4942(a) of the Internal Revenue Code of 1986;

(2) the corporation may not engage in an act of "self-dealing" as defined in section 4941(d) of the Internal Revenue Code of 1986 that would give rise to liability for the tax imposed by section 4941(a) of the Internal Revenue Code of 1986;

(3) the corporation may not retain "excess business holdings" as defined in section 4943(c) of the Internal Revenue Code of 1986 that would give rise to liability for the tax imposed by section 4943(a) of the Internal Revenue Code of 1986;

(4) the corporation may not make investments that would jeopardize the carrying out of the exempt purposes of the corporation, within the meaning of section 4944 of the Internal Revenue Code of 1986, so as to give rise to liability for the tax imposed by section 4944(a) of the Internal Revenue Code of 1986; and

(5) the corporation may not make a "taxable expenditure" as defined in section 4945(d) of the Internal Revenue Code of 1986 that would give rise to liability for the tax imposed by section 4945(a) of the Internal Revenue Code of 1986.

Subd. 2. [EXCEPTION.] Subdivision 1 does not apply to a corporation if a court of competent jurisdiction determines that the application would be contrary to the terms of an instrument described in subdivision 1 and that the instrument may not properly be changed to conform to subdivision 1.

Subd. 3. [FUTURE REFERENCES.] A reference in subdivision 1 to a particular section of the Internal Revenue Code of 1986 includes the corresponding provision of a future United States Internal Revenue law.

Subd. 4. [APPLICATION.] This section applies to all corporations that could be governed by this chapter, notwithstanding sections 3 and 6.

Subd. 5. [RIGHTS RESERVED.] This section does not impair the rights and powers of the attorney general or the courts of this state with respect to a corporation.

Sec. 12. [317A.115] [CORPORATE NAME.]

Subdivision 1. [REQUIREMENTS.] (a) The corporate name must be in the English language or in another language expressed in English letters or characters.

(b) A corporate name may not contain a word or phrase that shows or implies that it may not be incorporated under this chapter.

(c) A corporate name need not contain the word "corporation," "incorporated," "company," or "limited," or an abbreviation of one of these words.

Subd. 2. [USE OF DECEPTIVELY SIMILAR NAME.] (a) A corporate name may not be the same as, or deceptively similar to, the name of a domestic corporation or limited partnership, a foreign corporation or limited partnership authorized or registered to do business in this state, whether profit or nonprofit, or a name the right to which is, at the time of incorporation, reserved, registered, or provided for in section 13, 302A.117, 322A.03, or sections 333.001 to 333.54, unless one of the following is filed with the articles:

(1) the written consent of the organization having the same or a deceptively similar name;

(2) a certified copy of a final decree of a court in this state establishing the prior right of the applicant to use its corporate name in this state; or

(3) an affidavit of nonuse of the kind required by section 302A.115, subdivision 1, paragraph (d), clause (3).

(b) The secretary of state shall determine whether a name is deceptively similar for purposes of this section and section 13.

(c) This subdivision does not affect the right of a corporation existing on January 1, 1991, or a foreign corporation authorized to do business in this state on that date, to use its corporate name.

Subd. 3. [OTHER LAWS AFFECTING USE OF NAMES.] This section and sections 13 and 121, subdivision 2, do not abrogate or limit the law of unfair competition or unfair practices, sections 333.001 to 333.54, the laws of the United States with respect to the right to acquire and protect copyrights, trade names, trademarks, service names, service marks, or other rights to the exclusive use of names or symbols, nor derogate the common law or the principles of equity.

Subd. 4. [USE OF NAME BY SUCCESSOR CORPORATION.] A corporation that is merged with another domestic or foreign corpo-

ration, that is incorporated by the reorganization of one or more domestic or foreign corporations, or that acquires by sale, lease, or other disposition to or exchange with a domestic corporation all or substantially all of the assets of another domestic or foreign corporation, including its name, may have the same name as that used in this state by any of the other corporations, if the other corporation was incorporated under the laws of, or is authorized to transact business in, this state.

Subd. 5. [EFFECT OF WRONGFUL USE; INJUNCTION.] The use of a name by a corporation in violation of this section does not affect or impair its corporate existence, but a court in this state may, upon application of the state or of an interested or affected person, enjoin the corporation from doing business under a name assumed in violation of this section, although its articles may have been filed with the secretary of state and a certificate of incorporation issued.

Sec. 13. [317A.117] [RESERVED NAME.]

Subdivision 1. [WHO MAY RESERVE.] A corporate name permitted by section 12 may be reserved in the records of the secretary of state by:

(1) a person doing business in this state under that name or a name deceptively similar to that name;

(2) a person intending to incorporate under this chapter;

(3) a domestic corporation intending to change its name;

(4) a foreign corporation intending to make application for a certificate of authority to transact business in this state;

(5) a foreign corporation authorized to transact business in this state and intending to change its name;

(6) a person intending to incorporate a foreign corporation and intending to have the foreign corporation make application for a certificate of authority to transact business in this state; or

(7) a foreign corporation doing business under that name or a name deceptively similar to that name in a state other than this state and not described in clauses (4) to (6).

Subd. 2. [METHOD OF RESERVATION.] The reservation must be made by filing with the secretary of state a request that the name be reserved. If the name is available for reservation by the applicant, the secretary of state shall reserve the name for the applicant for 12 months. The reservation may be renewed for successive 12-month periods.

Subd. 3. [TRANSFER OF RESERVATION.] The right to a corporate name reserved under this section may be transferred to another person by or on behalf of the applicant for whom the name was reserved by filing with the secretary of state a notice of the transfer and specifying the name and address of the transferee.

Sec. 14. [317A.121] [REGISTERED OFFICE; REGISTERED AGENT.]

Subdivision 1. [REGISTERED OFFICE.] A corporation shall continuously maintain a registered office in this state. A registered office need not be the same as the principal place of business of the corporation.

Subd. 2. [REGISTERED AGENT.] A corporation may designate in its articles a registered agent. The registered agent may be a natural person residing in this state, a domestic corporation, or a foreign corporation authorized to transact business in this state. The registered agent must maintain an office that is identical with the registered office.

Sec. 15. [317A.123] [CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT; CHANGE OF NAME OF REGISTERED AGENT.]

Subdivision 1. [STATEMENT.] A corporation may change its registered office, designate or change its registered agent, or state a change in the name of its registered agent, by filing with the secretary of state a statement containing:

- (1) the name of the corporation;
- (2) if the address of its registered office is to be changed, the new address of its registered office;
- (3) if its registered agent is to be designated or changed, the name of its new registered agent;
- (4) if the name of its registered agent is to be changed, the name of its registered agent as changed;
- (5) a statement that the address of its registered office and the address of the office of its registered agent, as changed, will be identical; and
- (6) a statement that the change of registered office or registered agent was authorized by resolution approved by the board.

Subd. 2. [RESIGNATION OF AGENT.] A registered agent of a corporation may resign by filing with the secretary of state a signed

written notice of resignation, including a statement that a signed copy of the notice has been given to the corporation at its registered office. The appointment of the agent ends 30 days after the notice is filed with the secretary of state.

Subd. 3. [CHANGE OF ADDRESS OR NAME OF AGENT.] If the address or name of a registered agent changes, the agent shall change the address of the registered office or the name of the registered agent of a corporation represented by that agent by filing with the secretary of state the statement required in subdivision 1, except that it need be signed only by the registered agent, need not be responsive to subdivision 1, clause (3) or (6), and must state that a copy of the statement has been mailed to the corporation.

Sec. 16. [317A.131] [AMENDMENT OF ARTICLES.]

The articles of a corporation may be amended to include or modify a provision that is required or permitted to appear in the articles or to omit a provision not required to be included in the articles. When articles are amended to restate them, the name and address of each incorporator may be omitted. Unless otherwise provided in this chapter, the articles may be amended or modified only under sections 17 and 18.

Sec. 17. [317A.133] [PROCEDURE FOR AMENDMENT OF ARTICLES.]

Subdivision 1. [APPROVAL BY INCORPORATORS OR BOARD.] A majority of incorporators may amend the articles by written action if no directors are named in the original articles, if no directors have been elected, and if there are no members with voting rights. A majority of directors may amend the articles if there are no members with voting rights, if members with voting rights have authorized the board to amend the articles under subdivision 3, or if the amendment merely restates the existing articles, as amended. An amendment restating the existing articles may, but need not, be submitted to and approved by the members as provided in subdivision 2.

Subd. 2. [APPROVAL BY BOARD AND MEMBERS WITH VOTING RIGHTS.] Amendments to the articles must be approved by a majority of the directors and a majority of the members with voting rights. If an amendment is initiated by the directors, proper notice of the proposed amendment must precede a member meeting at which the amendment will be considered and must include the substance of the proposed amendment. If an amendment is proposed and approved by the members, the members may demand a special board meeting within 60 days for consideration of the proposed amendment if a regular board meeting would not occur within 60 days.

Subd. 3. [APPROVAL BY BOARD WHERE MEMBERS HAVE VOTING RIGHTS.] (a) A majority of members with voting rights may authorize the board of directors, subject to paragraph (c), to exercise from time to time the power of amendment of the articles without member approval.

(b) When the members have authorized the board of directors to amend the articles, the board of directors, by a majority vote, unless the articles, bylaws, or the members' resolution authorizing the board action require a greater vote, may amend the articles at a meeting of the board. Notice of the meeting and of the proposed amendment must be given.

(c) A majority of members with voting rights voting at a meeting duly called for the purpose, may prospectively revoke the authority of the board to exercise the power of the members to amend the articles.

Subd. 4. [RESTRICTION OF APPROVAL METHODS.] Articles or bylaws may require greater than majority approval by either the board or voting members for an action under this section and may limit or prohibit the use of mail ballots by voting members.

Subd. 5. [APPROVAL OF CLASS.] The articles or bylaws may provide that an amendment also must be approved by the members of a class.

Sec. 18. [317A.139] [ARTICLES OF AMENDMENT.]

When an amendment has been adopted, articles of amendment must be prepared that contain:

(1) the name of the corporation;

(2) the amendment adopted;

(3) with respect to an amendment restating the articles, a statement that the amendment correctly sets forth without change the corresponding provisions of the articles as previously amended, if the amendment was approved only by the board; and

(4) a statement that the amendment has been adopted under this chapter.

Sec. 19. [317A.141] [EFFECT OF AMENDMENT.]

Subdivision 1. [EFFECT ON CAUSE OF ACTION.] An amendment does not affect an existing cause of action in favor of or against the corporation, a pending suit to which the corporation is a party, nor the existing rights of persons other than members.

Subd. 2. [EFFECT OF CHANGE OF NAME.] If the corporate name is changed by the amendment, a suit brought by or against the corporation under its former name does not abate for that reason.

Subd. 3. [EFFECT OF AMENDMENTS RESTATING ARTICLES.] When effective under section 20, an amendment restating the articles in their entirety supersedes the original articles and amendments to the original articles.

Sec. 20. [317A.151] [FILING; EFFECTIVE DATE OF ARTICLES.]

Subdivision 1. [FILING REQUIRED.] Articles of incorporation and articles of amendment must be filed with the secretary of state.

Subd. 2. [EFFECTIVE DATE.] Articles of incorporation are effective and corporate existence begins when the articles of incorporation are filed with the secretary of state accompanied by a payment of \$60, which includes a \$35 incorporation fee in addition to the \$25 filing fee required by section 2, subdivision 9. Articles of amendment are effective when filed with the secretary of state or at another time within 31 days after filing if the articles of amendment so provide.

Sec. 21. [317A.155] [PRESUMPTION; CERTIFICATE OF INCORPORATION.]

When the articles of incorporation have been filed with the secretary of state and the required fee has been paid to the secretary of state, it is presumed that conditions precedent required to be performed by the incorporators have been complied with and that the corporation has been incorporated, and the secretary of state shall issue a certificate of incorporation to the corporation. This presumption does not apply against this state in a proceeding to cancel or revoke the certificate of incorporation or to compel the involuntary dissolution of the corporation.

POWERS

Sec. 22. [317A.161] [POWERS.]

Subdivision 1. [GENERALLY; LIMITATIONS.] A corporation has the powers in this section, subject to limitations provided in applicable federal or state law or in its articles or bylaws.

Subd. 2. [DURATION.] A corporation has perpetual duration.

Subd. 3. [LEGAL CAPACITY.] A corporation may sue and be sued, and participate in a legal, administrative, or arbitration proceeding, in its corporate name.

Subd. 4. [PROPERTY OWNERSHIP.] A corporation may buy, lease, acquire, own, hold, improve, use, and deal in and with, real or personal property, or an interest in property, wherever located.

Subd. 5. [PROPERTY DISPOSITION.] A corporation may sell, convey, mortgage, create a security interest in, lease, exchange, transfer, or dispose of all or a part of its real or personal property, or an interest in property, wherever located.

Subd. 6. [TRADING IN SECURITIES; OBLIGATIONS.] A corporation may buy, subscribe for, acquire, own, hold, vote, use, employ, sell, exchange, mortgage, lend, create a security interest in, dispose of, use, and deal in and with, securities or other interests in, or obligations of, a person or direct or indirect obligations of a domestic or foreign government or instrumentality.

Subd. 7. [CONTRACTS; MORTGAGES.] A corporation may make contracts and incur liabilities, borrow money, issue its securities, and secure its obligations by mortgage of or creation of a security interest in its property, franchises, and income.

Subd. 8. [INVESTMENT.] A corporation may invest and reinvest its funds.

Subd. 9. [HOLDING PROPERTY AS SECURITY.] A corporation may take and hold real and personal property, whether or not of a kind sold or otherwise dealt in by the corporation, as security for the payment of money loaned, advanced, or invested.

Subd. 10. [LOCATION.] A corporation may conduct its business, carry on its operations, have offices, and exercise the powers granted by this chapter anywhere in the universe.

Subd. 11. [DONATIONS.] A corporation may make donations for religious, scientific, educational, or charitable purposes, and for other purposes consistent with law, that further the corporate interest.

Subd. 12. [PENSIONS; BENEFITS.] A corporation may pay pensions, retirement allowances, and compensation for past services and establish employee or incentive benefit plans, trusts, and provisions for the benefit of its officers, directors, employees, and agents and their families, dependents, and beneficiaries. It may indemnify and buy insurance for a fiduciary of an employee benefit and incentive plan, trust, or provision.

Subd. 13. [PARTICIPATIONS.] (a) A corporation may participate in the promotion, organization, management, and operation of an organization or in a transaction, undertaking, or arrangement that the participating corporation would have power to conduct by itself,

whether or not the participation involves sharing or delegation of control.

(b) A corporation may participate with others in a corporation, partnership, limited partnership, joint venture, trust, or other association of any kind that the participating corporation would have power to conduct by itself, whether or not the participation involves sharing or delegation of control.

Subd. 14. [INSURANCE.] A corporation may provide for its benefit life insurance and other insurance with respect to the services of its officers, directors, employees, and agents.

Subd. 15. [CORPORATE SEAL.] A corporation may have, alter at pleasure, and use a corporate seal as provided in section 23.

Subd. 16. [BYLAWS.] A corporation may adopt, amend, and repeal bylaws relating to the management of the business or the regulation of the affairs of the corporation as provided in section 26.

Subd. 17. [COMMITTEES.] A corporation may establish committees of the board of directors, elect or appoint persons to the committees, define their duties, and fix their compensation as provided in section 43.

Subd. 18. [OFFICERS; EMPLOYEES; AGENTS.] A corporation may elect or appoint officers, employees, and agents of the corporation, define their duties, and fix their compensation as provided in sections 47 to 55.

Subd. 19. [LOANS; GUARANTIES; SURETIES.] A corporation may lend money to, guarantee an obligation of, become a surety for, or otherwise financially assist persons as provided in section 81.

Subd. 20. [ADVANCES.] A corporation may make advances to its directors, officers, and employees and those of its subsidiaries as provided in section 82.

Subd. 21. [INDEMNIFICATION.] A corporation shall indemnify those persons identified in section 83 against certain expenses and liabilities only as provided in section 83 and may indemnify other persons.

Subd. 22. [ASSUMED NAMES.] A corporation may conduct all or part of its business under one or more assumed names as provided in sections 333.001 to 333.06.

Subd. 23. [MAY TAKE AND HOLD TRUST PROPERTY.] A corporation may take, receive, and hold real and personal property, including the principal and interest of money or other fund, that is

given, conveyed, bequeathed, devised to, or vested in the corporation in trust where the corporation or a related organization has a vested or contingent interest in the trust.

Subd. 24. [MAY INVEST TRUST PROPERTY.] Except where the trust instrument prescribes otherwise, a corporation may invest trust property or its proceeds in accordance with section 501.125.

Subd. 25. [MEMBERSHIP.] A corporation may be a member of another foreign or domestic nonprofit corporation.

Subd. 26. [DISSOLUTION.] A corporation may dissolve and wind up.

Subd. 27. [MERGER AND CONSOLIDATION.] A corporation may merge and consolidate with other domestic or foreign nonprofit corporations organized for related purposes.

Subd. 28. [OTHER POWERS.] A corporation has other powers necessary or convenient to effect a lawful purpose for which the corporation is incorporated.

Sec. 23. [317A.163] [CORPORATE SEAL.]

Subdivision 1. [SEAL NOT REQUIRED.] A corporation may, but need not, have a corporate seal. The use or nonuse of a corporate seal does not affect the validity, recordability, or enforceability of a document or act. If a corporation has a corporate seal, the use of the seal by the corporation on a document is not necessary.

Subd. 2. [REQUIRED WORDS; USE.] If a corporation has a corporate seal, the seal may consist of a mechanical imprinting device, or a rubber stamp with a facsimile of the seal affixed on it, or a facsimile or reproduction of either. The seal may include a part or all of the name of the corporation and a combination, derivation, or abbreviation of either or both of the phrases "a Minnesota Nonprofit Corporation" and "Corporate Seal." If a corporation has a corporate seal, it or a facsimile of it may be affixed, engraved, printed, placed, stamped with indelible ink, or in any other manner reproduced on any document.

Sec. 24. [317A.165] [EFFECT OF LACK OF POWER; ULTRA VIRES.]

Subdivision 1. [GENERAL.] Except as provided in this section, the doing, continuing, or performing by a corporation of an act, or an executed or wholly or partially executory contract, conveyance, or transfer to or by the corporation, if otherwise lawful, is not invalid because the corporation was without the power under this chapter or

its articles or bylaws to do, continue, or perform the act, contract, conveyance, or transfer.

Subd. 2. [ACTION BY MEMBER.] At least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, may bring an action against the corporation to enjoin the doing, continuing, or performing of an unauthorized act, contract, conveyance, or transfer. If the unauthorized act, continuation, or performance sought to be enjoined is being, or to be, performed or made pursuant to a contract to which the corporation is a party, the court may, if just and reasonable in the circumstances, set aside and enjoin the performance of the contract and allow to the corporation or to the other parties to the contract compensation for the loss or damage sustained as a result of the action of the court in setting aside and enjoining the performance of the contract.

Subd. 3. [ACTION BY CORPORATION.] The corporation may bring an action, directly or through a director or member with voting rights in a representative or derivative suit, against the incumbent or former officers or directors of the corporation for exceeding or violating their authority.

ORGANIZATION; BYLAWS

Sec. 25. [317A.171] [ORGANIZATION.]

Subdivision 1. [ROLE OF INCORPORATORS.] If the first board is not named in the articles, the incorporators may elect the first board or may act as directors with the powers, rights, duties, and liabilities of directors, until directors are elected.

Subd. 2. [MEETING.] After the issuance of the certificate of incorporation, the incorporators or the directors named in the articles shall, within a reasonable time, hold an organizational meeting at the call of a majority of the incorporators or of the directors named in the articles, or take written action, for the purposes of transacting business and taking actions necessary or appropriate to complete the organization of the corporation. If a meeting is held, the persons calling the meeting shall give at least three days' notice of the meeting to each incorporator or director named, stating the date, time, and place of the meeting.

Sec. 26. [317A.181] [BYLAWS.]

Subdivision 1. [GENERALLY.] A corporation may, but need not, have bylaws. Bylaws may contain any provision relating to the management or regulation of the affairs of the corporation consistent with law or the articles including, but not limited to:

- (1) the number of directors, and the qualifications, manner of election, powers, duties, and compensation, if any, of directors;
- (2) the qualifications of members;
- (3) different classes of membership;
- (4) the manner of admission, withdrawal, suspension, and expulsion of members;
- (5) property, voting, and other rights and privileges of members;
- (6) the appointment and authority of committees;
- (7) the appointment or election, duties, compensation, and tenure of officers;
- (8) the time, place, and manner of calling, conducting, and giving notice of member, board, and committee meetings, or of conducting mail ballots;
- (9) the making of reports and financial statements to members; or
- (10) the number establishing a quorum for meetings of members and the board.

Subd. 2. [ADOPTION; AMENDMENTS.] (a) Initial bylaws may be adopted under section 25 by the incorporators or by the first board. Unless reserved by the articles to the members, the power to adopt, amend, or repeal the bylaws is vested in the board. The power of the board is subject to the power of the members with voting rights under paragraph (b) to adopt, amend, or repeal bylaws adopted, amended, or repealed by the board. After the adoption of the initial bylaws, the board may not adopt, amend, or repeal a bylaw fixing a quorum for meetings of members, prescribing procedures for removing directors or filling vacancies in the board, or fixing the number of directors or their classifications, qualifications, or terms of office, but may adopt or amend a bylaw to increase the number of directors.

(b) If at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, propose a resolution for action by the members to adopt, amend, or repeal bylaws adopted, amended, or repealed by the board and the resolution sets forth the provisions proposed for adoption, amendment, or repeal, the limitations and procedures for submitting, considering, and adopting the resolution are the same as provided in section 17, for amendment of the articles, except that board approval is not required. The articles or bylaws may impose additional requirements for the members to adopt, amend, or repeal the bylaws.

BOARD

Sec. 27. [317A.201] [BOARD.]

The business and affairs of a corporation must be managed by or under the direction of a board of directors. The members of the first board may be named in the articles, designated or appointed pursuant to the articles, or elected by the incorporators under section 25.

Sec. 28. [317A.203] [NUMBER.]

A board of directors must consist of three or more individuals, with the number specified in or fixed in accordance with the articles or bylaws, except that if the corporation has either one or two members with voting rights, the number of directors may be less than three but not less than the number of members with voting rights.

Sec. 29. [317A.205] [QUALIFICATIONS; ELECTION.]

The qualifications and method of election, designation, or appointment of directors may be imposed by or in the manner provided in the articles or bylaws, provided that directors must be natural persons and a majority of the directors must be adults.

Sec. 30. [317A.207] [TERMS.]

Subdivision 1. [LENGTH.] (a) Directors are elected, designated, or appointed and hold office for fixed terms provided for in the articles or bylaws. A term of a director, other than an ex officio director, may not exceed ten years. If the articles or bylaws do not provide for a fixed term, the term is one year.

(b) Unless the articles or bylaws provide otherwise, a director holds office until expiration of the term for which the director was elected and until a successor is elected and qualified, or until the earlier death, resignation, removal, or disqualification of the director.

(c) A decrease in the number of directors or term of office does not shorten an incumbent director's term.

(d) Except as provided in the articles or bylaws, the term of a director filling a vacancy expires at the end of the unexpired term that the director is filling.

Subd. 2. [STAGGERED TERMS.] The articles or bylaws may provide for staggering the terms of directors by dividing the total

number of directors into groups. The terms of office of the groups need not be uniform.

Sec. 31. [317A.209] [ACTS NOT VOID OR VOIDABLE.]

The expiration of a director's term with or without the election of a qualified successor does not make prior or later acts of the officers or the board void or voidable.

Sec. 32. [317A.211] [COMPENSATION.]

Subject to a limitation in the articles or bylaws, the board may fix the compensation of directors.

Sec. 33. [317A.213] [CLASSIFICATION OF DIRECTORS.]

Directors of a corporation described in section 118, subdivision 1, may be divided into classes for purposes of voting by the board, but may not vote by class except where the articles or bylaws provide that only one class of directors may vote on a particular matter.

Sec. 34. [317A.215] [CUMULATIVE VOTING FOR DIRECTORS.]

Unless the articles provide otherwise, there is no cumulative voting.

Sec. 35. [317A.221] [RESIGNATION.]

(a) A director may resign at any time by giving written notice to the corporation. The resignation is effective without acceptance when the notice is given to the corporation, unless a later effective time is specified in the notice.

(b) If a resignation is made effective at a later date, the board may fill the pending vacancy before the effective date if the board provides that the successor does not take office until the effective date.

Sec. 36. [317A.223] [REMOVAL OF DIRECTORS.]

Subdivision 1. [MODIFICATION.] The provisions of this section apply unless a different method of removal is provided for in the articles or bylaws.

Subd. 2. [REMOVAL BY DIRECTORS WHEN THERE ARE MEMBERS WITH VOTING RIGHTS.] If there are members with voting rights, a director may be removed at any time, with or without cause, if:

(1) the director was named by the board to fill a vacancy;

(2) the members with voting rights have not elected directors in the interval between the time of the appointment to fill the vacancy and the time of the removal; and

(3) a majority of the remaining directors present affirmatively vote to remove the director.

Subd. 3. [REMOVAL BY DIRECTORS WHEN THERE ARE NO MEMBERS WITH VOTING RIGHTS.] If there are no members with voting rights, a director may be removed at any time, with or without cause, by those directors eligible to elect the director.

Subd. 4. [REMOVAL BY MEMBERS WITH VOTING RIGHTS.] A director may be removed at any time, with or without cause, by those members eligible to elect the director.

Sec. 37. [317A.225] [REMOVAL OF DESIGNATED OR APPOINTED DIRECTORS.]

Except as otherwise provided in the articles or bylaws, a designated or appointed director may be removed without cause by the person designating or appointing the director. The person removing the director shall do so by giving written notice of the removal to the director and either the presiding officer of the board or the corporation's president or secretary. A removal is effective when the notice is effective unless the notice states a future effective date.

Sec. 38. [317A.227] [VACANCIES.]

(a) Unless the articles or bylaws provide otherwise, and except as provided in paragraphs (b), (c), and (d), if a vacancy occurs on the board of directors, including a vacancy resulting from an increase in the number of directors:

(1) the members with voting rights, if any, may fill the vacancy;
or

(2) the remaining members of the board, though less than a quorum, may fill the vacancy.

(b) If a vacant office was held by a director elected by a class, chapter, or other organizational unit or by region or other geographic grouping, only members of the class, chapter, unit, or grouping are entitled to vote to fill the vacancy.

(c) If a vacant office was held by an appointed director, only the person who appointed the director may fill the vacancy.

(d) If a vacant office was held by a designated director, the vacancy must be filled as provided in the articles or bylaws. The vacancy may not be filled by the board unless authorized by the articles or bylaws.

(e) A vacancy that will occur at a specific later date may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

Sec. 39. [317A.231] [BOARD MEETINGS.]

Subdivision 1. [TIME; PLACE.] Meetings of the board may be held as provided in the articles or bylaws in or out of this state. Unless the articles or bylaws provide otherwise, a meeting of the board must be held at least once per year. If the articles or bylaws or the board fail to select a place for a meeting, the meeting must be held at the registered office.

Subd. 2. [ELECTRONIC COMMUNICATIONS.] (a) A conference among directors by a means of communication through which the directors may simultaneously hear each other during the conference is a board meeting, if the same notice is given of the conference as would be required for a meeting, and if the number of directors participating in the conference is a quorum. Participation in a meeting by this means is personal presence at the meeting.

(b) A director may participate in a board meeting by any means of communication through which the director, other directors participating, and all directors physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting by this means is personal presence at the meeting.

Subd. 3. [CALLING MEETINGS; NOTICE.] (a) Unless the articles or bylaws provide otherwise, a director may call a board meeting by giving five days' notice to all directors of the date, time, and place of the meeting. The notice need not state the purpose of the meeting unless the articles or bylaws require it.

(b) If the day or date, time, and place of a board meeting have been provided in the articles or bylaws, or announced at a previous meeting of the board, notice is not required. Notice of an adjourned meeting need not be given other than by announcement at the meeting at which adjournment is taken.

Subd. 4. [WAIVER OF NOTICE.] A director may waive notice of a meeting of the board. A waiver of notice by a director entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, orally, or by attendance. Attendance by a director at a meeting is a waiver of notice of that meeting, unless the director objects at the beginning of the meeting to the transaction of

business because the meeting is not lawfully called or convened and does not participate in the meeting.

Sec. 40. [317A.235] [QUORUM.]

A majority, or a larger or smaller proportion or number provided in the articles or bylaws but not less than one-third, of the directors currently holding office is a quorum for the transaction of business. In the absence of a quorum, a majority of the directors present may adjourn a meeting from time to time until a quorum is present. If a quorum is present when a duly called or held meeting is convened, the directors present may continue to transact business until adjournment, even though the withdrawal of directors originally present leaves less than the proportion or number otherwise required for a quorum.

Sec. 41. [317A.237] [ACT OF THE BOARD.]

The board shall take action by the affirmative vote of a majority of directors present at a duly held meeting, unless this chapter or the articles or bylaws require the affirmative vote of a larger proportion or number.

Sec. 42. [317A.239] [ACTION WITHOUT MEETING.]

Subdivision 1. [METHOD.] An action required or permitted to be taken at a board meeting may be taken by written action signed by all of the directors. If the articles so provide, an action, other than an action requiring member approval, may be taken by written action signed by the number of directors that would be required to take the same action at a meeting of the board at which all directors were present.

Subd. 2. [EFFECTIVE TIME.] The written action is effective when signed by the required number of directors, unless a different effective time is provided in the written action.

Subd. 3. [NOTICE; LIABILITY.] When written action is permitted to be taken by less than all directors, all directors must be notified immediately of its text and effective date. Failure to provide the notice does not invalidate the written action. A director who does not sign or consent to the written action is not liable for the action.

Sec. 43. [317A.241] [COMMITTEES.]

Subdivision 1. [GENERALLY.] A resolution approved by the affirmative vote of a majority of the board may establish committees having the authority of the board in the management of the business of the corporation to the extent provided in the resolution.

Committees are subject at all times to the direction and control of the board.

Subd. 2. [MEMBERSHIP.] Committee members must be natural persons. Unless the articles or bylaws provide otherwise, a committee must consist of one or more persons, who need not be directors, appointed by the board.

Subd. 3. [PROCEDURE.] Sections 39 to 42 apply to committees and members of committees to the same extent as those sections apply to the board.

Subd. 4. [MINUTES.] Minutes, if any, of committee meetings must be made available upon request to members of the committee and to a director.

Subd. 5. [STANDARD OF CONDUCT.] The establishment of, delegation of authority to, and action by a committee does not alone constitute compliance by a director with the standard of conduct set forth in section 44.

Subd. 6. [COMMITTEE MEMBERS CONSIDERED DIRECTORS.] Committee members are considered to be directors for purposes of sections 44, 45, and 83.

Sec. 44. [317A.251] [STANDARD OF CONDUCT.]

Subdivision 1. [STANDARD; LIABILITY.] A director shall discharge the duties of the position of director in good faith, in a manner the director reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A person who so performs those duties is not liable by reason of being or having been a director of the corporation.

Subd. 2. [RELIANCE.] (a) A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(1) one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;

(2) counsel, public accountants, or other persons as to matters that the director reasonably believes are within the person's professional or expert competence; or

(3) a committee of the board upon which the director does not serve, duly established under section 43, as to matters within its

designated authority, if the director reasonably believes the committee to merit confidence.

(b) Paragraph (a) does not apply to a director who has actual knowledge concerning the matter in question that makes the reliance otherwise permitted by paragraph (a) unwarranted.

Subd. 3. [PRESUMPTION OF ASSENT; DISSENT.] A director who is present at a meeting of the board when an action is approved by the board is presumed to have assented to the action approved, unless the director:

(1) objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting, in which case the director is not considered to be present at the meeting for purposes of this chapter;

(2) votes against the action at the meeting; or

(3) is prohibited by section 45 from voting on the action.

Subd. 4. [NOT CONSIDERED TRUSTEE.] A director, regardless of how identified, is not considered to be a trustee with respect to the corporation or with respect to property held or administered by the corporation, including without limit, property that may be subject to restrictions imposed by the donor or transferor of the property.

Sec. 45. [317A.255] [DIRECTOR CONFLICTS OF INTEREST.]

Subdivision 1. [CONFLICT; PROCEDURE WHEN CONFLICT ARISES.] A contract or other transaction between a corporation and its director, or between its director and a related organization, or between a corporation and an organization in or of which its director is a director, officer, or legal representative or has a material financial interest, is not void or voidable because the director or the other organization are parties or because the director is present at the meeting of the members or the board or a committee at which the contract or transaction is authorized, approved, or ratified if:

(1) the contract or transaction was, and the person asserting the validity of the contract or transaction has the burden of establishing that the contract or transaction was, fair and reasonable as to the corporation when it was authorized, approved, or ratified;

(2) the material facts as to the contract or transaction and as to the director's interest are fully disclosed or known to the members and the contract or transaction is approved in good faith by two-thirds of the members entitled to vote, other than the interested director or directors, or the unanimous affirmative vote of all members, whether or not entitled to vote;

(3) the material facts as to the contract or transaction and as to the director's interest are fully disclosed or known to the board or a committee, and the board or committee authorizes, approves, or ratifies the contract or transaction in good faith by a majority of the board or committee, but the interested director may not be counted in determining the presence of a quorum and may not vote; or

(4) the contract or transaction is a merger or consolidation described in section 84.

Subd. 2. [MATERIAL FINANCIAL INTEREST.] For purposes of this section:

(1) a director does not have a material financial interest in a resolution fixing the compensation of the director or fixing the compensation of another director as a director, officer, employee, or agent of the corporation, even though the first director is also receiving compensation from the corporation; and

(2) a director has a material financial interest in an organization in which the director, or the spouse, parents, children and spouses of children, brothers and sisters or spouses of brothers and sisters of the director, have a material financial interest.

Subd. 3. [EXCEPTION.] The procedures described under subdivision 1, clauses (1) to (3), are not required if the contract or other transaction is between related organizations.

Sec. 46. [317A.257] [UNPAID DIRECTORS; LIABILITY FOR DAMAGES.]

Subdivision 1. [GENERALLY.] Except as provided in subdivision 2, a person who serves without compensation as a director, officer, trustee, member, or agent of an organization exempt from state income taxation under section 290.05, subdivision 2, or who serves without compensation as a fire chief of a nonprofit firefighting corporation or municipal volunteer fire department, or of a public corporation established by law but not considered a municipality, is not civilly liable for an act or omission by that person if the act or omission was in good faith, was within the scope of the person's responsibilities as a director, officer, trustee, member, agent, or fire chief of the organization, and did not constitute willful or reckless misconduct.

Subd. 2. [EXCEPTIONS.] (a) Subdivision 1 does not apply to:

(1) an action or proceeding brought by the attorney general for a breach of a fiduciary duty as a director;

(2) a cause of action to the extent it is based on federal law;

(3) a cause of action based on the person's express contractual obligation; or

(4) an action or proceeding based on a breach of public pension plan fiduciary responsibility.

(b) Subdivision 1 does not limit an individual's liability for physical injury to the person of another or for wrongful death that is personally and directly caused by the individual, nor the liability of a municipality arising out of the performance of firefighting or related activities.

Subd. 3. [DEFINITION.] For purposes of this section, the term "compensation" means any thing of value received for services rendered, except:

(1) reimbursement for expenses actually incurred;

(2) a per diem in an amount not more than the per diem authorized for state advisory councils and committees under section 15.059, subdivision 3; or

(3) payment by an organization of insurance premiums on behalf of a person who is or was a director, officer, trustee, member, or agent of an organization, or who, while a director, officer, trustee, member, or agent of the organization, is or was serving at the request of the organization as a director, officer, partner, trustee, employee, or agent of another organization or employee benefit plan against liability asserted against and incurred by the person in or arising from that capacity.

OFFICERS

Sec. 47. [317A.301] [OFFICERS REQUIRED.]

A corporation must have one or more natural persons exercising the functions of the offices of president and treasurer, however designated.

Sec. 48. [317A.305] [DUTIES OF REQUIRED OFFICERS.]

Subdivision 1. [PRESUMPTION; MODIFICATION.] Unless the articles, the bylaws, or a resolution adopted by the board and consistent with the articles or bylaws, provide otherwise, the president and treasurer have the duties in this section.

Subd. 2. [PRESIDENT.] The president shall:

(1) have general active management of the business of the corporation;

(2) when present, preside at meetings of the board and of the members;

(3) see that orders and resolutions of the board are carried into effect;

(4) sign and deliver in the name of the corporation deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the corporation, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the articles or bylaws or by the board to another officer or agent of the corporation;

(5) maintain records of and, when necessary, certify proceedings of the board and the members; and

(6) perform other duties prescribed by the board.

Subd. 3. [TREASURER.] The treasurer shall:

(1) keep accurate financial records for the corporation;

(2) deposit money, drafts, and checks in the name of and to the credit of the corporation in the banks and depositories designated by the board;

(3) endorse for deposit notes, checks, and drafts received by the corporation as ordered by the board, making proper vouchers for the deposit;

(4) disburse corporate funds and issue checks and drafts in the name of the corporation, as ordered by the board;

(5) upon request, provide the president and the board an account of transactions by the treasurer and of the financial condition of the corporation; and

(6) perform other duties prescribed by the board or by the president.

Sec. 49. [317A.311] [OTHER OFFICERS.]

The board may elect or appoint, in a manner set forth in the articles or bylaws or in a resolution adopted by the board, other officers or agents the board considers necessary for the operation and management of the corporation, each of whom has the powers,

rights, duties, responsibilities, and terms in office provided for in the articles or bylaws or determined by the board.

Sec. 50. [317A.315] [MULTIPLE OFFICES.]

Any number of offices or functions of those offices may be held or exercised by the same person. If a document must be signed by persons holding different offices or functions and a person holds or exercises more than one of those offices or functions, that person may sign the document in more than one capacity, but only if the document indicates each capacity in which the person signs.

Sec. 51. [317A.321] [OFFICERS CONSIDERED ELECTED.]

In the absence of an election or appointment of officers by the board, the person exercising the principal functions of the president or the treasurer is considered to have been elected to the office.

Sec. 52. [317A.331] [CONTRACT RIGHTS.]

The election or appointment of a person as an officer or agent does not, of itself, create contract rights. A corporation may enter into a contract with an officer or agent for a period if, in the board's judgment, the contract would be in the best interests of the corporation. The fact that the contract may be for a term longer than the terms of the directors who authorized or approved the contract does not make the contract void or voidable.

Sec. 53. [317A.341] [RESIGNATION; REMOVAL; VACANCIES.]

Subdivision 1. [RESIGNATION.] An officer may resign by giving written notice to the corporation. The resignation is effective without acceptance when the notice is given to the corporation, unless a later effective date is named in the notice.

Subd. 2. [REMOVAL.] An officer may be removed, with or without cause, by a resolution adopted by the board. The removal is without prejudice to contractual rights of the officer.

Subd. 3. [VACANCY.] A vacancy in an office because of death, resignation, removal, disqualification, or other cause may, or in the case of a vacancy in the office of president or treasurer must, be filled for the unexpired part of the term in the manner provided in the articles or bylaws, or as determined by the board or under section 51.

Sec. 54. [317A.351] [DELEGATION.]

Unless prohibited by the articles or bylaws or by a resolution adopted by the board, an officer may, without the approval of the

board, delegate some or all the duties and powers of an office to other persons. An officer who delegates the duties or powers of an office remains subject to the standard of conduct for an officer with respect to the discharge of the delegated duties and powers.

Sec. 55. [317A.361] [STANDARD OF CONDUCT.]

Subdivision 1. [STANDARD; LIABILITY.] An officer shall discharge the duties of an office in good faith, in a manner the officer reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A person exercising the principal functions of an office or to whom some or all of the duties and powers of an office are delegated under section 54 is considered an officer for purposes of this section and sections 80 and 83.

Subd. 2. [NOT CONSIDERED TRUSTEE.] An officer is not considered to be a trustee with respect to the corporation or with respect to property held or administered by the corporation, including without limit, property that may be subject to restrictions imposed by the donor or transferor of the property.

MEMBERS

Sec. 56. [317A.401] [MEMBERS.]

Subdivision 1. [EXISTENCE.] (a) A corporation may have one or more classes of members or may have no members. In the absence of a provision in its articles or bylaws providing for members, a corporation has no members.

(b) If a corporation has no members, an action for which there is no specific provision of this chapter applicable to a corporation without members and that would otherwise require approval of the members requires only the approval of the board.

(c) A reference in this chapter to a corporation that has no members includes a corporation in which the directors are the only members.

Subd. 2. [ADMISSION.] A corporation may admit any person as a member. The articles or bylaws may establish criteria or procedures for admission. A person may not be admitted as a member without the person's express or implied consent. For purposes of this subdivision, consent includes, but is not limited to, acceptance of membership benefits knowing that the benefits are available only to members, or taking some other affirmative action that confers membership benefits. If the articles or bylaws provide that a person who contributes to the corporation is a member, a contribution is consent.

Subd. 3. [CONSIDERATION.] Except as provided in its articles or bylaws, a corporation may admit members for no consideration or for consideration as is determined by the board.

Subd. 4. [RIGHTS.] Members are of one class unless the articles establish, or authorize the board or members to establish, more than one class. Members are entitled to vote and have equal rights and preferences in matters not otherwise provided for by the board or members, unless and to the extent that the articles or bylaws have fixed or limited the rights and preferences of members or different classes of members or provide for nonvoting members. The articles or bylaws may fix the term of membership.

Sec. 57. [317A.403] [MEMBERSHIP CERTIFICATES.]

A corporation may issue certificates showing membership in the corporation.

Sec. 58. [317A.405] [TRANSFER OF MEMBERSHIP.]

(a) Except as provided in the articles or bylaws, a member of a corporation may not transfer a membership or a right arising from it.

(b) Where transfer rights have been provided, a restriction on them is not binding with respect to a member holding a membership issued before the adoption of the restriction unless the restriction is approved by the members and the affected member.

Sec. 59. [317A.407] [LIABILITY OF MEMBERS.]

Subdivision 1. [THIRD PARTIES.] A member of a corporation is not, as such, personally liable for the acts, debts, liabilities, or obligations of the corporation.

Subd. 2. [DUES, ASSESSMENTS, OR FEES.] (a) When authority to do so is conferred by the articles or bylaws and subject to any limitations, a corporation may levy dues, assessments, or fees upon its members. The dues, assessments, or fees may be imposed upon all classes of members alike or differently upon different classes of members. Members of one or more classes may be exempted.

(b) Articles or bylaws may:

(1) fix the amount of the levy and the method of collection of dues, assessments, or fees; or

(2) authorize the directors to fix the amount from time to time and determine the methods of collection.

(c) Articles or bylaws may provide for:

(1) enforcement or collection of dues, assessments, or fees;

(2) cancellation of membership, on reasonable notice, for nonpayment of dues, assessments, or fees; or

(3) reinstatement of membership.

Sec. 60. [317A.409] [RESIGNATION.]

A member may resign at any time. The resignation of a member does not relieve the member from any obligations the member may have to the corporation for dues, assessments, or fees or charges for goods or services.

Sec. 61. [317A.411] [TERMINATION.]

Subdivision 1. [FAIR AND REASONABLE PROCEDURE REQUIRED.] A member may not be expelled or suspended, and a membership may not be terminated or suspended prior to the expiration of the member's term except pursuant to a procedure that is fair and reasonable and is carried out in good faith.

Subd. 2. [STANDARDS.] A procedure is fair and reasonable when it is fair and reasonable taking into consideration all of the relevant facts and circumstances. In addition, a procedure is fair and reasonable if it provides:

(1) not less than 15 days' prior written notice of the expulsion, suspension, or termination, and the reasons for it; and

(2) an opportunity for the member to be heard, orally or in writing, not less than five days before the effective date of the expulsion, suspension, or termination by a person authorized to decide that the proposed expulsion, termination, or suspension not take place.

Subd. 3. [TIME LIMIT TO CHALLENGE.] A proceeding challenging an expulsion, suspension, or termination, including a proceeding in which defective notice is alleged, must be begun within one year after the effective date of the expulsion, suspension, or termination.

Subd. 4. [MEMBER LIABILITY.] The expulsion, suspension, or termination of a member does not relieve the member from obligations the member may have to the corporation for dues, assessments, or fees or charges for goods or services.

Sec. 62. [317A.413] [PURCHASE OF MEMBERSHIPS.]

If authorized in its articles or bylaws, a corporation may buy the membership of a member who resigns or whose membership is terminated for the amount and pursuant to the conditions in the articles or bylaws.

Sec. 63. [317A.415] [DELEGATES.]

A corporation may provide in its articles or bylaws for delegates having some or all the authority of members. The articles or bylaws may set forth provisions relating to:

(1) the characteristics, qualifications, rights, limitations, and obligations of the delegates, including their selection and removal;

(2) calling, noticing, holding, and conducting meetings of delegates; and

(3) carrying on corporate activities during and between meetings of delegates.

Sec. 64. [317A.431] [REGULAR MEETINGS OF VOTING MEMBERS.]

Subdivision 1. [FREQUENCY.] Unless the articles or bylaws provide otherwise, a corporation with voting members shall hold a regular meeting of voting members annually.

Subd. 2. [DEMAND BY MEMBERS.] If a regular meeting of voting members has not been held during the preceding 15 months, at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, may demand a regular meeting of members by written notice of demand given to the president or the treasurer of the corporation. Within 30 days after receipt of the demand, the board shall cause a regular meeting of members to be called and held on notice no later than 90 days after receipt of the demand at the expense of the corporation. If the board fails to cause a regular meeting to be called and held as required by this subdivision, the members making the demand may call the regular meeting by giving notice as required by section 67 at the expense of the corporation.

Subd. 3. [TIME; PLACE.] A regular meeting of members must be held at the time and place stated in or fixed in accordance with the articles or bylaws. If a place is not stated or if a demand for a meeting is made under subdivision 2, the meeting must be held in the county where the corporation's registered office is located.

Subd. 4. [ELECTIONS; BUSINESS.] At a regular meeting of members:

(1) there must be an election of successors for directors elected by members who serve for an indefinite term or whose terms have expired or will expire before the next regular meeting of the members;

(2) the president and treasurer shall report on the activities and financial condition of the corporation; and

(3) the members shall consider and act upon other matters as may be raised consistent with the notice of meeting requirements.

Subd. 5. [EFFECT OF FAILURE TO HOLD MEETING.] The failure to hold a meeting in accordance with a corporation's articles or bylaws does not affect the validity of a corporate action.

Sec. 65. [317A.433] [SPECIAL MEETINGS OF VOTING MEMBERS.]

Subdivision 1. [WHO MAY CALL.] A corporation with voting members shall hold a special meeting of members:

(1) on call of its board or persons authorized to do so by the articles or bylaws; or

(2) if at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, sign, date, and deliver to the president or the treasurer one or more written demands for the meeting describing the purpose for which it is to be held.

Subd. 2. [NOTICE.] Within 30 days after receipt of a demand for a special meeting from voting members, the board shall cause a special meeting to be called and held on notice no later than 90 days after receipt of the demand at the expense of the corporation. If the board fails to cause a special meeting to be called and held as required by this subdivision, a voting member making the demand may call the meeting by giving notice under section 67 at the expense of the corporation.

Subd. 3. [TIME; PLACE.] Special meetings of members may be held in or out of this state at the place stated in or fixed in accordance with the articles, bylaws, or by the president or the board. If a special meeting is demanded by the members, the meeting must be held in the county where the corporation's registered office is located.

Subd. 4. [NOTICE REQUIREMENTS; BUSINESS LIMITED.] The notice of a special meeting must contain a statement of the purposes of the meeting. The notice may also contain other information required by the articles or bylaws or considered necessary or

desirable by the board or by another person calling the meeting. The business transacted at a special meeting is limited to the purposes stated within the notice of the meeting. Business transacted at a special meeting that is not included in those stated purposes is voidable by or on behalf of the corporation, unless all of the members with voting rights have waived notice of the meeting under section 67.

Sec. 66. [317A.434] [COURT-ORDERED MEETING OF VOTING MEMBERS.]

Subdivision 1. [WHEN AUTHORIZED.] The district court of the county where a corporation's registered office is located may order a meeting to be held:

(1) on application of at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, or of another person entitled to participate in the annual meeting, if a meeting was not held within the earlier of six months after the end of the corporation's fiscal year or 15 months after its last meeting; or

(2) on application of a voting member who signed a demand for a special meeting valid under section 65 or a person entitled to call a special meeting if:

(i) notice of the special meeting was not given within 30 days after the date the demand was delivered to a corporate officer; or

(ii) the special meeting was not held in accordance with the notice.

Subd. 2. [SCOPE OF ORDER.] The court may fix the time and place of the meeting, specify a record date for determining members entitled to notice of and to vote at the meeting, prescribe the form and content of the meeting notice, fix the quorum required for specific matters to be considered at the meeting, or direct that the votes represented at the meeting constitute a quorum for action on those matters, and enter other orders necessary to accomplish the purposes of the meeting.

Subd. 3. [COSTS AND ATTORNEYS FEES.] If the court orders a meeting, it may also order the corporation to pay the member's costs, including reasonable attorneys fees, incurred to obtain the order.

Sec. 67. [317A.435] [NOTICE REQUIREMENTS.]

Subdivision 1. [TO WHOM GIVEN.] Notice of meetings of members must be given to every voting member as of the record date determined under section 68. If the meeting is an adjourned meeting and the date, time, and place of the meeting were announced at the

time of adjournment, notice is not required unless a new record date for the adjourned meeting is or must be fixed under section 68.

Subd. 2. [WHEN GIVEN; CONTENTS.] In all cases where a specific minimum notice period has not been fixed by law, the notice must be given at least five days before the date of the meeting, or a shorter time provided in the articles or bylaws, and not more than 30 days before the date of the meeting. The notice must contain the date, time, and place of the meeting, and other information required by this chapter. If proxies are permitted at the meeting, the notice must so inform members and state the procedure for appointing proxies.

Subd. 3. [WAIVER OF NOTICE; OBJECTIONS.] A member may waive notice of a meeting of members. A waiver of notice by a member entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, orally, or by attendance. Attendance by a member at a meeting is a waiver of notice of that meeting, unless the member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

Sec. 68. [317A.437] [RECORD DATE; DETERMINING MEMBERS ENTITLED TO NOTICE AND VOTE.]

Subdivision 1. [DETERMINATION.] The board may fix a date not more than 60 days, or a shorter time period provided in the articles or bylaws, before the date of a meeting of members as the date for the determination of the members entitled to notice of and entitled to vote at the meeting. When a date is so fixed, only voting members on that date are entitled to notice of and permitted to vote at that meeting of members.

Subd. 2. [ADJOURNED MEETING.] (a) A determination of members entitled to notice and to vote at a membership meeting is effective for an adjournment of the meeting unless the board fixes a new date for determining the right to notice and to vote, which it must do if the meeting is adjourned to a date more than 60 days after the record date for determining members entitled to notice of the original meeting.

(b) If a court orders a meeting adjourned to a date more than 120 days after the date fixed for the original meeting, it may provide that the original record date for notice and voting continues in effect or it may fix a new record date for notice and voting.

Sec. 69. [317A.439] [MEMBERS' LIST FOR MEETING.]

Subdivision 1. [PREPARATION.] After fixing a record date for notice of and voting at a meeting, a corporation shall prepare an alphabetical list of the names of its members who are entitled to notice and to vote. The list must show the address and number of votes each member is entitled to vote at the meeting.

Subd. 2. [INSPECTION.] The list of members must be available for inspection by a member with voting rights for the purpose of communication with other members concerning the meeting, beginning two business days after the meeting notice is given and continuing through the meeting, at the corporation's registered office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. The list also must be available at the meeting. A member, a member's agent, or attorney is entitled on written demand to inspect and to copy the list, at a reasonable time and at the member's expense, during the period it is available for inspection and at any time during the meeting or an adjournment.

Subd. 3. [ENFORCEMENT.] If the corporation refuses to allow a member with voting rights, the member's agent, or attorney to inspect the list of members before or at the meeting, the district court of the county where a corporation's registered office is located, on application of the member, may:

- (1) order the inspection or copying at the corporation's expense;
- (2) postpone the meeting until the inspection or copying is complete; or
- (3) order the corporation to pay the member's costs, including reasonable attorneys fees, incurred to obtain the order.

Subd. 4. [EFFECT OF FAILURE TO COMPLY.] Unless a written demand to inspect and copy a membership list has been made under subdivision 2 before the membership meeting and a corporation improperly refuses to comply with the demand, refusal, or failure to comply with this section does not affect the validity of action taken at the meeting.

Subd. 5. [IMPROPER USE PROHIBITED.] A member, agent, or attorney who gains access to a membership list under this section may not use or give to another for use the membership list for any purpose other than a proper purpose. Upon application of the corporation, the district court may issue a protective order or order other relief necessary to enforce this subdivision.

Sec. 70. [317A.441] [RIGHT TO VOTE.]

Unless the articles or bylaws provide otherwise, each member

with voting rights is entitled to one vote on each matter voted on by the members. If a membership stands of record in the names of two or more persons, their acts with respect to voting have the following effect:

(1) if only one votes, the act binds all; and

(2) if more than one votes, the vote must be divided on a pro rata basis.

Sec. 71. [317A.443] [ACT OF THE MEMBERS.]

Subdivision 1. [GENERAL.] Unless this chapter or the articles or bylaws require a greater vote or voting by class, if a quorum is present, or if a quorum has been present at a meeting, the affirmative vote of the majority of the members with voting rights present and entitled to vote, which must also be a majority of the required quorum, is the act of the members. A bylaw amendment to increase or decrease the vote required for a member action must be approved by the members.

Subd. 2. [METHODS.] Unless otherwise provided in the articles or bylaws, members may take action at a meeting by voice or ballot, by unanimous action without a meeting under section 72, by written ballot under section 73, or by electronic communication under section 74.

Sec. 72. [317A.445] [UNANIMOUS ACTION WITHOUT A MEETING.]

An action required or permitted to be taken at a meeting of the members may be taken without a meeting by written action signed by all of the members entitled to vote on that action. The written action is effective when it has been signed by all of those members, unless a different effective time is provided in the written action. When this chapter requires a certificate concerning an action to be filed with the secretary of state, the officers signing the certificate must indicate that the action was taken under this section.

Sec. 73. [317A.447] [ACTION BY WRITTEN BALLOT.]

(a) Except as provided in paragraph (e) and unless prohibited or limited by the articles or bylaws, an action that may be taken at a regular or special meeting of members may be taken without a meeting if the corporation mails or delivers a written ballot to every member entitled to vote on the matter.

(b) A written ballot must:

(1) set forth each proposed action; and

(2) provide an opportunity to vote for or against each proposed action.

(c) Approval by written ballot under this section is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(d) Solicitations for votes by written ballot must:

(1) indicate the number of responses needed to meet the quorum requirements;

(2) state the percentage of approvals necessary to approve each matter other than election of directors; and

(3) specify the time by which a ballot must be received by the corporation in order to be counted.

(e) Except as otherwise provided in the articles or bylaws, a written ballot may not be revoked.

Sec. 74. [317A.449] [ACTION BY ELECTRONIC COMMUNICATION.]

(a) A conference among members by a means of communication through which the participants may simultaneously hear each other during the conference is a meeting of the members, if the same notice is given of the conference as would be required for a meeting and if the number of persons participating in the conference is a quorum. Participation in a meeting by this means is personal presence at the meeting.

(b) A member may participate in a meeting of the membership by a means of communication through which the member, other persons participating, and all persons physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting by this means is personal presence at the meeting.

Sec. 75. [317A.451] [QUORUM.]

Subdivision 1. [NUMBER REQUIRED.] Unless otherwise provided by the articles or bylaws, a quorum for a meeting of members is ten percent of the members entitled to vote at the meeting.

Subd. 2. [ACTION.] (a) Except as provided in paragraph (b), a quorum is necessary for the transaction of business at a meeting of members. If a quorum is not present, a meeting may be adjourned from time to time for that reason.

(b) If a quorum has been present at a meeting and members have withdrawn from the meeting so that less than a quorum remains, the members still present may continue to transact business until adjournment.

Sec. 76. [317A.453] [PROXIES.]

Subdivision 1. [AUTHORIZATION.] If the articles or bylaws permit proxy voting, a member may appoint a proxy to vote or otherwise act for the member by signing an appointment form either personally or by an attorney-in-fact.

Subd. 2. [EFFECTIVE PERIOD.] An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. An appointment is valid for 11 months unless a different period is expressly provided in the appointment form provided, however, that a proxy is not valid for more than three years from its date of execution.

Subd. 3. [REVOCACTION.] An appointment of a proxy is revocable by the member. Appointment of a proxy is revoked by the person appointing the proxy by:

(1) attending a meeting and voting in person; or

(2) signing and delivering to the secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a later appointment form.

Subd. 4. [DEATH.] The death or incapacity of the member appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises authority under the appointment.

Subd. 5. [ACCEPTANCE OF VOTE; LIABILITY.] (a) Subject to section 77 and an express limitation on the proxy's authority appearing on the face of the appointment form, a corporation is entitled to accept the proxy's vote or other action as that of the member making the appointment.

(b) The vote of a proxy is final, binding, and not subject to challenge, but the proxy is liable to the member for damages

resulting from a failure to exercise the proxy or from an exercise of the proxy in violation of the authority granted in the appointment.

Subd. 6. [MULTIPLE PROXIES.] Unless the appointment specifically provides otherwise, if two or more persons are appointed as proxies for a member:

(1) any one of them may vote on each item of business in accordance with specific instructions contained in the appointment; or

(2) if no specific instructions are contained in the appointment with respect to voting on a particular item of business, a majority of the proxies have the authority conferred by the instrument. If the proxies are equally divided, they share the vote equally.

Sec. 77. [317A.455] [CORPORATION'S ACCEPTANCE OF MEMBER ACT.]

Subdivision 1. [NAME OF MEMBER.] If the name signed on a vote, consent, waiver, or proxy appointment corresponds to the record name of a member, the corporation if acting in good faith may accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the member.

Subd. 2. [NAME OTHER THAN MEMBER.] Unless the articles or bylaws provide otherwise, if the name signed on a vote, consent, waiver, or proxy appointment does not correspond to the record name of a member, the corporation if acting in good faith may accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the member if:

(1) the member is an entity and the name signed purports to be that of an officer or agent of the entity;

(2) the name signed purports to be that of an administrator, guardian, or conservator representing the member and, if the corporation requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, or proxy appointment;

(3) the name signed purports to be that of a receiver or trustee in bankruptcy of the member, and, if the corporation requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver, or proxy appointment;

(4) the name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the member and if the corporation requests, evidence acceptable to the corporation of the signatory's

authority to sign for the member has been presented with respect to the vote, consent, waiver, or proxy appointment; or

(5) two or more persons hold the membership as cotenants or fiduciaries and the name signed purports to be the name of at least one of the coholders and the person signing appears to be acting on behalf of all the coholders.

Subd. 3. [REJECTION OF VOTE.] The corporation may reject a vote, consent, waiver, or proxy appointment if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the member.

Subd. 4. [LIABILITY.] The corporation or its officer or agent who accepts or rejects a vote, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this section is not liable in damages to the member for the consequences of the acceptance or rejection.

Subd. 5. [VALIDITY OF CORPORATE ACTION.] Corporate action based on the acceptance or rejection of a vote, consent, waiver, or proxy appointment under this section is valid unless a court of competent jurisdiction determines otherwise.

Sec. 78. [317A.457] [VOTING AGREEMENTS.]

(a) To the extent permitted in the articles or bylaws, two or more members may provide for how they will vote by signing an agreement for that purpose. An agreement may be valid for a period of up to ten years. The agreement must have a reasonable purpose consistent with the corporation's purposes.

(b) A voting agreement created under this section is specifically enforceable.

(c) A voting agreement is not effective until it is filed with the corporation.

Sec. 79. [317A.461] [BOOKS AND RECORDS; FINANCIAL STATEMENT.]

Subdivision 1. [ARTICLES AND BYLAWS; MINUTES.] A corporation shall keep at its registered office correct and complete copies of its articles and bylaws, accounting records, and minutes of meetings of members, board of directors, and committees having any of the authority of the board of directors.

Subd. 2. [INSPECTION.] A member, or the agent or attorney of a

member, may inspect all books and records and voting agreements for any proper purpose at any reasonable time.

Subd. 3. [FINANCIAL STATEMENT.] Upon request, a corporation shall give the member a statement showing the financial result of all operations and transactions affecting income and surplus during its last annual accounting period and a balance sheet containing a summary of its assets and liabilities as of the closing date of the accounting period.

Sec. 80. [317A.467] [EQUITABLE REMEDIES.]

If a corporation or an officer or director of the corporation violates this chapter, a court in this state, in an action brought by at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, or by the attorney general, may grant equitable relief it considers just and reasonable in the circumstances and award expenses, including attorney fees and disbursements, to the members.

LOANS; OBLIGATIONS

Sec. 81. [317A.501] [LOANS; GUARANTEES; SURETYSHIP.]

Subdivision 1. [PREREQUISITES.] A corporation may lend money to, guarantee or pledge its assets as security for an obligation of, become a surety for, or otherwise financially assist a person, if the transaction, or a class of transactions to which the transaction belongs, is approved by the board and:

(1) is in the usual and regular course of activities of the corporation;

(2) is with, or for the benefit of, a related organization, an organization in which the corporation has a financial interest, a person with whom the corporation has a relationship in the course of its activities, or an organization to which the corporation has the power to make donations;

(3) is with, or for the benefit of, an officer, director, or employee of the corporation or a related organization, and is authorized under subdivision 2; or

(4) subject to subdivision 2, has been approved by two-thirds of the members with voting rights or, if there are no members with voting rights, by two-thirds of the board.

Subd. 2. [LIMITATION ON LOANS AND GUARANTEES FOR OFFICERS, DIRECTORS, AND EMPLOYEES.] A corporation may

not lend money to or guarantee the obligation of a director, officer, or employee of the corporation or a related organization, or of the spouse, parents, children and spouses of children, brothers and sisters or spouses of brothers and sisters of the director, officer, or employee, unless the loan or guarantee may reasonably be expected, in the judgment of the board, to benefit the corporation. If a loan or guarantee is made in violation of this subdivision, the borrower's liability on the loan is not affected. The officers and directors who make a loan in violation of this subdivision or assent to it are jointly and severally liable for its repayment. This subdivision does not prohibit an advance of money for expenses authorized by section 82.

Subd. 3. [INTEREST; SECURITY.] A loan, guaranty, surety contract, or other financial assistance under subdivision 1 or 2 may be with or without interest and may be unsecured or secured.

Subd. 4. [BANKING AUTHORITY NOT GRANTED.] This section does not grant authority to act as a bank or to carry on the business of banking.

Sec. 82. [317A.505] [ADVANCES.]

A corporation may, without a vote of the directors, advance money to its directors, officers, employees, or agents to cover expenses that can reasonably be anticipated to be incurred by them in the performance of their duties and for which they would be entitled to reimbursement in the absence of an advance.

Sec. 83. [317A.521] [INDEMNIFICATION.]

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

(b) "Corporation" includes a domestic or foreign corporation that was the predecessor of the corporation referred to in this section in a merger, consolidation, or other transaction in which the predecessor's existence ended upon completion of the transaction.

(c) "Official capacity" means:

(1) with respect to a director, the position of director in a corporation;

(2) with respect to a person other than a director, the elective or appointive office or position held by an officer, member of a committee of the board, or the employment relationship undertaken by an employee of the corporation; and

(3) with respect to a director, officer, or employee of the corporation who, while a director, officer, or employee of the corporation, is

or was serving at the request of the corporation or whose duties in that position involve or involved service as a director, officer, partner, trustee, employee, or agent of another organization or employee benefit plan, the position of that person as a director, officer, partner, trustee, employee, or agent, as the case may be, of the other organization or employee benefit plan.

(d) "Proceeding" means a threatened, pending, or completed civil, criminal, administrative, arbitration, or investigative proceeding, including a proceeding by or in the right of the corporation.

(e) "Special legal counsel" means counsel who has not represented the corporation or a related organization, or a director, officer, member of a committee of the board, or employee whose indemnification is in issue.

Subd. 2. [INDEMNIFICATION MANDATORY; STANDARD.] (a) Subject to subdivision 4, a corporation shall indemnify a person made or threatened to be made a party to a proceeding by reason of the former or present official capacity of the person against judgments, penalties, fines, including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorneys fees and disbursements, incurred by the person in connection with the proceeding, if, with respect to the acts or omissions of the person complained of in the proceeding, the person:

(1) has not been indemnified by another organization or employee benefit plan for the same liability described in the preceding paragraph with respect to the same acts or omissions;

(2) acted in good faith;

(3) received no improper personal benefit and section 46, if applicable, has been satisfied;

(4) in the case of a criminal proceeding, did not have reasonable cause to believe the conduct was unlawful; and

(5) in the case of acts or omissions occurring in the official capacity described in subdivision 1, paragraph (c), clause (1) or (2), reasonably believed that the conduct was in the best interests of the corporation, or in the case of acts or omissions occurring in the official capacity described in subdivision 1, paragraph (c), clause (3), reasonably believed that the conduct was not opposed to the best interests of the corporation. If the person's acts or omissions complained of in the proceeding relate to conduct as a director, officer, trustee, employee, or agent of an employee benefit plan, the conduct is not considered to be opposed to the best interests of the corporation if the person reasonably believed that the conduct was in the

best interests of the participants or beneficiaries of the employee benefit plan.

(b) The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent does not, of itself, establish that the person did not meet the criteria in this subdivision.

Subd. 3. [ADVANCES.] Subject to subdivision 4, if a person is made or threatened to be made a party to a proceeding, the person is entitled, upon written request to the corporation, to payment or reimbursement by the corporation of reasonable expenses, including attorneys fees and disbursements, incurred by the person in advance of the final disposition of the proceeding:

(1) upon receipt by the corporation of a written affirmation by the person of a good faith belief that the criteria for indemnification in subdivision 2 have been satisfied and a written undertaking by the person to repay the amounts paid or reimbursed by the corporation, if it is determined that the criteria for indemnification have not been satisfied; and

(2) after a determination that the facts then known to those making the determination would not preclude indemnification under this section.

The written undertaking required by clause (1) is an unlimited general obligation of the person making it, but need not be secured and must be accepted without reference to financial ability to make the repayment.

Subd. 4. [PROHIBITION OR LIMIT ON INDEMNIFICATION OR ADVANCES.] The articles or bylaws may prohibit indemnification or advances of expenses required by this section or may impose conditions on indemnification or advances of expenses in addition to the conditions contained in subdivisions 2 and 3 including, without limitation, monetary limits on indemnification or advances of expenses, if the conditions apply equally to all persons or to all persons within a given class. A prohibition or limit on indemnification or advances may not apply to or affect the right of a person to indemnification or advances of expenses with respect to acts or omissions of the person occurring before the effective date of a provision in the articles or the date of adoption of a provision in the bylaws establishing the prohibition or limit on indemnification or advances.

Subd. 5. [REIMBURSEMENT TO WITNESSES.] This section does not require, or limit the ability of, a corporation to reimburse expenses, including attorneys fees and disbursements, incurred by a person in connection with an appearance as a witness in a proceed-

ing at a time when the person has not been made or threatened to be made a party to a proceeding.

Subd. 6. [DETERMINATION OF ELIGIBILITY.] (a) Determinations as to whether indemnification of a person is required because the criteria set forth in subdivision 2 have been satisfied and whether a person is entitled to payment or reimbursement of expenses in advance of the final disposition of a proceeding under subdivision 3 must be made:

(1) by the board by a majority of a quorum; directors who are at the time parties to the proceeding are not counted for determining a majority or the presence of a quorum;

(2) if a quorum under clause (1) cannot be obtained, by a majority of a committee of the board, consisting solely of two or more directors not at the time parties to the proceeding, duly designated to act in the matter by a majority of the full board including directors who are parties;

(3) if a determination is not made under clause (1) or (2), by special legal counsel, selected either by a majority of the board or a committee by vote under clause (1) or (2) or, if the requisite quorum of the full board cannot be obtained and the committee cannot be established, by a majority of the full board including directors who are parties;

(4) if a determination is not made under clauses (1) to (3), by the members with voting rights, other than members who are parties to the proceeding; or

(5) if an adverse determination is made under clauses (1) to (4) or under paragraph (b), or if no determination is made under clauses (1) to (4) or under paragraph (b) within 60 days after the termination of a proceeding or after a request for an advance of expenses, by a court in this state, which may be the court in which the proceeding involving the person's liability took place, upon application of the person and notice the court requires.

(b) With respect to a person who is not, and was not at the time of the acts or omissions complained of in the proceedings, a director, officer, or person having, directly or indirectly, the power to direct or cause the direction of the management or policies of the corporation, the determination whether indemnification of this person is required because the criteria in subdivision 2 have been satisfied and whether this person is entitled to payment or reimbursement of expenses in advance of the final disposition of a proceeding under subdivision 3 may be made by an annually appointed committee of the board, having at least one member who is a director. The committee shall report at least annually to the board concerning its actions.

Subd. 7. [INSURANCE.] A corporation may buy and maintain insurance on behalf of a person in that person's official capacity against liability asserted against and incurred by the person in or arising from that capacity, whether or not the corporation would have been required to indemnify the person against the liability under this section.

Subd. 8. [DISCLOSURE.] A corporation with members with voting rights that indemnifies or advances expenses to a person under this section in connection with a proceeding by or on behalf of the corporation shall report to the members in writing the amount of the indemnification or advance and to whom and on whose behalf it was paid not later than the next meeting of members.

Subd. 9. [INDEMNIFICATION OF OTHER PERSONS.] This section does not limit the power of a corporation to indemnify other persons.

MERGER; CONSOLIDATION; TRANSFER

Sec. 84. [317A.601] [MERGER, CONSOLIDATION, OR TRANSFER.]

Subdivision 1. [MERGER OR CONSOLIDATION.] Two or more corporations may merge or consolidate, resulting in a single corporation subject to this chapter. A merger or consolidation must be made as provided in sections 85 to 91.

Subd. 2. [TRANSFER.] A corporation may sell, lease, transfer, or dispose of all or substantially all of its property and assets under section 92.

Subd. 3. [NOTICE TO ATTORNEY GENERAL.] If applicable, a corporation shall comply with section 118 before it may merge or consolidate or transfer all or substantially all of its assets.

Sec. 85. [317A.611] [PLAN OF MERGER OR CONSOLIDATION.]

A plan of merger or consolidation must contain:

(1) the names of the corporations proposing to merge or consolidate;

(2) the name of the surviving or new corporation;

(3) the terms and conditions of the proposed merger or consolidation;

(4) in the case of a merger, the manner and basis of converting the memberships of the constituent corporations into memberships of the surviving corporation or of any other corporation;

(5) in the case of a merger, a statement of amendments to the articles of the surviving corporation proposed as part of the merger;

(6) in the case of a consolidation, the provisions required by section 10 to be set out in the articles of the new corporation; and

(7) other provisions with respect to the proposed merger or consolidation that are considered necessary or desirable.

Sec. 86. [317A.613] [PLAN APPROVAL.]

Subdivision 1. [APPROVAL REQUIRED.] A plan of merger or consolidation must be approved and adopted by each constituent corporation as provided in this section.

Subd. 2. [APPROVAL BY BOARD AND MEMBERS WITH VOTING RIGHTS.] When a constituent corporation has members with voting rights, the board of directors of the corporation shall adopt a resolution by a majority vote of all directors approving a proposed plan of merger or consolidation and directing that the plan be submitted to a vote at a meeting of the members with voting rights. Notice of the meeting must be given, accompanied by a copy or summary of the proposed plan. Unless the articles or bylaws require a greater vote, the plan of merger or consolidation is adopted upon receiving the affirmative vote of a majority of the members who vote upon the proposed plan.

Subd. 3. [APPROVAL BY BOARD.] When a constituent corporation does not have members with voting rights, and unless the articles or bylaws require a greater vote, a plan of merger or consolidation is adopted at a meeting of the board of directors of the corporation upon receiving the affirmative votes of a majority of all directors. Notice of the meeting must be given accompanied by a copy of the proposed plan of merger or consolidation.

Sec. 87. [317A.615] [ARTICLES OF MERGER OR CONSOLIDATION; CERTIFICATE.]

Subdivision 1. [CONTENTS OF ARTICLES.] Upon receiving the approval required by section 86 and after compliance with section 118, if applicable, articles of merger or consolidation must be prepared that contain:

(1) the plan of merger or consolidation;

(2) a statement that the plan has been approved by each corporation under this chapter; and

(3) if applicable, a statement that the notice to the attorney general required by section 118 has been given and the waiting period has expired or has been waived by the attorney general.

Subd. 2. [ARTICLES SIGNED, FILED.] The articles of merger or consolidation must be signed on behalf of each constituent corporation and filed with the secretary of state.

Subd. 3. [CERTIFICATE.] The secretary of state shall issue a certificate of merger to the surviving corporation or a certificate of consolidation and incorporation to the new corporation.

Sec. 88. [317A.631] [ABANDONMENT.]

Subdivision 1. [BY MEMBERS OR BOARD OF EACH CORPORATION; UNDER TERMS OF PLAN.] After a plan of merger or consolidation has been approved by each constituent corporation under section 86 and before the effective date of the plan, it may be abandoned:

(1) if each constituent corporation has approved the abandonment at a meeting by a majority of the members with voting rights voting on the issue, or if the corporation does not have voting members, by a majority of all directors; or

(2) if the plan itself provides for abandonment and the conditions for abandonment in the plan are met.

Subd. 2. [BY BOARD OF ONE CORPORATION.] A plan of merger or consolidation may be abandoned after it has been approved by each constituent corporation and before the effective date of the plan, by a resolution approved by a majority of all directors of the constituent corporation abandoning the plan of merger or consolidation, subject to the contract rights of any other person under the plan.

Subd. 3. [FILING OF ARTICLES.] If articles of merger or consolidation have been filed with the secretary of state, but have not yet become effective, the constituent corporations, in the case of abandonment under subdivision 1, clause (1), the constituent corporations or any one of them, in the case of abandonment under subdivision 1, clause (2), or the abandoning corporation in the case of abandonment under subdivision 2, shall file with the secretary of state articles of abandonment that contain:

(1) the names of the constituent corporations;

(2) the provision of this section under which the plan is abandoned; and

(3) if the plan is abandoned under subdivision 2, the text of the resolution approved by the directors abandoning the plan.

Sec. 89. [317A.641] [EFFECTIVE DATE OF MERGER OR CONSOLIDATION; EFFECT.]

Subdivision 1. [EFFECTIVE DATE.] A merger or consolidation is effective when the articles of merger or consolidation are filed with the secretary of state or on a later date named in the articles.

Subd. 2. [EFFECT ON CORPORATION; GENERAL.] When a merger or consolidation becomes effective:

(1) the constituent corporations become a single corporation, which in case of merger is a surviving corporation, or in case of consolidation is a new corporation;

(2) subject to clause (3) and section 90, the separate existence of the constituent corporations except the surviving corporation ends;

(3) when the agreement of merger or consolidation expressly provides for the continuance of the corporate existence of a constituent corporation and expressly declares the purpose for the continuance, the corporate existence of the constituent corporation continues in the single corporation for the purpose declared in the agreement;

(4) the single corporation has the rights, privileges, immunities, and powers, and is subject to the duties and liabilities, of a corporation formed under this chapter;

(5) the single corporation has the rights, privileges, immunities, powers, and franchises, public and private, of each constituent corporation;

(6) all real or personal property, debts, including debts arising from a subscription for membership, and interests belonging to each constituent corporation are transferred to the single corporation without further act or deed;

(7) interest in real estate possessed by a constituent corporation does not revert to the grantor, or otherwise, nor is it in any way impaired by reason of the merger or consolidation; and the personal property of a constituent corporation does not revert by reason of the merger or consolidation;

(8) except where the will or other instrument provides otherwise, and subject to section 93, a devise, bequest, gift, or grant contained in a will or other instrument, in trust or otherwise, made before or after the merger or consolidation has become effective, to or for any of the constituent corporations, inures to the single corporation;

(9) debts, liabilities, and obligations of each constituent corporation become the debts, liabilities, and obligations of the single corporation, just as if the debts, liabilities, and obligations had been incurred or contracted by the single corporation;

(10) existing claims or a pending action or proceeding by or against a constituent corporation may be prosecuted to judgment as though the merger or consolidation had not been effected, or the single corporation may be substituted for the constituent corporation;

(11) the liabilities of the members, officers, directors, or similar groups or persons, however denominated, of a constituent corporation are not affected by the merger or consolidation of a constituent corporation;

(12) the rights of creditors or liens upon the property of a constituent corporation are not impaired by the merger or consolidation, but the liens are limited to the property upon which they were liens immediately before the merger or consolidation;

(13) the articles of the surviving corporation are considered to be amended to the extent that changes in its articles are contained in a plan of merger; and

(14) in the case of a consolidation, the plan of consolidation constitutes the articles of incorporation of the new corporation.

Subd. 3. [EFFECT ON FIDUCIARY CAPACITY.] (a) For purposes of this subdivision, "fiduciary capacity" means the capacities of trustee, executor, administrator, personal representative, guardian, conservator, receiver, escrow agent, agent for the investment of money, attorney-in-fact, or a similar capacity.

(b) Except where the will, declaration of trust, or other instrument provides otherwise, the single corporation is, without further act or deed, the successor of the constituent corporations in fiduciary capacities in which a constituent corporation was acting at the time of the merger or consolidation and is liable to the beneficiaries as fully as if the constituent corporation had continued its separate corporate existence.

(c) If a constituent corporation is nominated and appointed, or has been nominated and appointed, in a fiduciary capacity in a will,

declaration of trust, or other instrument, order, or judgment before or after the merger or consolidation, then even if the will or other instrument, order, or judgment does not become operative or effective until after the merger or consolidation becomes effective, every fiduciary capacity and the rights, powers, privileges, duties, discretions, and responsibilities provided for in the nomination or appointment fully vest in and are to be exercised by the single corporation, whether there are one or more successive mergers or consolidations.

Sec. 90. [317A.643] [CONTINUANCE OF CORPORATE AUTHORITY.]

When an act or instrument is considered necessary or appropriate to evidence the vesting of property or other rights in the single corporation, the persons with authority to do so under the articles or bylaws of each constituent corporation shall do the act or execute and deliver the instrument and for this purpose, the existence of the constituent corporations and the authority of those persons is continued.

Sec. 91. [317A.651] [MERGER OR CONSOLIDATION WITH FOREIGN CORPORATION.]

Subdivision 1. [WHEN PERMITTED.] A corporation may merge or consolidate with a foreign corporation by following the procedures set forth in this section, if the merger or consolidation is permitted by the laws of the state under which the foreign corporation is incorporated.

Subd. 2. [LAWS APPLICABLE BEFORE TRANSACTION.] Each corporation shall comply with sections 84 to 90 with respect to the merger or consolidation of corporations and each foreign corporation shall comply with the laws under which it was incorporated or by which it is governed.

Subd. 3. [SURVIVING CORPORATION.] If the single corporation will be incorporated under this chapter, it shall comply with this chapter.

Subd. 4. [FOREIGN SURVIVING CORPORATION.] If the single corporation will be a foreign corporation and will transact business in this state, it shall comply with the provisions of chapter 303 with respect to foreign corporations. In every case the single corporation shall file with the secretary of state:

(1) an agreement that it may be served with process in this state in a proceeding for the enforcement of an obligation of a constituent corporation; and

(2) an irrevocable appointment of the secretary of state as its

agent to accept service of process in any proceeding and an address to which process may be forwarded.

Sec. 92. [317A.661] [TRANSFER OF ASSETS; WHEN PERMITTED.]

Subdivision 1. [MEMBER APPROVAL; WHEN NOT REQUIRED.] Unless otherwise provided in its articles or bylaws, a corporation, by affirmative vote of the board of directors, may sell, lease, transfer, or dispose of all or substantially all of its property and assets in the usual and regular course of its activities and, subject to section 81, subdivision 1, grant a security interest in all or substantially all of its property and assets whether or not in the usual and regular course of its activities, upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board considers expedient, in which case no member approval is required.

Subd. 2. [VOTING MEMBER APPROVAL; WHEN REQUIRED.] A corporation, by affirmative vote of the board of directors, may sell, lease, transfer, or dispose of all or substantially all of its property and assets, including its good will, not in the usual and regular course of its activities, upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board considers expedient, when approved at a regular or special meeting of the members by the affirmative vote of the majority of the members with voting rights. If there are no members with voting rights, member approval is not required. Notice of the meeting must be given to the members with voting rights. The notice must state that a purpose of the meeting is to consider the sale, lease, transfer, or other disposition of all or substantially all of the property and assets of the corporation.

Subd. 3. [NOTICE TO ATTORNEY GENERAL.] If applicable, a corporation shall comply with section 118 before transferring all or substantially all of its assets under this section.

Subd. 4. [SIGNING OF DOCUMENTS.] Confirmatory deeds, assignments, or similar instruments to evidence a sale, lease, transfer, or other disposition may be signed and delivered at any time in the name of the transferor by its current officers or, if the corporation no longer exists, by its last officers.

Subd. 5. [TRANSFEREE LIABILITY.] The transferee is liable for the debts, obligations, and liabilities of the transferor only to the extent provided in the contract or agreement between the transferee and the transferor or to the extent provided by this chapter or other statutes of this state.

Sec. 93. [317A.671] [CERTAIN ASSETS NOT TO BE DIVERTED.]

Except as provided in section 501.12, when a corporation dissolves, merges or consolidates, transfers its assets, or grants a mortgage or other security interest in its assets, assets of the corporation or a constituent corporation, and assets subsequently received by a single corporation after a merger or consolidation, may not be diverted from the uses and purposes for which the assets have been received and held, or from the uses and purposes expressed or intended by the original donor.

DISSOLUTION

Sec. 94. [317A.701] [METHODS OF DISSOLUTION.]

(a) Subject to section 118, a corporation may be dissolved:

(1) by the incorporators under section 95;

(2) by the board and members with voting rights under sections 96 to 103; or

(3) by order of a court under sections 105 to 111.

(b) A corporation also may be dissolved by the secretary of state under section 123.

Sec. 95. [317A.711] [VOLUNTARY DISSOLUTION BY INCORPORATORS.]

Subdivision 1. [MANNER.] If the first board of directors has not been named in the articles, designated or appointed pursuant to the articles, or elected under section 25, a corporation may be dissolved by the incorporators as provided in this section.

Subd. 2. [ARTICLES OF DISSOLUTION.] (a) A majority of the incorporators shall sign articles of dissolution containing:

(1) the name of the corporation;

(2) the date of incorporation;

(3) a statement that the first board of directors has not been named in the articles, designated or appointed pursuant to the articles, or elected at an organizational meeting;

(4) a statement that no debts remain unpaid; and

(5) if applicable, a statement that notice to the attorney general required by section 118 has been given and the waiting period has expired or has been waived by the attorney general.

(b) The articles of dissolution must be filed with the secretary of state.

Subd. 3. [EFFECTIVE DATE.] When the articles of dissolution have been filed with the secretary of state, the corporation is dissolved.

Subd. 4. [CERTIFICATE.] The secretary of state shall issue to the dissolved corporation a certificate of dissolution that contains:

(1) the name of the corporation;

(2) the date and time the articles of dissolution were filed with the secretary of state; and

(3) a statement that the corporation is dissolved.

Sec. 96. [317A.721] [VOLUNTARY DISSOLUTION BY BOARD AND MEMBERS WITH VOTING RIGHTS.]

Subdivision 1. [MANNER.] A corporation may be dissolved by the board and members with voting rights as provided in this section.

Subd. 2. [APPROVAL BY BOARD; PLAN OF DISSOLUTION.] The board shall adopt a resolution proposing dissolution of the corporation by the affirmative vote of a majority of all directors. The resolution must include a plan of dissolution that states to whom the assets owned or held by the corporation will be distributed after creditors are paid. The plan must comply with the requirements of section 104. If the board will have discretion in distributing assets, the plan must state that the assets will be distributed to persons the board subsequently identifies. If there are members with voting rights, the resolution and plan of dissolution must be submitted to the members under subdivision 3.

Subd. 3. [APPROVAL BY MEMBERS WITH VOTING RIGHTS.] (a) Written notice must be given to each member with voting rights, within the time and in the manner provided in section 67 for notice of meetings of members and, whether the meeting is a regular or a special meeting, must state that a purpose of the meeting is to consider dissolving the corporation.

(b) The proposed dissolution must be submitted for approval at a meeting of members. If the proposed dissolution is approved by the members, the dissolution must be started.

Sec. 97. [317A.723] [FILING NOTICE OF INTENT TO DISSOLVE; EFFECT.]

Subdivision 1. [CONTENTS.] If dissolution of the corporation is approved under section 96, the corporation shall file with the secretary of state a notice of intent to dissolve. The notice must contain:

(1) the name of the corporation;

(2) the date and place of the meeting at which the resolution was approved by the board under section 96, subdivision 2, and by the members under section 96, subdivision 3, if applicable; and

(3) a statement that the requisite approval of the directors and members was received.

If applicable, the corporation also shall notify the attorney general under section 118.

Subd. 2. [WINDING UP.] When the notice of intent to dissolve has been filed with the secretary of state and subject to section 102, the corporation may not carry on its activities, except to the extent necessary for the winding up of the corporation. The board and members with voting rights have the right to revoke the dissolution proceedings under section 102 and the members with voting rights have the right to remove directors or fill vacancies on the board. The corporate existence continues to the extent necessary to wind up the affairs of the corporation until the dissolution proceedings are revoked or articles of dissolution are filed with the secretary of state.

Subd. 3. [REMEDIES CONTINUED.] The filing with the secretary of state of a notice of intent to dissolve does not affect a remedy in favor of the corporation or a remedy against it or its directors, officers, or members in those capacities, except as provided in section 113.

Sec. 98. [317A.725] [PROCEDURE IN DISSOLUTION.]

Subdivision 1. [COLLECTION; PAYMENT.] When a notice of intent to dissolve has been filed with the secretary of state, the board, or the officers acting under the direction of the board, shall proceed as soon as possible:

(1) to collect or make provision for the collection of debts due or owing to the corporation; and

(2) to pay or make provision for the payment of debts, obligations, and liabilities of the corporation according to their priorities.

Subd. 2. [TRANSFER OF ASSETS.] Notwithstanding section 92, when a notice of intent to dissolve has been filed with the secretary of state, the directors may sell, lease, transfer, or otherwise dispose of all or substantially all of the property and assets of a dissolving corporation without a vote of the members, subject to sections 93 and 118.

Subd. 3. [DISTRIBUTION OF ASSETS.] Tangible or intangible property, including money, remaining after the discharge of the debts, obligations, and liabilities of the corporation must be distributed under section 104.

Sec. 99. [317A.727] [NOTICE TO CREDITORS AND CLAIMANTS.]

Subdivision 1. [WHEN PERMITTED; HOW GIVEN.] When a notice of intent to dissolve has been filed with the secretary of state and the attorney general, if applicable, the corporation may give notice of the filing to each creditor of and claimant against the corporation known or unknown, present or future, and contingent or noncontingent. If notice to creditors and claimants is given, it must be given by publishing the notice once each week for four successive weeks in a legal newspaper in the county where the registered office of the corporation is located and by giving written notice to known creditors and claimants under section 2, subdivision 14.

Subd. 2. [CONTENTS.] The notice to creditors and claimants must contain:

- (1) a statement that the corporation is in the process of dissolving;
- (2) a statement that the corporation has filed a notice of intent to dissolve with the secretary of state;
- (3) the date of filing the notice of intent to dissolve;
- (4) the address of the office to which written claims against the corporation must be presented; and
- (5) the date by which the claims must be received, which is the later of 90 days after published notice or, with respect to a particular known creditor or claimant, 90 days after the date on which written notice is given to that creditor or claimant. Published notice is considered given on the date of first publication for determining this date.

Sec. 100. [317A.729] [CLAIMS IN DISSOLUTION.]

If the corporation gives notice to creditors and claimants under section 99:

(1) the corporation has 30 days from the receipt of each claim filed according to the procedures set forth by the corporation on or before the date set forth in the notice to accept or reject the claim by giving written notice to the person submitting it, a claim not expressly rejected in this manner is considered accepted; and

(2) a creditor or claimant to whom notice is given and whose claim is rejected by the corporation has 60 days from the date of rejection, or 180 days from the date the corporation filed the notice of intent to dissolve with the secretary of state, or 90 days after the date on which notice was given to the creditor or claimant, whichever is longer, to pursue other remedies with respect to the claim.

Sec. 101. [317A.730] [STATUTE OF LIMITATIONS.]

Subdivision 1. [CORPORATIONS THAT GIVE NOTICE.] If the corporation gives notice to creditors and claimants under section 99:

(1) the claim of a creditor or claimant to whom notice is given who fails to file a claim according to the procedures set forth by the corporation on or before the date set forth in the notice is subject to section 113; and

(2) the claim of a creditor or claimant that is rejected by the corporation under section 100 is subject to section 113 if the creditor or claimant does not begin legal, administrative, or arbitration proceedings with respect to the claim during the period set forth in section 100, clause 2.

Subd. 2. [OTHER CORPORATIONS.] If the corporation does not give notice to creditors and claimants under section 99, the claim of a creditor or claimant who does not begin legal, administrative, or arbitration proceedings concerning the claim within two years after the date of filing the notice of intent to dissolve is subject to section 113.

Sec. 102. [317A.731] [REVOCAION OF DISSOLUTION PROCEEDINGS.]

Subdivision 1. [GENERALLY.] Dissolution proceedings begun under section 96 may be revoked before the articles of dissolution are filed as provided in this section.

Subd. 2. [REVOCAION BY BOARD.] The board may adopt a resolution revoking the proposed dissolution by the affirmative vote of a majority of all directors. If there are members with voting rights, the resolution must be submitted to the members under subdivision 3.

Subd. 3. [APPROVAL BY MEMBERS WITH VOTING RIGHTS.]

Written notice must be given to the members with voting rights within the time and in the manner provided in section 67 for notice of meetings of members and must state that a purpose of the meeting is to consider the advisability of revoking the dissolution proceedings. The proposed revocation must be submitted to the members at the meeting. If the proposed revocation is approved by the members with voting rights, the dissolution proceedings are revoked.

Subd. 4. [EFFECTIVE DATE; EFFECT.] Revocation of dissolution proceedings is effective when a notice of revocation is filed with the secretary of state. After the notice is filed, the corporation may resume business. If notice to the attorney general has been given under section 118, the notice of revocation also must be given to the attorney general on or before the time that it is filed with the secretary of state.

Sec. 103. [317A.733] [ARTICLES OF DISSOLUTION; CERTIFICATE OF DISSOLUTION; EFFECT.]

Subdivision 1. [ARTICLES; WHEN FILED.] Articles of dissolution for a corporation dissolving under section 96 must be filed with the secretary of state after compliance with section 118, if applicable, and:

(1) the payment of claims of known creditors and claimants has been made or provided for;

(2) if the corporation has given notice to creditors and claimants in the manner provided in section 99: (i) the 90-day period in section 99, subdivision 2, clause (4), has expired and the payment of claims of the creditors and claimants filing a claim within that period has been made or provided for; or (ii) the longer of the periods described in section 100, clause (2), has expired; or, in all other cases;

(3) the two-year period described in section 101 has expired.

Subd. 2. [CONTENTS OF ARTICLES.] The articles of dissolution must state:

(a)(1) whether notice has been given to the creditors and claimants of the corporation in the manner provided in section 99 and, if notice has been given, the last date on which the notice was given and: (i) that the payment of the creditors and claimants filing a claim within the 90-day period set forth in section 99, subdivision 2, clause (4), has been made or provided for; or (ii) the date on which the longer of the periods described in section 100, clause (2), expired; or

(2) if notice was not given and articles of dissolution are being

filed under subdivision 1, clause (1), that the debts, obligations, and liabilities of the corporation have been paid and discharged or that adequate provisions have been made for them;

(b) that the remaining assets of the corporation have been distributed under section 104 or that adequate provision has been made for the distribution;

(c) that there are no pending legal, administrative, or arbitration proceedings by or against the corporation, or that adequate provision has been made for the satisfaction of a judgment, order, or decree that may be entered against it in a pending proceeding; and

(d) if applicable, that notice to the attorney general required by section 118 has been given and the waiting period has expired or has been waived by the attorney general.

Subd. 3. [EFFECTIVE DATE.] When the articles of dissolution have been filed with the secretary of state, the corporation is dissolved.

Subd. 4. [CERTIFICATE.] The secretary of state shall issue to the dissolved corporation a certificate of dissolution that contains:

(1) the name of the corporation;

(2) the date and time the articles of dissolution were filed with the secretary of state; and

(3) a statement that the corporation is dissolved.

Sec. 104. [317A.735] [DISTRIBUTION OF ASSETS.]

Subdivision 1. [GENERAL.] In performing their duties under section 98, the board, or the officers acting under the direction of the board, shall distribute the assets of the corporation in the following order of priority:

(1) distribution of assets held under a special condition or limit under subdivision 2;

(2) payment of costs and expenses of the dissolution proceedings, including attorney fees and disbursements;

(3) payment of debts, obligations, and liabilities of the corporation;

(4) distribution of assets pursuant to articles or bylaws of the dissolving corporation or the rules or canons of another organization under subdivision 3; and

(5) distribution of remaining assets under subdivision 4.

Subd. 2. [SPECIAL CONDITIONS.] Assets held by the corporation upon condition or subject to an executory or special limitation, if the condition or limitation occurs by reason of the dissolution of the corporation, must revert, be returned, transferred, or conveyed in accordance with the condition or limitation.

Subd. 3. [ARTICLES, BYLAWS, OR ANOTHER ORGANIZATION.] Where the articles or bylaws of the dissolving corporation, or the rules or canons of another organization by which the dissolving corporation is bound, provide for a particular distribution of the assets of the dissolving corporation, the assets must be distributed accordingly.

Subd. 4. [REMAINDER.] The distribution of assets held for or devoted to a charitable or public use or purpose is subject to section 501.12.

Sec. 105. [317A.741] [SUPERVISED VOLUNTARY DISSOLUTION.]

After the notice of intent to dissolve has been filed with the secretary of state and before a certificate of dissolution has been issued, the corporation, the attorney general, or, for good cause, a creditor or at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, may apply to a court within the county in which the registered office of the corporation is located to have the dissolution conducted or continued under the supervision of the court under sections 106 to 111.

Sec. 106. [317A.751] [JUDICIAL INTERVENTION; EQUITABLE REMEDIES OR DISSOLUTION.]

Subdivision 1. [GENERAL; WHEN PERMITTED.] A court may grant equitable relief it considers just and reasonable in the circumstances or may dissolve a corporation and liquidate its assets and business as provided in this section.

Subd. 2. [SUPERVISED VOLUNTARY DISSOLUTION.] A court may grant equitable relief in a supervised voluntary dissolution under section 105.

Subd. 3. [ACTION BY MEMBERS WITH VOTING RIGHTS.] A court may grant equitable relief in an action by at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, when it is established that:

(1) the directors or the persons having the authority otherwise vested in the board are deadlocked in the management of the

corporate affairs, the members cannot break the deadlock, and the corporation or the parties have not provided for a procedure to resolve the dispute;

(2) the directors or those in control of the corporation have acted fraudulently, illegally, or in a manner unfairly prejudicial toward one or more members in their capacities as members, directors, or officers;

(3) the members of the corporation are so divided in voting power that, for a period that includes the time when two consecutive regular meetings were held, they have failed to elect successors to directors whose terms have expired or would have expired upon the election and qualification of their successors;

(4) the corporate assets are being misapplied or wasted; or

(5) the period of duration as provided in the articles has expired and has not been extended as provided in section 116.

Subd. 4. [ACTION BY CREDITOR.] A court may grant equitable relief in an action by a creditor when:

(1) the claim of the creditor has been reduced to judgment and an execution on it has been returned unsatisfied; or

(2) the corporation has admitted in writing that the claim of the creditor is due and owing and it is established that the corporation cannot pay its debts in the ordinary course of its activities.

Subd. 5. [ACTION BY ATTORNEY GENERAL.] A court may grant equitable relief in an action by the attorney general when it is established that:

(1) the articles and certificate of incorporation were obtained through fraud;

(2) the corporation should not have been formed under this chapter;

(3) the corporation failed to comply with the requirements of sections 3 to 21 essential to incorporation under or election to become governed by this chapter;

(4) the corporation has flagrantly violated a provision of this chapter, has violated a provision of this chapter more than once, or has violated more than one provision of this chapter;

(5) the corporation has engaged in an unauthorized act, contract, conveyance, or transfer or has exceeded its powers;

(6) the corporation has acted, or failed to act, in a manner that constitutes surrender or abandonment of the corporate purpose, franchise, privileges, or enterprise;

(7) the corporation has liabilities and obligations exceeding the corporate assets;

(8) the period of corporate existence has ended without extension;

(9) the corporation has failed for a period of 90 days to pay fees, charges, or penalties required by this chapter;

(10) the corporation has failed for a period of 30 days after changing its registered office to file with the secretary of state a statement of the change;

(11) the corporation has answered falsely or failed to answer a reasonable written interrogatory from the secretary of state, the attorney general, the commissioner of human services, commissioner of commerce, or commissioner of revenue, to the corporation, its officers, or directors;

(12) the corporation has solicited property and has failed to use it for the purpose solicited; or

(13) the corporation has fraudulently used or solicited property.

Subd. 6. [CONDITION OF CORPORATION.] In determining whether to order equitable relief or dissolution under this section, the court shall consider the financial condition of the corporation but may not refuse to order equitable relief or dissolution solely on the ground that the corporation is solvent.

Subd. 7. [DISSOLUTION AS REMEDY.] In deciding whether to order dissolution, the court shall consider whether lesser relief suggested by one or more parties, such as any form of equitable relief or a partial liquidation, would be adequate to permanently relieve the circumstances established under subdivision 3, 4, or 5. Lesser relief may be ordered if it would be appropriate under the facts and circumstances of the case.

Subd. 8. [EXPENSES.] If the court finds that a party to a proceeding brought under this section has acted arbitrarily, vexatiously, or otherwise not in good faith, it may award reasonable expenses, including attorneys fees and disbursements, to any of the other parties.

Subd. 9. [VENUE; PARTIES.] Proceedings under this section must be brought in a court within the county in which the registered office of the corporation is located. It is not necessary to make

members parties to the action or proceeding unless relief is sought against them personally.

Sec. 107. [317A.753] [PROCEDURE IN INVOLUNTARY OR SUPERVISED VOLUNTARY DISSOLUTION.]

Subdivision 1. [ACTION BEFORE HEARING.] In dissolution proceedings the court may issue injunctions, appoint receivers with powers and duties the court directs, take other actions required to preserve the corporate assets wherever located, and carry on the business of the corporation until a full hearing can be held.

Subd. 2. [NOTICE TO ATTORNEY GENERAL; INTERVENTION.] When a proceeding involving a corporation described in section 118, subdivision 1, is begun, the court shall order that a copy of the petition be served on the attorney general. In all proceedings under this section, the attorney general has a right to participate as a party.

Subd. 3. [ACTION AFTER HEARING.] After a full hearing has been held, upon whatever notice the court directs to be given to the parties to the proceedings and to other parties in interest designated by the court, the court may appoint a receiver to collect the corporate assets. A receiver has authority, subject to the order of the court, to continue the business of the corporation and to sell, lease, transfer, or otherwise dispose of all or any of the assets of the corporation at a public or private sale.

Subd. 4. [DISCHARGE OF OBLIGATIONS.] The assets of the corporation or the proceeds resulting from a sale, lease, transfer, or other disposition must be applied in the following order of priority to the payment and discharge of:

(1) the costs and expenses of the dissolution proceedings, including attorneys fees and disbursements;

(2) debts, taxes, and assessments due the United States, the state of Minnesota and their subdivisions, and other states and their subdivisions, in that order;

(3) claims duly proved and allowed to employees under the workers' compensation act, provided that claims under this clause are not allowed if the corporation carried workers' compensation insurance, as provided by law, at the time the injury was sustained;

(4) claims, including the value of compensation paid in a medium other than money, duly proved and allowed to employees for services performed within three months preceding the appointment of the receiver, if any; and

(5) other claims duly proved and allowed.

Subd. 5. [REMAINDER.] After payment of the expenses of receivership and claims of creditors duly proved, the remaining assets, if any, must be distributed as provided in section 104.

Sec. 108. [317A.755] [QUALIFICATIONS OF RECEIVERS; POWERS.]

Subdivision 1. [QUALIFICATIONS.] A receiver must be a natural person or a domestic corporation or a foreign corporation authorized to transact business in this state. A receiver shall give bond as directed by the court with the sureties required by the court.

Subd. 2. [POWERS.] A receiver may sue and defend in courts as receiver of the corporation. The court appointing the receiver has exclusive jurisdiction of the corporation and its property.

Sec. 109. [317A.759] [FILING CLAIMS IN PROCEEDINGS TO DISSOLVE.]

Subdivision 1. [FILING MAY BE REQUIRED.] In a proceeding under section 106 to dissolve a corporation, the court may require creditors and claimants of the corporation to file their claims under oath with the court administrator or with the receiver in a form prescribed by the court.

Subd. 2. [DATE; CLAIMS BARRED.] If the court requires the filing of claims, it shall fix a date, which may not be less than 120 days from the date of the order, as the last day for the filing of claims, and shall prescribe the notice of the fixed date that must be given to creditors and claimants. Before the fixed date, the court may extend the time for filing claims. Creditors and claimants failing to file claims on or before the fixed date may be barred, by order of court, from claiming an interest in or receiving payment out of the assets of the corporation.

Sec. 110. [317A.763] [DECREE OF DISSOLUTION.]

Subdivision 1. [PROCEDURE; WHEN ENTERED.] In an involuntary or supervised voluntary dissolution, the court shall provide for the discharge of obligations and the distribution of the assets as set forth in section 107, subdivision 4, and shall enter a decree dissolving the corporation.

Subd. 2. [EFFECTIVE DATE.] When the decree dissolving the corporation has been entered, the corporation is dissolved.

Sec. 111. [317A.765] [FILING DECREE.]

After the court enters a decree dissolving a corporation, the court administrator shall cause a certified copy of the decree to be filed with the secretary of state. The secretary of state may not charge a fee for filing the decree.

Sec. 112. [317A.771] [DEPOSIT WITH STATE TREASURER OF AMOUNT DUE CERTAIN PERSONS.]

Upon dissolution of a corporation, the part of the assets distributable to a person who is unknown or cannot be found, or who is under disability, if there is no person legally competent to receive it, must be reduced to money and deposited with the state treasurer. The amount deposited is appropriated to the state treasurer and must be paid over to the person, upon proof satisfactory to the state treasurer of a right to payment.

Sec. 113. [317A.781] [CLAIMS BARRED; EXCEPTIONS.]

Subdivision 1. [CLAIMS BARRED.] A person who is or becomes a creditor or claimant at any time before, during, or following the conclusion of dissolution proceedings, who does not file a claim or pursue a remedy in a legal, administrative, or arbitration proceeding within the time provided in section 101, 105, 106, or 109, or has not begun a legal, administrative, or arbitration proceeding before the beginning of the dissolution proceedings, and a person claiming through or under the creditor or claimant, is barred from suing on that claim or otherwise realizing upon or enforcing it, except as provided in this section.

Subd. 2. [CLAIMS REOPENED.] Within one year after articles of dissolution have been filed with the secretary of state under section 103, subdivision 1, clause (1) or (2), or a decree of dissolution has been entered, a creditor or claimant who shows good cause for not having previously filed the claim may apply to a court in this state to allow a claim against the corporation to the extent of undistributed assets.

Subd. 3. [CLAIMS PERMITTED.] Debts, obligations, and liabilities incurred during dissolution proceedings must be paid or provided for by the corporation before the distribution of assets under section 104. A person to whom this kind of debt, obligation, or liability is owed but not paid may pursue any remedy against the officers or directors of the corporation before the expiration of the applicable statute of limitations. This subdivision does not apply to dissolution under the supervision or order of a court.

Sec. 114. [317A.783] [RIGHT TO SUE OR DEFEND AFTER DISSOLUTION.]

After a corporation has been dissolved, its former officers, direc-

tors, or members with voting rights may assert or defend, in the name of the corporation, a claim by or against the corporation.

Sec. 115. [317A.791] [OMITTED ASSETS.]

Title to assets remaining after payment of the debts, obligations, or liabilities and after distributions may be transferred by a court in this state.

EXTENSION

Sec. 116. [317A.801] [EXTENSION AFTER DURATION EXPIRED.]

Subdivision 1. [EXTENSION BY AMENDMENT.] A corporation whose period of duration provided in the articles has expired and that has continued to operate despite that expiration may reinstate its articles and extend the period of corporate duration, including making the duration perpetual, after the date of expiration by filing an amendment to the articles as set forth in this section.

Subd. 2. [CONTENTS OF AMENDMENT.] An amendment to the articles must be approved by the board of directors and must include:

(1) the date the period of duration expired under the articles;

(2) a statement that the period of duration will be perpetual or, if a shorter period is to be provided, the date to which the period of duration is extended; and

(3) a statement that the corporation has been in continuous operation since before the date of expiration of its original period of duration.

Subd. 3. [APPROVAL BY MEMBERS WITH VOTING RIGHTS.] If the corporation has members with voting rights, the amendment to the articles must be presented, after notice, to a meeting of those members. The amendment is adopted when approved by the members with voting rights under section 17.

Subd. 4. [FILING.] Articles of amendment conforming to section 10 must be filed with the secretary of state.

Sec. 117. [317A.805] [EFFECT OF EXTENSION.]

Filing with the secretary of state of articles of amendment extending the period of duration of a corporation:

(1) relates back to the date of expiration of the original period of duration of the corporation as provided in the articles;

(2) validates contracts or other acts within the authority of the articles, and the corporation is liable for those contracts or acts; and

(3) restores to the corporation the assets and rights of the corporation to the extent they were held by the corporation before expiration of its original period of duration, except those sold or otherwise distributed after that time.

ATTORNEY GENERAL

Sec. 118. [317A.811] [NOTICE TO ATTORNEY GENERAL; WAITING PERIOD.]

Subdivision 1. [WHEN REQUIRED.] Except as provided in subdivision 6, the following corporations shall notify the attorney general of their intent to dissolve, merge, or consolidate, or to transfer all or substantially all of their assets:

(1) a corporation that holds assets for a public or charitable purpose; or

(2) a corporation that is recognized as exempt under section 501(c)(3) of the Internal Revenue Code of 1986, or any successor section.

The notice must include the plan of dissolution, merger or consolidation, or, in the case of a transfer of assets under section 92, a list of the persons to whom the assets will be transferred and the terms and conditions of the transfer.

Subd. 2. [RESTRICTION ON TRANSFERS.] Subject to subdivision 3, a corporation described in subdivision 1 may not transfer or convey assets as part of a dissolution, merger or consolidation, or transfer of assets under section 92 until 45 days after it has given written notice to the attorney general, unless the attorney general waives all or part of the waiting period.

Subd. 3. [EXTENSION OF WAITING PERIOD.] The attorney general may extend the waiting period under subdivision 2 for one additional 30-day period by notifying the corporation in writing of the extension. The attorney general shall notify the secretary of state if the waiting period is extended.

Subd. 4. [NOTICE AFTER TRANSFER.] When all or substantially all of the assets of a corporation described in subdivision 1 have been transferred or conveyed following approval by the attor-

ney general, the board shall deliver to the attorney general a list of persons to whom the assets were transferred or conveyed. The list must include the addresses of each person who received assets and show what assets the person received.

Subd. 5. [EFFECT.] Failure of the attorney general to take an action with respect to a transaction under this section does not constitute approval of the transaction and does not prevent the attorney general from taking other action.

Subd. 6. [EXCEPTION.] Subdivisions 1 to 4 do not apply to a merger with, consolidation into, or transfer of assets to a corporation described in subdivision 1, clause (2), or to a transfer of assets to an organization recognized as exempt under section 501(c)(3) of the Internal Revenue Code of 1986, or any successor section. A corporation that is exempt under this subdivision shall send a copy of the certificate of merger or certificate of consolidation and incorporation to the attorney general.

Sec. 119. [317A.813] [REMEDIAL POWERS OF ATTORNEY GENERAL.]

The attorney general has the powers in sections 8.31, 501.78, and 501.79 to supervise and investigate corporations under this chapter and to bring proceedings to secure compliance.

CORPORATE REGISTRATION

Sec. 120. [317A.821] [INITIAL CORPORATE REGISTRATION WITH SECRETARY OF STATE.]

Subdivision 1. [NOTICE FROM SECRETARY OF STATE; REGISTRATION REQUIRED.] (a) Before February 1, 1990, the secretary of state shall mail a corporate registration form by first-class mail to each corporation at its last registered office address listed in the records of the secretary of state. The form must include the exact legal corporate name and registered office address currently on file with the secretary of state.

(b) A corporation that is subject to chapter 317 shall file an initial corporate registration with the secretary of state between January 1, 1990, and December 31, 1990. The registration must include the exact legal corporate name and registered office address of the corporation and must be signed by an authorized person. If the current registered office address listed in the records of the secretary of state is not in compliance with section 2, subdivision 2, or if the corporation has changed its registered office address to an address other than that listed with the secretary of state, the corporation shall list a new registered office address that complies with section 2, subdivision 2, on the registration form. A fee of \$ must be

paid for filing the registered office address change. The new registered office address must have been approved by the board.

Subd. 2. [LOSS OF GOOD STANDING; CORPORATE NAME.] A corporation that does not file the initial corporate registration required under subdivision 1 with the secretary of state on or before December 31, 1990, loses its good standing. To regain its good standing, the corporation must file the initial corporate registration. If a corporation loses its good standing under this subdivision, its corporate name or a deceptively similar name may be registered after January 1, 1992, by another person before the corporation regains its good standing. If the name or a deceptively similar name has been registered by another person, the corporation may not file its initial corporate registration and regain its good standing unless it obtains the consent of the other person as provided in section 12, subdivision 2, or adopts a new corporate name that complies with section 12.

Subd. 3. [DISSOLUTION; EXTENSION.] If a corporation fails to regain its good standing under subdivision 2 on or before December 31, 2000, the corporation is dissolved under section 123. After December 31, 2000, the corporate existence of a corporation dissolved under this subdivision may be extended by filing the initial corporate registration with the secretary of state and payment of a \$1,000 fee. The extension relates back to December 31, 2000.

Subd. 4. [IMMEDIATE DISSOLUTION.] As part of the initial registration process under this section, a corporation may elect to dissolve immediately if the corporation has assets valued at \$1,000 or less. The corporation must state that it wishes to be dissolved on the initial registration form and must state that it has assets valued at \$1,000 or less and that any assets will be disposed of in accordance with section 104. Section 118 does not apply to dissolutions under this subdivision.

Sec. 121. [317A.823] [ANNUAL CORPORATE REGISTRATION.]

Subdivision 1. [NOTICE FROM SECRETARY OF STATE; REGISTRATION REQUIRED.] (a) Before February 1 of each year, the secretary of state shall mail a corporate registration form by first-class mail to each corporation that incorporated or filed a corporate registration during either of the previous two calendar years at its last registered office address listed on the records of the secretary of state. The form must include the exact legal corporate name and registered office address currently on file with the secretary of state.

(b) A corporation shall file a corporate registration with the secretary of state once each calendar year. The registration must include the exact legal corporate name and registered office address of the corporation and must be signed by an authorized person. If the

corporation has changed its registered office address to an address other than that listed on the records of the secretary of state, the corporation shall list the new registered office address on the registration form. A fee of \$ must be paid for filing the registered office address change. The new address must comply with section 2, subdivision 2, and must have been approved by the board.

Subd. 2. [LOSS OF GOOD STANDING; CORPORATE NAME.] A corporation that files an initial corporate registration under section 120 or that is incorporated on or after January 1, 1990, and that does not file a corporate registration during a calendar year loses its good standing after December 31 of that year. To regain its good standing, the corporation must file the annual corporate registration and pay a \$25 fee. If a corporation loses its good standing under this subdivision, its corporate name or a deceptively similar name may be registered by another person before the corporation regains its good standing. If the name or a deceptively similar name has been registered by another person, the corporation may not file its corporate registration and regain its good standing unless it obtains the consent of the other person as provided in section 12, subdivision 2, or adopts a new corporate name that complies with section 12.

Subd. 3. [NOTICE; DISSOLUTION.] If a corporation fails to file a report required under this section for two consecutive calendar years, the secretary of state shall give notice to the corporation by first-class mail at its registered office that it has violated this section and is subject to dissolution under section 123 if the delinquent registrations are not filed with a \$ fee within 60 days after the mailing of the notice. A corporation that fails to file the delinquent annual registrations within the 60 days is dissolved under section 123.

Sec. 122. [317A.825] [ACCEPTANCE OF REGISTRATION BY SECRETARY OF STATE.]

The secretary of state may accept a registration under section 120 or 121 if the information on the registration is in substantial compliance with these sections, even if the information on the registration is not identical to equivalent information in the records of the secretary of state.

Sec. 123. [317A.827] [ADMINISTRATIVE DISSOLUTION.]

Subdivision 1. [PROCEDURE.] If a corporation requests dissolution as part of the initial registration under section 120, if it fails to file the initial registration by December 31, 2000, or if it fails to file the delinquent registrations before expiration of the 60-day period in section 121, subdivision 3, the secretary of state shall immediately issue a certificate of dissolution and file a copy in the office of the secretary of state. If the corporation is dissolved for failure to file a registration, the secretary of state shall issue a certificate of

involuntary dissolution. The secretary of state shall send the original certificate and a notice that the corporation has been dissolved to the registered office of the corporation. The secretary of state shall annually inform the attorney general of the names of corporations dissolved under this section during the previous year and indicate whether the dissolution was voluntary or involuntary. A corporation dissolved under this section is not entitled to the benefits of section 113, subdivision 1.

Subd. 2. [ATTORNEY GENERAL POWERS CONTINUED.] A corporation dissolved under this section continues for three years after the dissolution date for the sole purpose of supervision, investigation, and other actions by the attorney general under sections 8.31, 501.78, and 501.79.

ACTIONS AGAINST CORPORATIONS

Sec. 124. [317A.901] [SERVICE OF PROCESS ON CORPORATION.]

Subdivision 1. [WHO MAY BE SERVED.] A process, notice, or demand required or permitted by law to be served upon a corporation may be served upon the registered agent, if any, of the corporation named in the articles, upon an officer of the corporation, or upon the secretary of state as provided in this section.

Subd. 2. [SERVICE ON SECRETARY OF STATE; WHEN PERMITTED.] If a corporation has appointed and maintained a registered agent in this state but its registered agent or an officer of the corporation cannot be found at the registered office, or if a corporation fails to appoint or maintain a registered agent in this state and an officer of the corporation cannot be found at the registered office, then the secretary of state is the agent of the corporation upon whom the process, notice, or demand may be served. The return of the sheriff, or the affidavit of a person not a party, that no registered agent or officer can be found at the registered office in a county is conclusive evidence that the corporation has no registered agent or officer at its registered office. Service on the secretary of state of a process, notice, or demand is personal service upon the corporation and must be made by filing with the secretary of state duplicate copies of the process, notice, or demand. The secretary of state shall immediately forward, by certified mail, addressed to the corporation at its registered office, a copy of the process, notice, or demand. Service on the secretary of state is returnable in not less than 30 days notwithstanding a shorter period named in the process, notice, or demand.

Subd. 3. [RECORD OF SERVICE.] The secretary of state shall maintain at its office a record of processes, notices, and demands

served upon the secretary of state under this section, including the date and time of service and the action taken with reference to it.

Subd. 4. [OTHER METHODS OF SERVICE.] This section does not limit the right of a person to serve a process, notice, or demand required or permitted by law to be served upon a corporation in another manner permitted by law.

Sec. 125. [317A.903] [STATE INTERESTED; PROCEEDINGS.]

If it appears at any stage of a proceeding in a court in this state that the state is, or is likely to be, interested in the proceeding, or that it is a matter of general public interest, the court shall order that a copy of the complaint or petition be served upon the attorney general in the manner prescribed for serving a summons in a civil action. The attorney general shall intervene in a proceeding when the attorney general determines that the public interest requires it, whether or not the attorney general has been served.

SPECIAL PROVISIONS

Sec. 126. [317A.905] [CHAMBERS OF COMMERCE, BOARDS OF TRADE, EXCHANGES.]

Subdivision 1. [SPECIAL PURPOSES:] A corporation may be formed under this chapter to:

- (1) acquire and disseminate useful business information;
- (2) promote equitable principles of trade; or
- (3) establish, maintain, and enforce uniformity in the commercial usages, business transactions, and trade relations in the municipality in which it is located.

Subd. 2. [ARBITRATION OF DIFFERENCES.] A corporation, formed for a purpose in subdivision 1, may, through its articles or bylaws, arbitrate and adjust differences between:

- (1) the corporation and its members;
- (2) the members; or
- (3) a member and a third person who has given written consent.

The corporation may take testimony, make awards, and enforce an award by a fine or by a forfeiture of the membership of a person or of the person's other rights or privileges.

Subd. 3. [PUBLIC MARKETS.] A corporation that is a chamber of commerce, board of trade, or exchange, and that maintains or operates a regular place of business or trading room for members only, in which the members buy, sell, or exchange grain, livestock, or other farm products for themselves or for others, is a public market.

Subd. 4. [ASSOCIATION OR CORPORATION DEFINED.] As used in subdivisions 5 and 6, the words "association or corporation" include a cooperative corporation or association authorized to do business in this state.

Subd. 5. [MEMBERSHIP IN PUBLIC MARKET.] Membership in a public market is open to a person, association, or corporation:

(1) having a method of business operation or plan of organization that does not conflict with a reasonable rule of the public market; and

(2) desiring to deal or trade in the commodities usually dealt in on the public market.

Application for membership must be made in the manner provided in the articles or bylaws of the public market.

Subd. 6. [RULES AND BYLAWS OF PUBLIC MARKETS.] A public market may make reasonable rules, regulations, and bylaws, including provisions for membership fees and uniform reasonable assessments. A rule, regulation, or bylaw of a public market is unreasonable when it modifies a provision in the articles, constitution, or bylaws of an association or corporation, governing the distribution of profits to the shareholders or members of the association or corporation. Members of a public market shall comply with reasonable rules, regulations, and bylaws established by the market.

Subd. 7. [MONOPOLY IN RESTRAINT OF TRADE.] A public market is a monopoly in restraint of trade when it:

(1) wrongfully or unreasonably refuses to admit or delays the admission of an applicant for membership;

(2) discriminates, or causes another to discriminate, among members; or

(3) violates this section.

Subd. 8. [PROSECUTION BY ATTORNEY GENERAL.] When a public market is a monopoly in restraint of trade under subdivision 7, trading or dealing in it is prohibited, and the attorney general

shall bring an action to terminate the existence of the corporation under section 106, or sue to enjoin further operation of the market or further violations of this chapter.

Sec. 127. [317A.907] [CORPORATIONS TO SECURE OR MAINTAIN HOMES FOR DEPENDENT CHILDREN.]

Subdivision 1. [PURPOSES.] A corporation may be formed for the following purposes:

(1) securing homes for orphaned, homeless, abandoned, neglected, or mistreated children; or

(2) establishing and maintaining homes for those children.

Subd. 2. [CERTIFICATE OF TRUSTWORTHINESS.] When it files its articles with the secretary of state, the corporation shall file an accompanying certificate of the commissioner of human services declaring that the corporation has complied with applicable rules of the commissioner of human services governing the operation of child caring agencies or child caring institutions and is reputable and trustworthy.

Subd. 3. [COMPLY WITH RULES; OPEN BOOKS TO PUBLIC INSPECTION.] A corporation formed under subdivision 1 shall:

(1) comply with rules established by the commissioner of human services to govern its operation; and

(2) maintain the financial records of the corporation open to public inspection.

Subd. 4. [VISITORIAL POWERS OF COURT.] Upon its own motion, or upon application, a court of equity has visitorial powers over the corporation, its affairs, and officers.

Subd. 5. [LEGAL GUARDIAN.] If the commissioner of human services currently certifies that a corporation formed for the purpose set out in subdivision 1, clause (1), is a licensed child caring agency complying with the rules established by the commissioner of human services to govern its operation, the corporation has the power to become the guardian of a child in the manner prescribed for securing the guardianship of children in need of protection or services under chapter 260.

Subd. 6. [EXPENSE REIMBURSEMENT.] (a) An organization, association, or society licensed by the commissioner of human services may receive payment for expenses related to adoption services in an amount that fairly reflects the agency's reasonable and necessary expenses of:

(1) adoptive counseling, whether or not legal adoption is completed;

(2) provision of services to children before adoptive placement; or

(3) the supervision of children in the home until legal adoption is completed.

Only that part of the expenses may be requested that the person seeking to adopt is financially able to meet. No person may be barred from receiving a child for adoption because of inability to pay part of the expenses referred to in this subdivision. In addition to other reports as may be required, a licensed agency shall file annually with the commissioner of human services a full accounting of expense reimbursement received under this subdivision, together with the record of the services given for which the reimbursement was made. If the person returns the child to the corporation, the person may not receive compensation for the care, clothing, or medical expenses of the child. This paragraph does not preclude voluntary contributions by an individual or organization. A pledge by an adoption applicant to make a voluntary contribution is voidable at the option of the person pledging.

(b) No organization, association, or society is eligible to receive an expense reimbursement from a person who takes a child into the person's home or who adopts a child during the first 12 months that the organization, association, or society is licensed by the commissioner of human services.

Subd. 7. [EXEMPTION OF PROPERTY FROM TAXATION.] A corporation formed for one or both of the purposes set out in subdivision 1 and personal and real property owned by it are exempt from taxation.

Sec. 128. [317A.909] [CORPORATIONS FOR RELIGIOUS PURPOSES.]

Subdivision 1. [BENEFITS FOR MEMBERS.] When authorized by its members or otherwise, a corporation formed for a religious purpose may provide directly or through a church benefits board for:

(1) support and payment of benefits to its ministers, teachers, employees, or functionaries and to the ministers, teachers, employees, or functionaries of a nonprofit organization affiliated with it or under its jurisdiction;

(2) payment of benefits to the surviving spouses, children, dependents, or other beneficiaries of the persons named in clause (1);

(3) collection of contributions and other payments; or

(4) creation, maintenance, investment, management, and disbursement of necessary endowment, reserve, and other funds for these purposes, including a trust fund or corporation that funds a "church plan" as defined in section 414(e) of the Internal Revenue Code of 1986, as amended through December 31, 1988.

Subd. 2. [INSURANCE LAWS NOT APPLICABLE.] The insurance laws of this state do not apply to the operations of a corporation under subdivision 1.

Subd. 3. [PROPERTY EXEMPT FROM TAXATION.] Except for property leased or used for profit, personal and real property that a religious corporation necessarily uses for a religious purpose is exempt from taxation.

Subd. 4. [PEACE OFFICER POWERS.] The governing board of a religious corporation may appoint peace officers to keep order on its grounds. The peace officers shall be paid by the corporation. When on duty, these officers have the authority of constables.

Subd. 5. [CHURCH BENEFITS BOARD.] A "church benefits board" is an organization described in section 414(e)(3)(A) of the Internal Revenue Code of 1986, as amended through December 31, 1988, whether a civil law corporation or otherwise, the principal purpose or function of which is the administration or funding of a plan or program for the provision of retirement benefits or welfare benefits for the employees of a church or a convention or association of churches, if the organization is controlled by or associated with a church or a convention or association of churches.

MISCELLANEOUS SECTIONS

Sec. 129. Minnesota Statutes 1988, section 8.31, subdivision 1, is amended to read:

Subdivision 1. [INVESTIGATE OFFENSES AGAINST THE PROVISIONS OF CERTAIN DESIGNATED SECTIONS; ASSIST IN ENFORCEMENT.] The attorney general shall investigate violations of the law of this state respecting unfair, discriminatory, and other unlawful practices in business, commerce, or trade, and specifically, but not exclusively, the nonprofit corporation act (sections 1 to 128), the act against unfair discrimination and competition (sections 325D.01 to 325D.08), the unlawful trade practices act (sections 325D.09 to 325D.16), the antitrust act (sections 325D.49 to 325D.66), section 325F.67 and other laws against false or fraudulent advertising, the antidiscrimination acts contained in section 325D.67, the act against monopolization of food products (section 325D.68), and the prevention of consumer fraud act (sections 325F.68 to 325F.70) and assist in the enforcement of those laws as in this section provided.

Sec. 130. Minnesota Statutes 1988, section 79A.09, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The self-insurers' security fund is established as a nonprofit corporation pursuant to the Minnesota nonprofit corporation act, sections ~~317.01 to 317.69~~ 1 to 128. If any provision of the Minnesota nonprofit corporation act conflicts with any provision of this chapter, the provisions of this chapter apply. Each private self-insurer who is self-insured on July 1, 1988, or who becomes self-insured thereafter, shall participate as a member in the security fund. This participation shall be a condition of maintaining its certificate to self-insure.

Sec. 131. Minnesota Statutes 1988, section 257.03, is amended to read:

257.03 [NOTICE TO COMMISSIONER OF HUMAN SERVICES.]

Any person receiving a child in the person's home with intent to adopt the child or keep the child permanently, except a person receiving a child from an authorized agency, must notify the commissioner of human services in writing within 30 days after the child is received. Notice shall state the true name of the child; the child's last previous address; the name and address of the child's parents or legal guardian and of persons with whom the child last resided; and the names and addresses of persons who placed the child in the home, arranged for, or assisted with arrangements for the child's placement there; and such other facts about the child or the home as the commissioner may require. It is the duty of the commissioner or a designated agent to investigate the circumstances surrounding the child's entry into the home and to take appropriate action to assure for the child, the biological parents, and the foster parents the full protection of all laws of Minnesota relating to custody and foster care of children. Except as provided by section ~~317.65~~ 127, no person shall solicit, receive, or accept any payment, promise of payment, or compensation, for placing a child in foster care or for assisting to place a child in foster care. Nor shall any person pay or promise to pay or in any way compensate any person, for placing or for assisting to place a child in foster care.

Sec. 132. Minnesota Statutes 1988, section 309.67, is amended to read:

309.67 [STANDARD OF CONDUCT.]

In the administration of the powers to appropriate appreciation, to make and retain investments, and to delegate investment management of institutional funds, members of a governing board shall exercise ordinary business care and prudence under the facts and circumstances prevailing at the time of the action or decision discharge their duties in the manner provided in section 44. In so

doing they shall consider long and short term needs of the institution in carrying out its educational, religious, charitable, or other eleemosynary purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

Sec. 133. Minnesota Statutes 1988, section 319A.20, is amended to read:

319A.20 [SUSPENSION OR REVOCATION.]

The corporate charter of a professional corporation or the certificate of authority of a foreign professional corporation may be suspended or revoked pursuant to section 301.57, 302A.757, or ~~317.62~~ 106 for the reasons enumerated therein or for failure to comply with the provisions of sections 319A.01 to 319A.22 or the rules of any board. A board through the attorney general may institute such suspension or revocation proceedings.

Sec. 134. Minnesota Statutes 1988, section 354A.021, subdivision 2, is amended to read:

Subd. 2. [ORGANIZATION.] Each teachers retirement fund association shall be organized and governed pursuant to this chapter and chapter ~~317~~ 317A, except that ~~no association shall be required to amend its articles of incorporation or bylaws to conform with section 317.08, subdivision 2, clause (3), and that each association shall be deemed to be a nonprofit corporation without coming within the application of definition in section 317.02, subdivision 5 2, subdivision 7.~~ Any corporate action of any teachers retirement fund association taken prior to April 9, 1976 shall be deemed to be valid if it conformed with Minnesota Statutes 1976, chapter 317 or 354A, or Revised Laws 1905, chapter 58, as amended through April 9, 1976.

Sec. 135. Minnesota Statutes 1988, section 469.144, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] Any county or combination of counties by resolution of the county board or boards may establish a rural development financing authority as a public nonprofit corporation. An authority has the powers and duties conferred and imposed on a private nonprofit corporation by chapter ~~317~~ 317A, except as otherwise or additionally provided herein. No such authority shall transact any business or exercise any powers until a certified copy of the resolutions of each participating county board has been submitted to the secretary of state and a certificate of incorporation issued pursuant to section ~~317.10~~ 21. Each resolution shall include all of the provisions required by section ~~317.08, subdivision 2 10,~~ subdivision 1. Alternatively, a county may determine by resolution of the county board to exercise the powers

granted in this chapter to a rural development finance authority; no filing is required.

Sec. 136. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the phrase "chapter 317" to "chapter 317A" wherever it appears in Minnesota Statutes.

Sec. 137. [APPROPRIATION.]

(a) \$ is appropriated from the general fund to the secretary of state to carry out the additional duties imposed by this act.

(b) \$ is appropriated from the general fund to the attorney general to carry out the additional duties imposed by this act.

Sec. 138. [REPEALER.]

Minnesota Statutes 1988, sections 317.01; 317.02; 317.03; 317.04; 317.05; 317.06; 317.07; 317.08; 317.09; 317.10; 317.12; 317.13; 317.14; 317.15; 317.16; 317.165; 317.17; 317.175; 317.18; 317.19; 317.20; 317.201; 317.21; 317.22; 317.23; 317.24; 317.25; 317.26; 317.27; 317.271; 317.28; 317.285; 317.29; 317.30; 317.31; 317.32; 317.33; 317.34; 317.35; 317.36; 317.37; 317.38; 317.39; 317.40; 317.41; 317.42; 317.44; 317.45; 317.46; 317.47; 317.48; 317.49; 317.50; 317.51; 317.52; 317.53; 317.54; 317.55; 317.56; 317.57; 317.58; 317.59; 317.60; 317.61; 317.62; 317.63; 317.64; 317.65; 317.66; 317.67; 317.68, and 317.69, are repealed.

Section 120, subdivision 4, is repealed.

Sec. 139. [EFFECTIVE DATES.]

Sections 1 to 120 and 122 to 128 are effective August 1, 1989. Sections 121, 129 to 136, and 138, are effective January 1, 1991."

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

The report was adopted.

Skoglund from the Committee on Insurance to which was referred:

H. F. No. 1407, A bill for an act relating to political subdivisions; permitting participation in risk retention groups; amending Minnesota Statutes 1988, section 471.981, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 9, delete "If a political"

Page 1, delete lines 10 to 12

Page 1, line 13, delete "reasonable cost, the" and insert "A"

With the recommendation that when so amended the bill pass.

The report was adopted.

Osthoff from the Committee on Financial Institutions and Housing to which was referred:

H. F. No. 1548, A bill for an act relating to financial institutions; regulating charges and fees on loans and extensions of credit by financial institutions and others; making various internal reference changes; amending Minnesota Statutes 1988, sections 47.20, subdivision 2; 51A.02, subdivision 14; 51A.38, subdivision 3; 51A.385, subdivisions 4, 5, 6, 7, 8, 9, 12, and 13; 51A.50; 51A.51, subdivision 4; 51A.53; 51A.55, subdivisions 1 and 2; 51A.56; 51A.57; 56.131, subdivision 1; 168.72, subdivision 1; 168.73; and 507.45, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 47.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 51A.01, is amended to read:

51A.01 [CITATION.]

Sections 51A.01 to ~~51A.57~~ 51A.58 may be cited as the "savings association act."

Sec. 2. Minnesota Statutes 1988, section 51A.02, subdivision 14, is amended to read:

Subd. 14. [CONDITIONAL SALE CONTRACT] "Conditional sale contract" or "credit sale contract" means a contract evidencing a credit sale on credit.

Sec. 3. Minnesota Statutes 1988, section 51A.38, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS.] Payments on real estate loans shall be applied first to other charges, ~~then to~~ and the payment of interest on

the unpaid balance of the loan, in the manner determined by the association, and the remainder on the reduction of principal. All loans may be prepaid in part or in full, at any time. An association may charge a borrower a prepayment fee on any loan that is not a consumer loan. Unless otherwise agreed in writing, any prepayment of principal on any loan may, at the option of the association, be applied on the final installment of the note or other obligation until fully paid, and thereafter on the installments in the inverse order of their maturity, or, at the option of the association, the payments may be applied from time to time wholly or partially to offset payments which subsequently accrue under the loan contract.

Sec. 4. Minnesota Statutes 1988, section 51A.385, subdivision 4, is amended to read:

Subd. 4. [ADDITIONAL AUTHORITY.] Extensions of credit, and purchases of extensions of credit, authorized by sections 47.20, subdivision 1, 3, or 4a; 47.204; 47.21; 48.153; 48.185; 48.195; 59A.01 to 59A.15; 168.66 to 168.77; ~~or~~; 334.01, subdivision 2; ~~and~~ 334.011; ~~and~~ 334.012 may, but need not, be made pursuant to those sections in lieu of the authority set forth in subdivisions 1 to 3, and if so, are subject to the provisions of those sections, and not the provisions of this section, except this subdivision. An association may also charge an organization any rate of interest and any charges agreed to by the organization, and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit the association elects to make under section 334.01, subdivision 2; ~~or~~ 334.011; ~~or~~ 334.012, the provisions of chapter 334 do not apply to extensions of credit made pursuant to this section or the sections mentioned in this subdivision.

Sec. 5. Minnesota Statutes 1988, section 51A.385, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL CHARGES.] (a) In addition to the finance charges permitted by this section, an association, or a person described in subdivision 2, to the extent not otherwise prohibited by law, may contract for and receive the following additional charges which may be included in the amount financed:

(1) official fees and taxes;

(2) charges for insurance as described in paragraph (b);

(3) with respect to a loan or credit sale contract secured by real estate, including a real estate loan, the following "closing costs," if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section:

(i) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;

(ii) fees for preparation of a deed, mortgage, settlement statement, or other documents, if not paid to the association;

(iii) escrows for future payments of taxes, including assessments for improvements, insurance, and water, sewer, and land rents;

(iv) fees for notarizing deeds and other documents; and

(v) appraisal and credit report fees;

(4) a delinquency charge on any installment payment, including the minimum payment due in connection with the open-end credit, not paid in full on or before the tenth day after its due date in an amount not to exceed five percent of the amount of the installment payment;

(5) for any returned check or returned automatic payment withdrawal request, an amount not in excess of the service charge limitation in section 332.50; and

(6) charges for other benefits, including insurance, conferred on the borrower that are of a type that is not for credit.

(b) An additional charge may be made for insurance written in connection with the loan or credit sale contract, which may be included in the amount financed:

(1) with respect to insurance against loss of or damage to property, or against liability arising out of the ownership or use of property, if the association furnishes a clear, conspicuous, and specific statement in writing to the borrower setting forth the cost of the insurance if obtained from or through the association and stating that the borrower may choose the person through whom the insurance is to be obtained;

(2) with respect to credit insurance providing life, accident, health, or unemployment coverage, if the insurance coverage is not required by the association, and this fact is clearly and conspicuously disclosed in writing to the borrower, and the borrower gives specific, dated, and separately signed affirmative written indication of the borrower's desire to do so after written disclosure to the borrower of the cost of the insurance; and

(3) with respect to vendor's single interest insurance, but only (i) to the extent that the insurer has no right of subrogation against the borrower, and (ii) to the extent that the insurance does not duplicate the coverage of other insurance under which loss is payable to the

association as its interest may appear, against loss of or damage to property for which a separate charge is made to the borrower pursuant to paragraph (b), clause (1), and (iii) if a clear, conspicuous, and specific statement in writing is furnished by the association to the borrower setting forth the cost of the insurance if obtained from or through the association and stating that the borrower may choose the person through whom the insurance is to be obtained.

(c) In addition to the finance charges and other additional charges permitted by this section, an association may contract for and receive the following additional charges in connection with open-end credit, which may be included in the amount financed or balance upon which the finance charge is computed:

(1) annual charges, not to exceed \$50 per annum, payable in advance, for the privilege of opening and maintaining open-end credit;

(2) charges for the use of an automated teller machine;

(3) charges for any monthly or other periodic payment period in which the borrower has exceeded or, except for the association's dishonor would have exceeded, the maximum approved credit limit, in an amount not in excess of the service charge permitted in section 332.50;

(4) charges for obtaining a cash advance in an amount not to exceed the service charge permitted in section 332.50; and

(5) charges for check and draft copies and for the replacement of lost or stolen credit cards.

Sec. 6. Minnesota Statutes 1988, section 51A.385, subdivision 6, is amended to read:

Subd. 6. [ADVANCES TO PERFORM COVENANTS OF BORROWER OR PURCHASER.] (a) If the agreement with respect to a loan or credit sale contract contains covenants by the borrower or purchaser to perform certain duties pertaining to insuring or preserving collateral and the association pursuant to the agreement pays for performance of the duties on behalf of the borrower or purchaser, the association may add to the debt or contract balance the amounts so advanced. Before or within a reasonable time after advancing any sums, the association shall state to the borrower or purchaser in writing the amount of sums advanced or to be advanced, any charges with respect to this amount, and any revised payment schedule and, if the duties of the borrower or purchaser performed by the association pertain to insurance, a brief description of the insurance paid for or to be paid for by the association

including the type and amount of coverages. Further information need not be given.

(b) A finance charge equal to that specified in the loan agreement or credit sale contract may be made for sums advanced under paragraph (a).

Sec. 7. Minnesota Statutes 1988, section 51A.385, subdivision 7, is amended to read:

Subd. 7. [ATTORNEY'S FEES.] With respect to a loan or credit sale, the agreement may provide for payment by the borrower of the attorney's fees and court costs incurred in connection with collection or foreclosure. This subdivision is not a limitation on attorney's fees that may be charged to an organization.

Sec. 8. Minnesota Statutes 1988, section 51A.385, subdivision 8, is amended to read:

Subd. 8. [RIGHT TO PREPAY.] The borrower or purchaser may prepay in full the unpaid balance of a consumer loan or credit sale contract, at any time without penalty.

Sec. 9. Minnesota Statutes 1988, section 51A.385, subdivision 9, is amended to read:

Subd. 9. [CREDIT INSURANCE.] (a) The sale of credit insurance is subject to the provisions of chapter 62B and the rules adopted under that chapter, but the term of the insurance may exceed 60 months if the loan or credit sale contract exceeds 60 months and the insurance will nevertheless be subject to chapter 62B and the rules adopted under that chapter. In case there are multiple consumers obligated under a transaction subject to this chapter, no policy or certificate or insurance providing credit life insurance may be procured by or through an association or person described in subdivision 2 upon more than two of the consumers, in which case they may be insured jointly.

(b) An association which provides credit insurance in relation to open-end credit may calculate the charge to the borrower in each billing cycle by applying the current premium rate to the balance in the manner permitted with respect to finance charges by the provisions on finance charge in this section.

(c) Upon prepayment in full of a consumer loan or credit sale contract by the proceeds of credit insurance, the consumer or the consumer's estate is entitled to a refund of any portion of a separate charge for insurance which by reason of prepayment is retained by the association or returned to it by the insurer, unless the charge was

computed from time to time on the basis of the balances of the consumer's loan or credit sale contract.

(d) This section does not require an association to grant a refund to the consumer if all refunds due to the consumer under paragraph (c) amount to less than \$1 and, except as provided in paragraph (c), does not require the association to account to the consumer for any portion of a separate charge for insurance because:

(1) the insurance is terminated by performance of the insurer's obligation;

(2) the association pays or accounts for premiums to the insurer in amounts and at times determined by the agreement between them; or

(3) the association receives directly or indirectly under any policy of insurance a gain or advantage not prohibited by law.

(e) Except as provided in paragraph (d), the association shall promptly make or cause to be made an appropriate refund to the consumer with respect to any separate charge made to the consumer for insurance if:

(1) the insurance is not provided or is provided for a shorter term than for which the charge to the borrower for insurance was computed; or

(2) the insurance terminates before the end of the term for which it was written because of prepayment in full or otherwise.

(f) If an association requires insurance, upon notice to the borrower, the borrower has the option of providing the required insurance through an existing policy of insurance owned or controlled by the borrower, or through a policy to be obtained and paid for by the borrower, but the association for reasonable cause may decline the insurance provided by the borrower.

Sec. 10. Minnesota Statutes 1988, section 51A.385, subdivision 11, is amended to read:

Subd. 11. [CONSUMER PROTECTIONS.] (a) Associations shall comply with the requirements of the Federal Truth in Lending Act, United States Code, title 15, section 1601 to 1693, in connection with a consumer loan or credit sale for a consumer purpose where the federal Truth in Lending Act is applicable.

(b) Associations shall comply with the following consumer protection provisions in connection with a consumer loan or credit sale for a consumer purpose: sections 325G.02 to 325G.05; 325G.06 to

325G.11; 325G.15 to 325G.22; and 325G.29 to 325G.36, and the Code of Federal Regulations, title 12, part 535, where those statutes or regulations are applicable.

(c) An assignment of a consumer's earnings by the consumer to an association as payment or as security for payment of a debt arising out of a consumer loan or consumer credit sale is unenforceable by the association and revocable by the consumer.

Sec. 11. Minnesota Statutes 1988, section 51A.385, subdivision 12, is amended to read:

Subd. 12. [LOANS AND CONTRACTS OTHER THAN CONSUMER LOANS AND CONTRACTS.] Loans and credit sale contracts other than consumer loans and consumer credit sale contracts are not subject to the provisions and limitations of subdivisions 8, 9, 10, paragraph (b), and 11.

Sec. 12. Minnesota Statutes 1988, section 51A.385, subdivision 13, is amended to read:

Subd. 13. [EFFECT OF VIOLATIONS ON RIGHTS OF PARTIES.] (a) If an association has violated any provision of this section applying to collection of finance or other charges, the borrower or purchaser under a credit sale contract has a cause of action to recover damages and also a right in an action other than a class action, to recover from the association violating this section a penalty in an amount determined by the court not less than \$100 nor more than \$1,000. With respect to violations arising from other than open-end credit transactions, no action may be brought pursuant to this paragraph and no set-off or recoupment may be asserted pursuant to this paragraph, more than one year after the making of the debt.

(b) A borrower or purchaser under a credit sale contract is not obligated to pay a charge in excess of that allowed by this section and has a right of refund of any excess charge paid. A refund may not be made by reducing the borrower's or purchaser's obligation by the amount of the excess charge, unless the association has notified the borrower or purchaser that the borrower or purchaser may request a refund and the borrower or purchaser has not so requested within 30 days thereafter. If the ~~debtor~~ borrower or purchaser has paid an amount in excess of the lawful obligation under the agreement, the borrower or purchaser may recover the excess amount from the association who made the excess charge or from an assignee of the association's rights who undertakes direct collection of payments from or enforcement of rights against borrowers or purchasers arising from the debt.

(c) If an association has contracted for or received a charge in excess of that allowed by this section, or if a borrower or purchaser

under a credit sale contract is entitled to a refund and a person liable to the borrower or purchaser refuses to make a refund within a reasonable time after demand, the borrower or purchaser may recover from the association or the person liable in an action other than a class action a penalty in an amount determined by the court not less than \$100 nor more than \$1,000. With respect to excess charges arising from other than open-end credit transactions, no action pursuant to this paragraph may be brought more than one year after the making of the debt. For purposes of this paragraph, a reasonable time is presumed to be 30 days.

(d) A violation of this section does not impair rights on a debt.

(e) An association is not liable for a penalty under paragraph (a) or (c) if it notifies the borrower or purchaser under a credit sale contract of a violation before the association receives from the borrower or purchaser written notice of the violation or the borrower or purchaser has brought an action under this section, and the association corrects the violation within 45 days after notifying the borrower or purchaser. If the violation consists of a prohibited agreement, giving the borrower or purchaser a corrected copy of the writing containing the violation is sufficient notification and correction. If the violation consists of an excess charge, correction must be made by an adjustment or refund.

(f) An association may not be held liable in an action brought under this section for a violation of this section if the association shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid the error.

(g) In an action in which it is found that an association has violated this section, the court shall award to the borrower or the purchaser under a credit sale contract the costs of the action and to the borrower's or purchaser's attorneys their reasonable fees.

Sec. 13. Minnesota Statutes 1988, section 51A.51, subdivision 4, is amended to read:

Subd. 4. [SUPERVISION AND EXAMINATION FEE.] At the time of filing its annual report each association shall pay to the commissioner as a fee for supervision and examination an annual assessment as determined by the commissioner pursuant to the provisions of section 46.131. Such assessment shall be in lieu of all other license fees and charges of any kind whatsoever to any other state department or office, municipality, county, or other political subdivision; provided that the commissioner may assess against any such association the actual and necessary per diem expenses of and incidental to any additional examinations, or to supervision, or to any appraisal or special audit made pursuant to an order of the

commissioner acting under authority of sections 51A.01 to ~~51A.57~~ 51A.58.

Sec. 14. Minnesota Statutes 1988, section 51A.53, is amended to read:

51A.53 [POWERS OF FEDERAL ASSOCIATIONS; APPROVAL.]

Subject to the approval of the commissioner, any savings and loan association organized under sections 51A.01 to ~~51A.57~~ 51A.58 is vested with all powers conferred upon a federal association organized under the laws and regulations of the United States or its agencies, as amended, as fully and completely as if the powers were specifically enumerated and described herein, provided that the same are not specifically prohibited by state law.

Sec. 15. Minnesota Statutes 1988, section 51A.55, subdivision 1, is amended to read:

Subdivision 1. ~~[ALL THRIFT AND HOME FINANCING ORGANIZATIONS, TO BE SUBJECT TO PROVISIONS OF SECTIONS 51A.01 TO 51A.57.]~~ All persons accepting moneys from the public and engaged in home financing, whether or not incorporated, and every corporation heretofore incorporated under the statutes of this state which has for its purpose the promotion of thrift and the financing of homes, except those regulated under other Minnesota Statutes or federal laws, by whatever name known, shall at the time sections 51A.01 to ~~51A.57~~ 51A.58 become effective be subject to the provisions of sections 51A.01 to ~~51A.57~~ 51A.58 and shall be deemed to exist hereunder.

Sec. 16. Minnesota Statutes 1988, section 51A.55, subdivision 2, is amended to read:

Subd. 2. ~~[ALL SUCH EXISTING CORPORATIONS HERETOFORE INCORPORATED CONFORMED TO PROVISIONS OF SECTIONS 51A.01 TO 51A.57.]~~ The name, rights, powers, privileges, and immunities of every such corporation heretofore incorporated in this state shall be governed, controlled, construed, extended, limited, and determined by the provisions of sections 51A.01 to ~~51A.57~~ 51A.58 to the same extent and effect as if such corporation had been incorporated pursuant hereto, and the articles of association, certificate of incorporation, or charter, however entitled, bylaws and constitution, or other rules of every such corporation heretofore made or existing are hereby modified, altered, and amended to conform to the provisions of sections 51A.01 to ~~51A.57~~ 51A.58, with or without the issuance or approval by the commissioner of conformed copies of such documents, and the same are declared void to the extent that the same are inconsistent with the provisions of sections 51A.01 to ~~51A.57~~ 51A.58; except that the obligations of any such existing corporation, whether between such

corporation and its members, or any of them, or any other person or persons, or any valid contract between the members of any such corporation, or between such corporation and any other person or persons, existing on July 1, 1969, shall not be in any way impaired by the provisions of sections 51A.01 to ~~51A.57~~ 51A.58, and, with such exceptions, every such corporation shall possess the rights, powers, privileges, and immunities and shall be subject to the duties, liabilities, disabilities, and restrictions conferred and imposed by sections 51A.01 to ~~51A.57~~ 51A.58, notwithstanding anything to the contrary in its certificate of incorporation, bylaws, constitution, or rules.

Sec. 17. Minnesota Statutes 1988, section 51A.56, is amended to read:

51A.56 [ACT CONTROLLING.]

Insofar as the provisions of sections 51A.01 to ~~51A.57~~ 51A.58 are inconsistent with the provisions of any other law affecting associations, the provisions of sections 51A.01 to ~~51A.57~~ 51A.58 shall control.

Sec. 18. Minnesota Statutes 1988, section 51A.57, is amended to read:

51A.57 [SEPARABILITY.]

If any provision, clause, or phrase of sections 51A.01 to ~~51A.57~~ 51A.58 or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of sections 51A.01 to ~~51A.57~~ 51A.58 which can be given effect without the invalid provisions or application, and to this end the provisions of sections 51A.01 to ~~51A.57~~ 51A.58 are declared to be separable.

Sec. 19. Minnesota Statutes 1988, section 56.131, subdivision 1, is amended to read:

Subdivision 1. [INTEREST RATES AND CHARGES.] (a) On any loan in a principal amount not exceeding \$35,000 or ~~ten~~ 15 percent of a corporate licensee's contributed capital and appropriated reserves as defined in section 53.015, if greater, a licensee may contract for and receive interest, calculated according to the actuarial method, not exceeding the equivalent of the greater of any of the following:

(1) the total of: (i) 33 percent per year on that part of the unpaid balance of the principal amount not exceeding \$350; and (ii) 19 percent per year on that part of the unpaid balance of the principal amount exceeding \$350; or

(2) 21.75 percent per year on the unpaid balance of the principal amount.

(b) On any loan where interest has been calculated according to the method provided for in paragraph (a), clause (1), interest must be contracted for and earned as provided in that provision or at the single annual percentage rate computed to the nearest 1/100 of one percent that would earn the same total interest at maturity of the contract as would be earned by the application of the graduated rates provided in paragraph (a), clause (1), when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method.

(c) Loans may be interest-bearing or precomputed.

(d) To compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day is considered 1/30 of a month when calculation is made for a fraction of a calendar month. A year is 12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month.

In the alternative, for interest-bearing loans, a licensee may charge interest at the rate of 1/365 of the agreed annual rate for each actual day elapsed.

(e) With respect to interest-bearing loans:

(1) Interest must be computed on unpaid principal balances outstanding from time to time, for the time outstanding. Each payment must be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest must not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (f), clause (3). The resulting loan contract is deemed a new and separate loan transaction for all purposes.

(f) With respect to precomputed loans:

(1) Loans must be repayable in substantially equal and consecutive monthly installments of principal and interest combined, except that the first installment period may be more or less than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days and must be reduced by the amount of interest for the number of days less than one month to the first installment payment; and monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and precomputed interest until the loan is fully paid. Payments must be applied in the order in which they become due.

(3) When any loan contract is paid in full by cash, renewal or refinancing, or a new loan, one month or more before the final installment due date, a licensee shall refund or credit the borrower with the total of the applicable charges for all fully unexpired installment periods, as originally scheduled or as deferred, which follow the day of prepayment; if the prepayment is made other than on a scheduled payment date, the nearest scheduled installment payment date must be used in the computation; provided further, if the prepayment occurs prior to the first installment due date, the licensee may retain 1/30 of the applicable charge for a first installment period of one month for each day from the date of the loan to the date of prepayment, and shall refund or credit the borrower with the balance of the total interest contracted for. If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgment is entered.

(4) If an installment, other than the final installment, is not paid in full within ten days of its scheduled due date, a licensee may contract for and receive a default charge not exceeding five percent of the amount of the installment, but not less than \$4.

A default charge under this subdivision may not be collected on an installment paid in full within ten days of its scheduled due date, or deferred installment due date with respect to deferred installments, even though a default or deferral charge on an earlier installment has not been paid in full. A default charge may be collected at the time it accrues or at any time thereafter.

(5) If the parties agree in writing, either in the loan contract or in a subsequent agreement, to a deferment of wholly unpaid installments, a licensee may grant a deferment and may collect a deferment charge as provided in this section. A deferment postpones the scheduled due date of the earliest unpaid installment and all

subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one-month period may not exceed the applicable charge for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment for periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. Should a loan be prepaid in full during a deferment period, the licensee shall make or credit to the borrower a refund of the unearned deferment charge in addition to any other refund or credit made for prepayment of the loan in full.

(6) If two or more installments are delinquent one full month or more on any due date, and if the contract so provides, the licensee may reduce the unpaid balance by the refund credit which would be required for prepayment in full on the due date of the most recent maturing installment in default. Thereafter, and in lieu of any other default or deferment charges, the single annual percentage rate permitted by this subdivision may be charged on the unpaid balance until fully paid.

(7) Following the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under paragraph (f), clause (6), may charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the single annual percentage rate permitted by this subdivision until fully paid.

Sec. 20. Minnesota Statutes 1988, section 168.72, subdivision 1, is amended to read:

Subdivision 1. (a) The finance charge authorized by sections 168.66 to 168.77 in a retail installment sale may not exceed the following simple interest annual percentage rates:

Class 1. Any motor vehicle designated by the manufacturer by a year model of the same or not more than one year prior to the year in which the sale is made - 18 percent per year.

Class 2. Any motor vehicle designated by the manufacturer by a year model of two or three years prior to the year in which the sale is made - 19.75 percent per year.

Class 3. Any motor vehicle not in Class 1 or Class 2 - 23.25 percent per year.

(b) The finance charge must be computed on the principal balance

outstanding from time to time as originally determined under section 168.71, clause (b). The beginning principal balance must be as originally determined under section 168.71.

Retail installment contracts may be interest-bearing or precomputed, and fixed-rate or variable rate. For precomputed retail installment contracts, the finance charge may be calculated in advance on the assumption that all scheduled payments will be made when due and the effect of prepayment in full is governed by section 168.73. To compute time for the purpose of calculating interest under this section and section 168.73, a day may be considered 1/30 of a month when calculation is made for a fraction of a calendar month. A year is 12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same-numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month. In the alternative, for interest-bearing retail installment contracts, a retail seller may charge finance charges not to exceed 1/365th of the simple interest annual percentage rate permitted in this section for each actual day elapsed from the date of the retail installment contract through and including the date of payment in full.

(c) The finance charge is inclusive of all charges incident to investigating and making the contract, and for the extension of the credit provided for in the contract and no fee, commission, expense or other charge whatsoever may be taken, received, reserved, or contracted for except taxes, fees, and charges that actually are or will be paid to public officials or government agencies for determining the existence of or for perfecting, releasing, or satisfying a security interest, and except as provided in sections 168.66 to 168.77.

Sec. 21. Minnesota Statutes 1988, section 168.73, is amended to read:

168.73 [PREPAYMENT IN FULL, REFUND CREDITS, ALLOWANCE.]

Notwithstanding the provisions of any retail installment contract to the contrary, any retail buyer may pay in full at any time before maturity the debt of any retail installment contract without penalty. In paying a precomputed retail installment contract in full, the retail buyer shall receive a refund credit thereon for such anticipation of payments. For contracts with substantially equal scheduled monthly payments remaining after the date of prepayment in full, the refund must be calculated for all fully unexpired monthly payment periods following the date of payment in full. For all other contracts, the refund must be calculated as of the date in the month following prepayment which corresponds to the original contract date. The refund shall be calculated according to the actuarial

method, less an acquisition cost of \$15 after the date prepayment is made which may be deducted from the refund so calculated.

Where the amount of the credit for anticipation of payment is less than \$1, no refund need be made.

The actuarial method means the method of allocating payments on a contract between the principal amount and finance charge at the contract rate charged under section 168.72, whereby a payment is applied first to the accumulated finance charge and then to the unpaid principal balance based on the original terms of the contract and based on the assumption that all payments are made on the due date as originally scheduled or deferred.

Sec. 22. Minnesota Statutes 1988, section 507.45, subdivision 2, is amended to read:

Subd. 2. No charge for closing services, except a charge required to be disclosed by under Regulation Z, Code of Federal Regulations, title 12, section 226, or for which an estimate has been given pursuant to the Federal Real Estate Settlement Procedures Act, may be made by a closing agent unless the party to be charged is informed of the charge in writing at least five business days before the closing by or on behalf of the party charging for the closing services."

Delete the title and insert:

"A bill for an act relating to financial institutions; regulating charges and fees on loans and extensions of credit by financial institutions and others; making various internal reference changes; amending Minnesota Statutes 1988, sections 51A.01; 51A.02, subdivision 14; 51A.38, subdivision 3; 51A.385, subdivisions 4, 5, 6, 7, 8, 9, 11, 12, and 13; 51A.51, subdivision 4; 51A.53; 51A.55, subdivisions 1 and 2; 51A.56; 51A.57; 56.131, subdivision 1; 168.72, subdivision 1; 168.73; and 507.45, subdivision 2."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1610, A bill for an act relating to natural resources; authorizing the commissioner to appoint Indians as special enforcement officers under certain conditions; amending Minnesota Statutes 1988, section 97A.241.

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

The report was adopted.

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

H. F. No. 1668, A bill for an act relating to state lands; authorizing the sale of certain state lands bordering on public waters; authorizing the sale of certain trust fund land in Itasca, St. Louis, and Cook counties; authorizing the sale of certain surplus land for recreational purposes in the cities of Faribault, Anoka, Warroad, and Ortonville; authorizing the sale of a certain gifted city lot in the city of Brainerd; authorizing a private sale of certain land in Goodhue county to resolve an inadvertent trespass.

Reported the same back with the following amendments:

Page 1, line 18, delete "one-half" and insert "half" and delete "North one-fourth" and insert "Northeast Quarter"

Page 3, line 1, delete "one-fourth" and insert "Quarter"

Page 3, line 2, delete "one-fourth" and insert "Quarter"

Page 3, line 12, delete "CITY OF" and after "ANOKA" insert "COUNTY"

Page 3, line 16, delete "the city of" and after "Anoka" insert "county"

Page 5, line 17, delete the third comma

Page 5, line 18, delete the comma

Page 5, line 20, delete both commas

Page 5, line 23, delete the first two commas

Page 5, line 24, delete the first two commas

Amend the title as follows:

Page 1, line 7, delete "Anoka,"

Page 1, line 8, before the semicolon insert "and to Anoka county"

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

The report was adopted.

Long from the Committee on Taxes to which was referred:

H. F. No. 1734, A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; creating tax exemptions; changing the computation, administration, and payment of aids, credits, and refunds; providing new aids and credits; making technical corrections and clarifications; changing proposed property tax notice provisions; changing levy limits and other local government powers and duties; providing for subordinate service districts; providing for accreditation of assessors; changing tax increment financing provisions; providing for payment of deferred taxes on sale of railroad operating property; authorizing the city of Mankato to establish a special service district; authorizing establishment of an economic development authority in Kandiyohi county; exempting Itasca county from a levy limit penalty; amending Minnesota Statutes 1988, sections 60A.15, subdivision 1; 124.2131, subdivision 1; 256.018; 256.82, subdivision 1; 256.871, subdivision 6; 256B.041, subdivision 5; 270.052; 270.067, subdivisions 1 and 2; 270.071, subdivision 6; 270.072, subdivisions 2 and 3; 270.075, subdivision 2; 270.11, subdivision 2; 270.12, subdivisions 2 and 3, and by adding a subdivision; 270.13; 270.18; 270.485; 270.80, subdivision 1; 270.82; 270.84; 270.85; 270.87; 272.01, subdivision 2; 272.02, subdivisions 2 and 4; 272.115, subdivision 1; 272.20; 273.01; 273.02, subdivision 2; 273.061, subdivisions 1 and 2; 273.062; 273.064; 273.065; 273.11, subdivision 10, and by adding a subdivision; 273.119, subdivision 2; 273.123, subdivisions 4 and 5; 273.124, subdivisions 6, 9, 12, 13, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, and 25; 273.135, subdivision 2a; 273.1391, subdivisions 2 and 2a; 273.1392; 273.1393; 273.1398, subdivisions 1, 2, 3, 4, and by adding a subdivision; 273.33, subdivision 2; 273.37, subdivision 2; 274.14; 275.065, subdivisions 1, 2, 3, and 6; 275.07, subdivision 1, and by adding a subdivision; 275.08, subdivisions 2 and 3; 275.124; 275.28, subdivision 1; 275.29; 275.50, subdivision 5; 275.51, subdivisions 3f, 3g, 3h, 3i, 3j, 4, 6, and by adding a subdivision; 275.58, subdivisions 1, 2, and 3; 276.01; 276.04, subdivisions 2 and 3; 276.09; 276.10; 276.11, subdivision 1; 277.01, subdivision 1; 277.02; 277.05; 277.06; 277.13; 278.03; 278.05, subdivisions 4 and 5; 279.01, subdivisions 1 and 3; 279.37, subdivision 1; 290.015, subdivisions 3 and 4; 290.02; 290.05, subdivision 3; 290.06, subdivisions 1 and 21; 290.191, subdivision 6; 290.37, subdivision 1; 290.92, subdivision 4b, as added; 290.934, subdivision 3a; 290A.03, subdivision 12; 290A.04, subdivisions 2, 2h, and by adding a subdivision; 295.34, subdivision 1; 297.01, subdivision 13, and by adding a subdivision; 297.03, subdivision 6; 297.04, subdivisions 4, 5, and 6; 297.041, subdivision 1; 297.08,

subdivision 1; 297.31, by adding a subdivision; 297.33, subdivisions 4, 5, 6, 7, and 8; 297A.15, by adding a subdivision; 297A.25, subdivision 3, and by adding subdivisions; 297B.03; 297C.03, subdivision 1; 298.01, by adding subdivisions; 349.12, subdivisions 11, 13, and by adding a subdivision; 349.15; 349.212, by adding a subdivision; 373.40, subdivisions 1, 2, 4, and 6; 375.192, subdivision 2; 429.061, subdivision 3; 459.14, by adding a subdivision; 469.012, by adding a subdivision; 469.040, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivision 10, and by adding a subdivision; 469.175, subdivisions 3, 7, and by adding a subdivision; 469.176, subdivisions 1, 4c, 6, and by adding a subdivision; 469.177, subdivisions 6 and 10; 473.167, subdivisions 3 and 5; 473.249, subdivision 1; 473F.05; 473F.06; 473F.07, subdivisions 1, 2, and 5; 473F.08, subdivisions 3 and 5; 473F.09; 473H.10, subdivision 3; 477A.011, subdivisions 3, 3a, and 15; and 477A.013, subdivisions 1, 3, 4, and by adding a subdivision; Laws 1988, chapter 719, articles 7, section 9; 8, section 37; and 12, sections 29 and 30, as amended; proposing coding for new law in Minnesota Statutes, chapters 270; 273; 274; 275; 276; 290; 297A; and 469; proposing coding for new law as Minnesota Statutes, chapter 365B; repealing Minnesota Statutes, sections 270.81, subdivision 5; 271.061; 276.13; 276.14; 275.57; 275.58, subdivision 4; 290.092, subdivision 5; 297.01, subdivision 15; 297.03, subdivision 12; 297.04, subdivision 10; 297.33, subdivision 13; 297C.03, subdivisions 4 and 4a; and 473.249, subdivision 3; Laws 1988, chapter 719, articles 5, section 86, and 8, section 35.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
CORPORATE TAXES

Section 1. Minnesota Statutes 1988, section 60A.15, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES.] (a) On or before April 15, June 15, and December 15 of each year, every domestic and foreign company, including town and farmers' mutual insurance companies and domestic mutual insurance companies, shall pay to the commissioner of revenue installments equal to one-third of the insurer's total estimated tax for the current year. For insurers other than town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) principally writing workers' compensation insurance, (ii) writing life insurance, or (iii) (ii) whose total assets at the end of the preceding calendar year exceed \$1,600,000,000, installments must be based on a sum equal to two percent of the premiums described in paragraph (b). For town and farmers' mutual insurance companies

and mutual property and casualty insurance companies other than those (i) principally writing workers' compensation insurance, (ii) writing life insurance, or (iii) (ii) whose total assets at the end of the preceding calendar year exceed \$1,600,000,000, the installments must be based on an amount equal to the following percentages of the premiums described in paragraph (b):

(1) for premiums paid after December 31, 1987, and before January 1, 1989, 1.5 percent;

(2) for premiums paid after December 31, 1988, and before January 1, 1992, one percent; and

(3) (2) for premiums paid after December 31, 1991, one-half of one percent.

(b) Installments under paragraph (a) are percentages of gross premiums less return premiums on all direct business received by the insurer in this state, or by its agents for it, in cash or otherwise, during such year, excepting premiums written for marine insurance as specified in subdivision 6.

(c) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section.

Sec. 2. Minnesota Statutes 1988, section 290.015, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] (a) A person is not subject to tax under this chapter if the person is engaged in the business of selling tangible personal property and taxation of that person under this chapter is precluded by Public Law Number 86-272, United States Code, title 15, sections 381 to 384 or would be so precluded except for the fact that the person stored tangible personal property in a state licensed facility under chapter 231.

(b) Ownership of an interest in the following types of property (including those contacts with this state reasonably required to evaluate and complete the acquisition or disposition of the property, the servicing of the property or the income from it, the collection of income from the property, or the acquisition or liquidation of collateral relating to the property) shall not be a factor in determining whether the owner is subject to tax under this chapter:

(1) an interest in a real estate mortgage investment conduit, a real estate investment trust, or a regulated investment company or a fund of a regulated investment company, as those terms are defined

in the Internal Revenue Code of 1986, as amended through December 31, 1987;

(2) an interest in money market instruments or securities as defined in section 290.191, subdivision 6, paragraphs (c) and (d);

(3) an interest in a loan-backed, mortgage-backed, or receivable-backed security representing either: (i) ownership in a pool of promissory notes, mortgages, or receivables or certificates of interest or participation in such notes, mortgages, or receivables, or (ii) debt obligations or equity interests which provide for payments in relation to payments or reasonable projections of payments on the notes, mortgages, or receivables; and which are issued by a financial institution or by an entity substantially all of whose assets consist of promissory notes, mortgages, receivables, or interests in them;

(3) (4) an interest acquired from a person in any assets described in section 290.191, subdivision 11, paragraphs (e) to (l), and in which the payment obligations embodied in such assets were solicited and entered into by persons independent and not acting on behalf of the owner subject to the provisions of clause (c)(2)(A);

(4) (5) an interest acquired from a person in the right to service, or collect income from any assets described in section 290.191, subdivision 11, paragraphs (e) to (l), and in which the payment obligations embodied in such assets were solicited and entered into by persons independent and not acting on behalf of the owner subject to the provisions of clause (c)(2)(A);

(6) an interest acquired from a person in a funded or unfunded agreement to extend or guarantee credit whether conditional, mandatory, temporary, standby, secured or otherwise, subject to the provisions of clause (c)(2)(A);

(5) (7) an interest of a person other than an individual, estate, or trust, in any intangible, tangible, real, or personal property acquired in satisfaction, whether in whole or in part, of any asset embodying a payment obligation which is in default, whether secured or unsecured, the ownership of an interest in which would be exempt under the preceding provisions of this subdivision, provided the property is disposed of within a reasonable period of time; or

(6) (8) amounts held in escrow or trust accounts, pursuant to and in accordance with the terms of property described in this subdivision.

If the person is a member of the unitary group, paragraph (b) does not apply to an interest acquired from another member of the unitary group.

(c)(1) For purposes of paragraph (b), clauses (4) to (6), an interest in the type of assets or credit agreements described is deemed to exist at the time the owner becomes legally obligated (conditionally or unconditionally) to fund, acquire, renew, extend, amend, or otherwise enter into the credit arrangement.

(2)(A) An owner has acquired an interest from a person in paragraph (b), clauses (4) to (6) assets if:

(i) the owner, at the time of the acquisition of the asset, does not own, directly or indirectly, 15 percent or more of the outstanding stock or, in the case of a partnership, 15 percent or more of the capital or profit interests of the person from whom it acquired the asset;

(ii) the person from whom the owner acquired the asset regularly sells, assigns, or transfers interests in paragraph (b), clauses (4) to (6) assets during the 12 calendar months immediately preceding the month of acquisition to three or more persons; and

(iii) the person from whom the owner acquired the asset does not sell, assign, or transfer 75 percent or more of its paragraph (b), clauses (4) to (6) assets during the 12 calendar months immediately preceding the month of acquisition to the owner.

For purposes of determining indirect ownership under clause (i), the owner is deemed to own all stock, capital, or profit interests owned by another person if the owner directly owns 15 percent or more of the stock, capital, or profit interests in the other person. The owner is also deemed to own, through any intermediary parties, all stock, capital, and profit interests directly owned by a person to the extent there exists a 15 percent or more chain of ownership of stock, capital, or profit interests between the owner, intermediary parties, and the person.

(B) If the owner of the asset is a member of the unitary group, paragraph (b), clauses (4) to (8), do not apply to an interest acquired from another member of the unitary group. If the interest in the asset was originally acquired from a nonunitary member and at that time qualified as a section 290.015, subdivision (3), paragraph (b) asset, the foregoing limitation does not apply.

Sec. 3. Minnesota Statutes 1988, section 290.015, subdivision 4, is amended to read:

Subd. 4. [LIMITATIONS.] (a) This section does not subject a trade or business to any regulation, including any tax, of any local unit of government or subdivision of this state if the trade or business does not own or lease tangible or real property located within this state

and has no employees or independent contractors present in this state to assist in the carrying on of the business.

(b) The purchase of tangible personal property or intangible property or services by a person that conducts a trade or business with the principal place of business outside of Minnesota (the "non-Minnesota person") from a person within Minnesota shall not be taken into account in determining whether the non-Minnesota person is subject to the taxes imposed by this chapter, except for services involving either the direct solicitation of Minnesota customers or relationships with Minnesota customers after sales are made. This paragraph is subject to the limitations contained in subdivision 3, paragraph (b), clauses (4) to (6).

(c) No contact with any Minnesota financial institution by any financial institution with its principal place of business outside Minnesota with respect to transactions described in subdivision 3, or with respect to deposits received from or by a Minnesota financial institution, shall be taken into account in determining whether such a financial institution is subject to the taxes imposed by this chapter. The fact of participation by a Minnesota financial institution in a transaction which also involves a borrower and a financial institution that conducts a trade or business with its principal place of business outside of Minnesota shall not be a factor in determining whether such financial institution is subject to the taxes imposed by this chapter. This paragraph does not apply to transactions between or among members of the same unitary group.

Sec. 4. Minnesota Statutes 1988, section 290.05, subdivision 3, is amended to read:

Subd. 3. (a) An organization exempt from taxation under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent provided in the following provisions of the Internal Revenue Code:

(i) Section 527 (dealing with political organizations) ~~and~~;

(ii) section 528 (dealing with certain homeowners associations); and

(iii) Sections 511 to 515 (dealing with unrelated business income);

but notwithstanding this subdivision, shall be considered an organization exempt from income tax for the purposes of any law which refers to organizations exempt from income taxes.

(b) The tax shall be imposed on the taxable income of political organizations or homeowner associations or the unrelated business taxable income, as defined in section 512 of the Internal Revenue

Code, of organizations defined in section 511 of the Internal Revenue Code. The tax shall be at the corporate rates. The tax shall only be imposed on income and deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted in computing federal taxable income, the deductions contained in sections 290.09 and section 290.21 shall not be allowed in computing Minnesota taxable net income.

Sec. 5. Minnesota Statutes 1988, section 290.06, subdivision 1, is amended to read:

Subdivision 1. [COMPUTATION, CORPORATIONS.] (a) The franchise tax imposed by this chapter upon corporations shall be computed by applying to their taxable income the rate of 9.5 percent adjusted as provided in paragraph (b) or (c).

(b) For taxable years beginning after December 31, 1989, the commissioner of revenue must adjust the rate provided in paragraph (a) as provided in this paragraph. By December 15, 1989 May 31, 1990, the commissioner shall prepare a forecast of revenues predicted to be raised for taxable years beginning in 1990 by the franchise tax on corporations under this chapter for taxable years beginning in 1990, including the tax under section 290.092, computed as if the tax were imposed under section 290.092, subdivisions 1 to 4, and the rate in effect in this subdivision were 9.5 percent. The commissioner shall adjust the rate provided in paragraph (a) so that the amount forecast to be raised by the franchise tax on corporations under this chapter, including the tax under section 290.092, subdivision 5, is equal to the amount of the forecast computed as if the tax under section 290.092, subdivisions 1 to 4, were in effect. The adjustment of the tax rate by the commissioner under this subdivision shall not be considered a "rule" and shall not be subject to the administrative procedure act contained in chapter 14.

(c) If the rate as adjusted under paragraph (b) is held invalid, the rate in effect for taxable years beginning after December 31, 1989, is 10.6 percent.

Sec. 6. Minnesota Statutes 1988, section 290.06, subdivision 21, is amended to read:

Subd. 21. [ALTERNATIVE MINIMUM TAX; FACTORS TAX.] (a) A corporation is allowed a credit for alternative minimum tax previously paid for any taxable year in which the corporation has no tax liability under section 290.092, subdivision 1, and has an alternative minimum tax credit carryover from a previous year. The credit allowable in any taxable year shall be equal to equals the lesser of (1) the excess of the tax under this section for the taxable year over the amount computed under section 290.092, subdivision 1, clause (1), for the taxable year, or (2) the alternative minimum tax credit carryover to the taxable year.

(b) The tax imposed under section 290.092, subdivision 1, for any taxable year is an alternative minimum tax credit carryover to each of the five taxable years succeeding the taxable year. The entire amount of the alternative minimum tax credit must be carried to the earliest taxable year to which such the amount may be carried. Any The unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than five years after the taxable year in which the alternative minimum tax under section 290.092, subdivision 1, was paid.

(c) For taxable years beginning after December 31, 1989, qualification for a credit and computation of the amount of the credit for alternative minimum tax under paragraph (a) must be determined by computing the alternative minimum tax that would apply if section 290.092 were in effect for the taxable year.

Sec. 7. Minnesota Statutes 1988, section 290.17, is amended by adding a subdivision to read:

Subd. 7. [ALLOCATION AND APPORTIONMENT OF CERTAIN FARM INCOME BY C CORPORATIONS.] (a) Notwithstanding any other subdivision, income to a taxpayer from the operation of a farm by a C corporation is assigned to this state and other states and countries under subdivision 3, the unitary business principle in subdivision 4, and the allocation provisions of sections 290.191 and 290.20 if:

(1) the farm operation provides material value added to an agricultural product by processing, packaging, grading, promotion, or distribution;

(2) the farm operation is classified by the United States Department of Commerce Standard Industrial Classification as industrial, manufacturing, or distribution;

(3) a material part of the income is attributable directly or indirectly to testing, research, genetic, or biological selection, genetic engineering, or creation or licensing of patents, copyrights, trademarks, or other intellectual property; or

(4) a material part of the income is derived from an activity that would not in itself be income from farming if performed by another person not otherwise engaged in farming.

Sec. 8. Minnesota Statutes 1988, section 290.21, subdivision 4, is amended to read:

Subd. 4. (a) Eighty percent of dividends received by a corporation during the taxable year from another corporation, in which the recipient owns 20 percent or more of the stock, by vote and value, not

including stock described in section 1504(a)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1987, when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom.

The remaining 20 percent of dividends if the dividends received are the stock in an affiliated company transferred in an overall plan of reorganization and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1988.

(b) Seventy percent of dividends received by a corporation during the taxable year from another corporation in which the recipient owns less than 20 percent of the stock, by vote or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code of 1986 as amended through December 31, 1987, when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of income and gain therefrom.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code of 1986, as amended through December 31, 1987.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code of 1986, as amended through December 31, 1987.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) of the Internal Revenue Code of 1986, as amended through December 31, 1987.

(d) If dividends received by a corporation that does not have nexus

with Minnesota under the provisions of Public Law Number 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

(e) The deduction provided by this subdivision does not apply if the dividends are paid by a FSC as defined in section 922 of the Internal Revenue Code of 1986, as amended through December 31, 1987.

(f) If one or more of the members of the unitary group whose income is included on the combined report received a dividend, the deduction under this subdivision for each member of the unitary business required to file a return under this chapter is the product of: (1) 100 percent of the dividends received by members of the group; (2) ~~80 percent or 70 percent~~, the percentage allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income apportionable to this state for the taxable year under section 290.191 or 290.20.

Sec. 9. Minnesota Statutes 1988, section 290.37, subdivision 1, is amended to read:

Subdivision 1. [PERSONS MAKING RETURNS.] (a) A taxpayer shall file a return for each taxable year the taxpayer is required to file a return under section 6012 of the Internal Revenue Code of 1986, as amended through December 31, 1987, except that an individual who is not a Minnesota resident for any part of the year is not required to file a Minnesota income tax return if the individual's gross income derived from Minnesota sources under sections 290.081, paragraph (a), and 290.17, is less than the filing requirements for a single individual who is a full year resident of Minnesota.

The decedent's final income tax return, and all other income tax returns for prior years where the decedent had gross income in excess of the minimum amount at which an individual is required to file and did not file, shall be filed by the decedent's personal representative, if any. If there is no personal representative, the return or returns shall be filed by the transferees as defined in section 290.29, subdivision 3, who receive any property of the decedent.

The trustee or other fiduciary of property held in trust shall file a return with respect to the taxable net income of such trust if that exceeds an amount determined by the commissioner if such trust belongs to the class of taxable persons.

Every corporation shall file a return, if the corporation is subject to the state's jurisdiction to tax under section 290.014, subdivision 5, except that a foreign operating corporation as defined in section 290.01, subdivision 6b, is not required to file a return. The return in the case of a corporation must be signed by a person designated by the corporation. The commissioner may adopt rules for the filing of one return on behalf of the members of an affiliated group of corporations that are required to file a combined report if the affiliated group includes a bank subject to tax under this chapter. Members of an affiliated group that elect to file one return on behalf of the members of the group under rules adopted by the commissioner may modify or rescind the election by filing the form required by the commissioner.

The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return with respect to the taxable net income of such taxpayer if a return is required.

(b) Such return shall (1) contain a written declaration that it is correct and complete, and (2) shall contain language prescribed by the commissioner providing a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

(c) An exempt organization that is subject to tax on unrelated business income under section 290.05, subdivision 3, must file a return for each taxable year in which the organization is required to file a return under section 6012 of the Internal Revenue Code of 1986, as amended through December 31, 1988, because of the receipt of unrelated business income. If an organization is required to file a return under federal law but has no federal tax liability for the taxable year, the commissioner may provide that the filing requirement under this paragraph is satisfied by filing a copy of the taxpayer's federal return.

Sec. 10. Minnesota Statutes 1988, section 290.934, subdivision 3a, is amended to read:

Subd. 3a. [REQUIRED INSTALLMENTS.] (1) Except as otherwise provided in this subdivision, the amount of a required installment is 25 percent of the required annual payment.

(2) Except as otherwise provided in this subdivision, the term "required annual payment" means the lesser of:

(a) 90 percent of the tax shown on the return for the taxable year, or if no return is filed 90 percent of the tax for such year; or

(b) 100 percent of the tax shown on the return of the corporation for the preceding taxable year providing such return was for a full

12-month period, did show a liability, and was filed by the corporation.

(3) Except for determining the first required installment for any taxable year, paragraph (2), clause (b), does not apply in the case of a large corporation. The term "large corporation" means a corporation or any predecessor corporation that had taxable net income of \$1,000,000 or more for any taxable year during the testing period. The term "testing period" means the three taxable years immediately preceding the taxable year involved. A reduction allowed to a large corporation for the first installment that is allowed by applying paragraph (2), clause (b), must be recaptured by increasing the next required installment by the amount of the reduction.

(4) In the case of a required installment, if the corporation establishes that the annualized income installment is less than the amount determined in paragraph (1), the amount of the required installment is the annualized income installment and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing subsequent required installments to the extent the reductions have not previously been recovered. A reduction shall be treated as recaptured for purposes of this paragraph if 90 percent of the reduction is recaptured.

(5) The "annualized income installment" is the excess, if any, of:

(a) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the taxable income:

(i) for the first two months of the taxable year, in the case of the first required installment;

(ii) for the first two months or for the first five months of the taxable year, in the case of the second required installment;

(iii) for the first six months or for the first eight months of the taxable year, in the case of the third required installment; and

(iv) for the first nine months or for the first 11 months of the taxable year, in the case of the fourth required installment, over;

(b) the aggregate amount of any prior required installments for the taxable year.

(c) For the purpose of this paragraph, the annualized income shall be computed by placing on an annualized basis the taxable income for the year up to the end of the month preceding the due date for the quarterly payment multiplied by 12 and dividing the resulting

amount by the number of months in the taxable year (2, 5, 6, 8, 9, or 11 as the case may be) referred to in clause (a).

(d) The "applicable percentage" used in clause (a) is:

In the case of the following required installments:	The applicable percentage is:
1st	22.5
2nd	45
3rd	67.5
4th	90

(6)(a) If this paragraph applies, the amount determined for any installment must be determined in the following manner:

(i) take the taxable income for all months during the taxable year preceding the filing month;

(ii) divide that amount by the base period percentage for all months during the taxable year preceding the filing month;

(iii) determine the tax on the amount determined under item (ii); and

(iv) multiply the tax computed under item (iii) by the base period percentage for the filing month and all months during the taxable year preceding the filing month.

(b) For purposes of this paragraph:

(i) the "base period percentage" for any period of months is the average percent which the taxable income for the corresponding months in each of the three preceding taxable years bears to the taxable income for the three preceding taxable years;

(ii) the term "filing month" means the month in which the installment is required to be paid;

(iii) this paragraph shall only apply if the base period percentage for any six consecutive months of the taxable year equals or exceeds 70 percent; and

(iv) the commissioner may provide by rule for the determination of the base period percentage in the case of reorganizations, new corporations, and other similar circumstances.

(c) In the case of a required installment, determined under this paragraph, if the corporation determines that the installment is less

than the amount determined in paragraph (1), the amount of the required installment is the amount determined under this paragraph and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing subsequent required installments to the extent the reductions have not previously been recovered. A reduction shall be treated as recaptured for purposes of this paragraph if 90 percent of the reduction is recaptured.

Sec. 11. [REPEALER.]

Laws 1989, chapter 27, article 2, sections 2 and 3 are repealed.

Sec. 12. [EFFECTIVE DATE.]

Section 1 is effective for premiums paid after December 31, 1988. Sections 2, 3, 4, 8, and 9 are effective for taxable years beginning after December 31, 1988. Sections 5 and 6 are effective for taxable years beginning after December 31, 1989. Section 7 is effective for taxable years ending after December 31, 1990; and, for corporations that filed returns apportioning farm income, also for tax years ending in 1984, 1985, 1986, and 1987. Section 10 is effective for payments due after May 31, 1989.

ARTICLE 2

SALES TAX

Section 1. Minnesota Statutes 1988, section 297A.01, subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property other than manufactured homes used for residential purposes for a continuous period of 30 days or more, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing;

(c) The furnishing, preparing, or serving for a consideration of food, meals or drinks, not including meals or drinks served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes, senior citizens homes, and correctional, detention, and detoxification facilities, meals or drinks purchased for and

served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served, meals and lunches served at public and private schools, universities or colleges. "Sales" also includes meals furnished by employers to employees at less than fair market value, except meals furnished at no charge to employees of restaurants, resorts, and hotels, and except meals furnished to employees of hospitals, nursing homes, boarding care homes, sanitariums, group homes, and correctional, detention, and detoxification facilities, who are required to eat with the patients, residents, or inmates residing in them. Notwithstanding section 297A.25, subdivision 2, taxable food or meals include, but are not limited to, the following:

- (i) heated food or drinks;
 - (ii) sandwiches prepared by the retailer;
 - (iii) single sales of prepackaged ice cream or ice milk novelties prepared by the retailer;
 - (iv) hand-prepared or dispensed ice cream or ice milk products including cones, sundaes, and snow cones;
 - (v) soft drinks and other beverages prepared or served by the retailer;
 - (vi) gum;
 - (vii) ice;
 - (viii) all food sold in vending machines;
 - (ix) party trays prepared by the retailers; and
 - (x) all meals and single servings of packaged snack food, single cans or bottles of pop, sold in restaurants and bars;
- (d) The granting of the privilege of admission to places of amusement, recreational areas, or athletic events and the privilege of having access to and the use of amusement devices, tanning facilities, reducing salons, steam baths, turkish baths, massage parlors, health clubs, and spas or athletic facilities;
- (e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property

other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state; the tax imposed on amounts paid for telephone services is the liability of and shall be paid by the person paying for the services. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale;

(g) The furnishing for a consideration of cable television services, including charges for basic monthly service, charges for monthly premium service, and charges for any other similar television services;

(h) Notwithstanding subdivision 4, and section 297A.25, subdivision 9, the sales of horses including claiming sales and fees paid for breeding a stallion to a mare. This clause applies to sales and fees with respect to a horse to be used for racing whose birth has been recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association;

(i) The furnishing for a consideration of parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(j) The furnishing for a consideration of services listed in this paragraph:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin-operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting and exterminating services;

(iv) services provided by detective agencies, security services, burglar, fire alarm, and armored car services not including services

performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1;

(v) pet grooming services; and

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; arborist services; tree, bush, and shrub planting, pruning, bracing, spraying, and surgery; and tree trimming for public utility lines.

The services listed in this paragraph are taxable under section 297A.02 if the service is performed wholly within Minnesota or if the service is performed partly within and partly without Minnesota and the greater proportion of the service is performed in Minnesota, based on the cost of performance. In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable under this paragraph. Services performed by a partnership or association for another partnership or association are not taxable under this paragraph if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of this section, "affiliated group of corporations" includes those entities that would be classified as a member of an affiliated group under United States Code, title 26, section 1504, and who are eligible to file a consolidated tax return for federal income tax purposes;

(k) A "sale" and a "purchase" includes the transfer of computer software, meaning information and directions that dictate the function performed by data processing equipment. A "sale" and a "purchase" does not include the design, development, writing, translation, fabrication, lease, or transfer for a consideration of title or possession of a custom computer program; and

(l) The granting of membership in a club, association, or other organization if:

(1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and

(2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members.

Granting of membership includes both one-time initiation fees and periodic membership dues. Sports and athletic facilities include golf

courses, tennis, racquetball, handball and squash courts, basketball and volleyball facilities, running tracks, exercise equipment, swimming pools, and other similar athletic or sports facilities. The provisions of this paragraph do not apply to camps or other recreation facilities owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, for educational and social activities for young people primarily age 18 and under.

Sec. 2. Minnesota Statutes 1988, section 297A.15, is amended by adding a subdivision to read:

Subd. 6. [REFUND; APPROPRIATION.] The tax on the gross receipts from the sale of items exempt under section 297A.25 subdivision 42, must be imposed and collected as if the sale were taxable and the rate under section 297A.02, subdivision 1, applied.

Upon application by the owner of the homestead property on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the building materials and equipment must be paid to the homeowner. In the case of building materials in which the tax was paid by a contractor, application must be made by the homeowner for the sales tax paid by the contractor. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The contractor must furnish to the homeowner a statement of the cost of building materials and the sales taxes paid on the materials. The amount required to make the refunds is annually appropriated to the commissioner. Interest must be paid on the refund at the rate in section 270.76 from 60 days after the date the refund claim is filed with the commissioner.

Sec. 3. Minnesota Statutes 1988, section 297A.25, subdivision 3, is amended to read:

Subd. 3. [MEDICINES; MEDICAL DEVICES.] The gross receipts from the sale of prescribed drugs, prescribed medicine and insulin, intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings are exempt, together with prescription glasses, therapeutic, and prosthetic devices. "Prescribed drugs" or "prescribed medicine" includes over-the-counter drugs or medicine prescribed by a licensed physician. "Therapeutic devices" includes reusable finger pricking devices for the extraction of blood and blood glucose monitoring machines used in the treatment of diabetes. Nonprescription analgesics consisting principally (determined by the weight of all ingredients) of acetaminophen, acetylsalicylic acid, ibuprofen, or a combination thereof are exempt.

Sec. 4. Minnesota Statutes 1988, section 297A.25, is amended by adding a subdivision to read:

Subd. 42. [CHAIR LIFTS, RAMPS, ELEVATORS.] The gross receipts from the sale of chair lifts, ramps, and elevators and building materials used to install or construct them are exempt, if they are authorized by a physician and installed in or attached to the owner's homestead.

Sec. 5. Minnesota Statutes 1988, section 297A.25, is amended by adding a subdivision to read:

Subd. 43. [PUBLIC LIBRARIES.] Gross receipts from the sale or use of library materials, equipment, services, or facilities by a public library operating under chapter 134 are exempt.

Sec. 6. Minnesota Statutes 1988, section 297A.257, is amended by adding a subdivision to read:

Subd. 4. [CONTINUED EXEMPTION.] The exemptions provided under subdivisions 2 and 2a apply to capital equipment and construction materials and supplies purchased by a person, partnership, or corporation in connection with the expansion of a major manufacturing facility in any county that was designated as a distressed county under subdivision 1 for any year from 1985 through 1989. For the purposes of this subdivision, "expansion of a major manufacturing facility" means an expansion of an existing manufacturing facility requiring at least \$100,000,000 of capital investment over a three-year period. To qualify for the exemption under this subdivision, contracts for purchase of the capital equipment and the construction materials and supplies must be executed by June 30, 1992.

Sec. 7. [297A.259] [LOTTERY TICKETS; IN LIEU TAX.]

Sales of state lottery tickets are exempt from the tax imposed under section 297A.02. The state agency responsible for operating a state lottery must on or before the 20th day of each month transmit to the commissioner of revenue an amount equal to the gross receipts from the sale of lottery tickets for the previous month multiplied by the tax rate under section 297A.02, subdivision 1. The resulting payment is in lieu of the sales tax that otherwise would be imposed by this chapter. The commissioner shall deposit the moneys transmitted in the general fund as provided by section 297A.44 and the moneys must be treated as other proceeds of the sales tax. Gross receipts for purposes of this section mean the proceeds of the sale of tickets before deduction of a commission or other compensation paid to the vendor or retailer for selling tickets.

Sec. 8. Minnesota Statutes 1988, section 297B.03, is amended to read:

297B.03 [EXEMPTIONS.]

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) Purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.25, subdivision 18.

(2) Purchase or use of any motor vehicle by any person who was a resident of another state at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota.

(3) Purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.211.

(4) Purchase or use of any motor vehicle previously registered in the state of Minnesota by any corporation or partnership when such transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code of 1954, as amended through December 31, 1974.

(5) Purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota based private or for hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales or motor vehicle excise tax on motor vehicles used in interstate commerce.

(6) Purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution.

(7) Purchase or use of a motor vehicle by a public library operating under chapter 134 for use as a bookmobile.

Sec. 9. [EFFECTIVE DATE.]

Sections 2 and 4 are effective for sales tax paid after June 30, 1989. Sections 1, 3, 5, and 6 are effective for sales made after June 30, 1989. Section 8 is effective for the purchase or use of motor vehicles as bookmobiles after June 30, 1989.

ARTICLE 3
SPECIAL TAXES

Section 1. Minnesota Statutes 1988, section 297.01, subdivision 13, is amended to read:

Subd. 13. "Stamp" means the adhesive stamp supplied by the revenue commissioner or the imprint made by a tax meter machine authorized by the commissioner.

Sec. 2. Minnesota Statutes 1988, section 297.01, is amended by adding a subdivision to read:

Subd. 16. "Licensing period" means a two-year period during which licenses are issued. A licensing period begins on January 1 of each even-numbered year and ends on December 31 of the following odd-numbered year.

Sec. 3. Minnesota Statutes 1988, section 297.03, subdivision 6, is amended to read:

Subd. 6. [TAX METER MACHINES; STAMPING MACHINES.]
(a) Before January July 1, 1990, the commissioner may authorize any person licensed as a distributor to stamp packages with a tax meter machine, approved by the commissioner, which shall be provided by the distributor. The commissioner may provide for the use of such a machine by the distributor, supervise and check its operation, provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. ~~Except as provided in paragraph (d), the commissioner may require the furnishing of a corporate surety bond, check guarantee bond, or certified check in a suitable amount to guarantee the payment of the tax.~~

(b) ~~Before January 1, 1990, the commissioner may authorize, and After December 31, 1989~~ June 30, 1990, the commissioner shall require any person licensed as a distributor whose stamp meter machine is no longer operational to stamp packages with a heat-applied tax stamping machine, approved by the commissioner, which shall be provided by the distributor. The commissioner shall supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. The commissioner may sell heat-applied stamps on a credit basis under conditions prescribed by the commissioner. ~~Except as provided in paragraph (d), the commissioner may require the furnishing of a corporate surety bond, check guarantee bond, or certified check in an amount suitable to guarantee payment of the tax stamps so purchased by a distributor. The stamps shall be sold by the commissioner at a price which includes the tax after giving effect to the discount provided in subdivision 5.~~

The commissioner shall recover the actual costs of the stamps from the distributor.

(c) If the commissioner finds that a stamping machine is not printing or affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

(d) Every prior continuous compliance taxpayer is exempt from all requirements under this chapter concerning the furnishing of a bond. This exemption continues for the taxpayer until the commissioner determines that the taxpayer (1) is delinquent in the filing of any return, or (2) is delinquent or deficient in the payment of any uncontested tax liability under this chapter. At that time that taxpayer is subject to the bond requirements of this chapter and, as a condition of being allowed to continue to engage in the business licensed under this chapter, is required to furnish bond to the commissioner as provided in this chapter. The taxpayer shall furnish the bond for a period of two years, after which, if the taxpayer has not been delinquent in the filing of any returns, or delinquent or deficient in the paying of any tax under this chapter, the commissioner may reinstate the person as a prior continuous compliance taxpayer. A taxpayer who fails to pay an uncontested tax liability under this chapter may be required to post bond or other acceptable security with the commissioner guaranteeing the payment of the uncontested tax liability. The commissioner shall annually establish the maximum amount of heat applied stamps or meter units that may be purchased each month. Notwithstanding any other provisions of this chapter, the tax due on the return will be based upon actual heat applied stamps or meter units purchased during the reporting period.

Sec. 4. Minnesota Statutes 1988, section 297.04, subdivision 4, is amended to read:

Subd. 4. [DISTRIBUTOR'S APPLICATION; FEE; BOND; CERTIFIED CHECK; SUBJOBBER'S LICENSE.] (a) Except as otherwise provided in paragraph (b), Each application for a distributor's license shall be accompanied by a fee of \$150 and a corporate surety bond issued by a surety licensed to do business in this state in the sum of \$1,000, conditioned upon the true and faithful compliance by the licensee with all of the provisions of this act. This bond, or a reissue thereof, or a substitute therefor, shall be kept in full force and effect during the entire period covered by the license \$300. A separate application for license shall be made for each place of business at which a distributor proposes to engage in business as such under sections 297.01 to 297.13, provided that a separate application for a subjobber's license may be made by a licensed distributor for each place of business (other than that licensed in the distributor's license) to which the distributor delivers and from which the distributor sells or distributes stamped cigarettes.

Each application for a subjobber's license shall be accompanied by a fee of \$12 ~~\$24~~.

A distributor or subjobber applying for a license ~~between July 1 and December 31 during the second year of any year~~ a two-year licensing period shall be required to pay only one-half of the license fee provided for herein.

~~(b) In lieu of the bond required in paragraph (a), a certified check made payable to the commissioner may be filed with the commissioner. The department of revenue shall not pay interest on funds encumbered by the check.~~

Sec. 5. Minnesota Statutes 1988, section 297.04, subdivision 5, is amended to read:

Subd. 5. [ISSUANCE.] The commissioner, upon receipt of the application and bond in proper form, and payment of the license fee required by subdivision 4, shall, unless otherwise provided by sections 297.01 to 297.13, issue the applicant a license in form as prescribed by the commissioner, which said license shall permit the applicant to whom it is issued to engage in business as a distributor or subjobber at the place of business shown in the application.

Sec. 6. Minnesota Statutes 1988, section 297.04, subdivision 6, is amended to read:

Subd. 6. [EXPIRATION.] Each license issued shall expire on December 31 following its date of issue the second year of the licensing period unless sooner revoked by the commissioner or unless the business with respect to which the license was issued is transferred. In either case the holder of the license shall immediately surrender it to the commissioner.

Sec. 7. Minnesota Statutes 1988, section 297.041, subdivision 1, is amended to read:

Subdivision 1. [WHOLESALEERS.] Any wholesaler who furnishes a surety bond in a sum satisfactory to the commissioner shall be permitted to set aside, without affixing the stamps required by this chapter, that part of the wholesaler's stock necessary for the conduct of business in making sales to the established governing body of any Indian tribe recognized by the United States Department of Interior. The unstamped stock shall be kept separate and apart from stamped stock. Every wholesaler shall, at the time of shipping or delivering any of the unstamped stock to an Indian tribal organization, make a true duplicate invoice which shall show the complete details of the sale or delivery and shall transmit the duplicate to the commissioner not later than the 18th day of the following calendar month. Failure to comply with the requirements of this section shall cause

the commissioner to revoke the permission granted to the wholesaler to maintain a stock of goods which may be unstamped.

Sec. 8. Minnesota Statutes 1988, section 297.08, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are declared to be contraband:

(1) All packages which do not have stamps affixed to them as provided in sections 297.01 to 297.13 and all devices for the vending of cigarettes in which such unstamped packages are found, including all contents contained within the devices.

(2) Any device for the vending of cigarettes and all packages of cigarettes contained therein, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp or imprint required by sections 297.01 to 297.13, it shall be presumed that all packages contained in the device are unstamped and contraband.

(3) Any device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents. In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(4) Any device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.

(5) Any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (1).

Sec. 9. Minnesota Statutes 1988, section 297.31, is amended by adding a subdivision to read:

Subd. 17. "Licensing period" means a two-year period during which licenses are issued. A licensing period begins on January 1 of each even-numbered year and ends on December 31 of the following odd-numbered year.

Sec. 10. Minnesota Statutes 1988, section 297.33, subdivision 4, is amended to read:

Subd. 4. (a) Except as otherwise provided in paragraph (b), Each application for a distributor's license shall be accompanied by a fee of ~~\$37.50~~ \$75. The application shall also be accompanied by a corporate surety bond issued by a surety licensed to do business in this state, in the sum of \$1,000, conditioned upon the true and faithful compliance by the distributor with all the provisions of sections 297.31 to 297.39 and the payment when due of all taxes, penalties, and accrued interest arising in the ordinary course of business or by reason of any delinquent money which may be due the state of Minnesota. This bond shall be in a form to be fixed by the commissioner and approved by the attorney general. Whenever it is the opinion of the commissioner that the bond given by a licensee is inadequate in amount to fully protect the state, the commissioner shall require either an increase in the amount of said bond or additional bond, in such amount as the commissioner deems sufficient. Any bond required by this subdivision, or a reissue thereof, or a substitute therefor, shall be kept in full force and effect during the entire period covered by the license.

A separate application for license shall be made for each place of business at which a distributor proposes to engage in business as such under sections 297.31 to 297.39. A separate application for a subjobber's license may be made by a licensed distributor for each place of business, other than that licensed in the distributor's license, to which the distributor sells or distributes tobacco products upon which the tax imposed by this chapter has been imposed to other than the ultimate consumer.

(b) In lieu of the bond required in paragraph (a), a certified check may be filed with the commissioner. The check must be made payable to the commissioner and in an amount to be established by the commissioner or the commissioner's designee but not less than twice the average monthly liability of the taxpayer. The department of revenue shall pay no interest on funds encumbered by the check.

Sec. 11. Minnesota Statutes 1988, section 297.33, subdivision 5, is amended to read:

Subd. 5. (a) Each application for a subjobber's license shall be accompanied by a fee of \$10 ~~\$20~~.

(b) All licenses expire on December 31 of the second year of the licensing period in which they were issued.

Sec. 12. Minnesota Statutes 1988, section 297.33, subdivision 6, is amended to read:

Subd. 6. A distributor or subjobber applying for a license between ~~July 1 and December 31 of any~~ during the second year of a licensing period shall be required to pay only one-half of the license fee provided for herein.

Sec. 13. Minnesota Statutes 1988, section 297.33, subdivision 7, is amended to read:

Subd. 7. The commissioner, upon receipt of the application (~~and bond, in the case of the distributor~~) in proper form, and payment of the license fee required by subdivision 4 or subdivision 5, shall, unless otherwise provided by sections 297.31 to 297.39, issue the applicant a license in form as prescribed by the commissioner, which license shall permit the applicant to whom it is issued to engage in business as a distributor or subjobber at the place of business shown in the application. The commissioner shall assign a permit number to each person licensed as a distributor at the time of issuance of the first license, which shall be inscribed upon all licenses issued to that distributor.

Sec. 14. Minnesota Statutes 1988, section 297.33, subdivision 8, is amended to read:

Subd. 8. Each license issued for any period subsequent to ~~June 30, 1974~~ shall expire on December 31 following its date of issue the second year of the licensing period unless sooner revoked by the commissioner or unless the business with respect to which the license was issued is transferred. In either case the holder of the license shall immediately surrender it to the commissioner.

Sec. 15. Minnesota Statutes 1988, section 297C.03, subdivision 1, is amended to read:

Subdivision 1. [MANNER AND TIME OF PAYMENT; PENALTIES; DEPOSIT OF TAX PROCEEDS.] The tax on wines and distilled spirits on which the excise tax has not been previously paid must be paid to the commissioner by persons having on file with the commissioner a sufficient bond as provided in subdivision 4 liable for the tax on or before the 18th day of the month following the month in which the first sale is made in this state by a licensed manufacturer or wholesaler. Every person liable for the tax on wines or distilled spirits imposed by section 297C.02 must file with the commissioner on or before the 18th day of the month following first sale in this state by a licensed manufacturer or wholesaler a return in the form prescribed by the commissioner, and must keep records and render reports required by the commissioner. ~~A person liable for any tax on wines or distilled spirits not having on file a sufficient bond must pay the tax within 24 hours after first sale in this state.~~ The commissioner may certify to the commissioner of public safety any failure to pay taxes when due as a violation of a statute relating

to the sale of intoxicating liquor for possible revocation or suspension of license.

Sec. 16. Minnesota Statutes 1988, section 297C.09, is amended to read:

297C.09 [IMPORTATION BY INDIVIDUALS.]

A person, other than a person under the age of 21 years, entering Minnesota from another state may have in possession one liter of intoxicating liquor or 288 ounces of malt liquor and a person entering Minnesota from a foreign country may have in possession four liters of intoxicating liquor or ten quarts (320 ounces) of malt liquor without the required payment of the Minnesota excise tax. Amounts in excess of these quantities may be imported only by a licensee holding the appropriate license as manufacturer, wholesaler, or importer under section 340A.301 or 340A.302. A collector of commemorative bottles, other than a person under the age of 21 years, entering Minnesota from another state may have in possession 12 or fewer commemorative bottles without the required payment of the Minnesota excise tax. A person who imports or has in possession untaxed intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor. This section does not apply to the consignments of alcoholic beverages shipped into this state by holders of Minnesota import licenses or Minnesota manufacturers and wholesalers when licensed by the commissioner of public safety or to common carriers with licenses to sell intoxicating liquor in more than one state. A peace officer, the commissioner, or their authorized agents, may seize untaxed liquor.

Sec. 17. [REPEALER.]

Minnesota Statutes 1988, sections 297.01, subdivision 15; 297.03, subdivision 12; 297.04, subdivision 10; 297.33, subdivision 13; and 297C.03, subdivisions 4 and 4a, are repealed.

Sec. 18. [EFFECTIVE DATE.]

Sections 1 and 8 are effective July 1, 1990. Sections 2, 4, 6, 9 to 12, and 14 are effective for license applications for the year 1990 and thereafter, except that sections 4 and 10 are effective for bonding periods beginning after December 31, 1989, for provisions applying to bonding requirements. Any bonds for periods before December 31, 1989, must be kept in full force and effect until the statute of limitations for those periods has expired.

Sections 3, 5, 7, 13, 15, and 17 are effective for bonding periods beginning after December 31, 1989, with the following exceptions: (1) any bonds for periods before December 31, 1989, must be kept in full force and effect until the statute of limitations for those periods

has expired, (2) section 17 is effective July 1, 1990, for provisions applying to stamps and tax meter machines, (3) section 3 is effective July 1, 1989, for provisions applying to tax meter machines, and (4) section 3 is effective July 1, 1990, for provisions applying to meter units.

ARTICLE 4

PROPERTY TAX REFUND AND TARGETING

Section 1. Minnesota Statutes 1988, section 290A.04, subdivision 2, is amended to read:

Subd. 2. [HOMEOWNERS.] A claimant whose property taxes payable ~~or rent constituting property taxes~~ are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable ~~or rent constituting property taxes~~. The state refund will be equal to the amount of property taxes payable ~~or rent constituting property taxes~~ that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 999	1.0 percent	10 percent	\$1,100 \$550
1,000 to 1,999	1.1 percent	11 percent	\$1,100 \$550
2,000 to 2,999	1.2 percent	12 percent	\$1,100 \$550
3,000 to 3,499	1.3 percent	13 percent	\$1,100 \$550
3,500 to 3,999	1.3 percent	13 percent	\$1,100 \$550
4,000 to 4,499	1.4 percent	14 percent	\$1,100 \$550
4,500 to 4,999	1.4 percent	14 percent	\$1,100 \$550
5,000 to 5,999	1.5 percent	15 percent	\$1,100 \$550
6,000 to 6,999	1.5 percent	16 percent	\$1,100 \$550
7,000 to 7,999	1.6 percent	17 percent	\$1,100 \$550
8,000 to 8,999	1.6 percent	18 percent	\$1,100 \$550
9,000 to 9,999	1.7 percent	19 percent	\$1,100 \$550
10,000 to 10,999	1.7 percent	20 percent	\$1,075 \$550
11,000 to 11,999	1.8 percent	22 percent	\$1,075 \$550
12,000 to 12,999	1.8 percent	24 percent	\$1,075 \$550
13,000 to 13,999	1.9 percent	26 percent	\$1,075 \$550
14,000 to 14,999	2.0 percent	28 percent	\$1,075 \$550
15,000 to 15,999	2.1 percent	30 percent	\$1,075 \$550
16,000 to 16,999	2.2 percent	32 percent	\$1,075 \$550
17,000 to 17,999	2.3 percent	34 percent	\$1,050 \$550
18,000 to 18,999	2.4 percent	36 percent	\$1,050 \$550
19,000 to 19,999	2.6 percent	38 percent	\$1,050 \$550

20,000 to 20,999	2.8 percent	40 percent	\$1,050	\$550
21,000 to 21,999	3.0 percent	42 percent	\$1,050	
22,000 to 22,999	3.2 percent	44 percent	\$1,050	
23,000 to 23,999	3.3 percent	46 percent	\$1,025	
24,000 to 24,999	3.4 percent	48 percent	\$1,025	
25,000 to 25,999	3.5 percent	50 percent	\$1,025	
26,000 to 26,999	3.6 percent	52 percent	\$1,025	
27,000 to 27,999	3.7 percent	54 percent	\$1,000	
28,000 to 28,999	3.8 percent	56 percent	\$ 900	
29,000 to 29,999	3.9 percent	58 percent	\$ 800	
30,000 to 30,999	4.0 percent	60 percent	\$ 700	
31,000 to 31,999	4.0 percent	60 percent	\$ 600	
32,000 to 32,999	4.0 percent	60 percent	\$ 500	
33,000 to 33,999	4.0 percent	60 percent	\$ 300	
34,000 to 34,999	4.0 percent	60 percent	\$ 100	
21,000 to 21,999	3.0 percent	41 percent	\$550	
22,000 to 23,999	3.0 percent	42 percent	\$550	
24,000 to 25,999	3.0 percent	44 percent	\$550	
26,000 to 27,999	3.0 percent	46 percent	\$550	
28,000 to 29,999	3.0 percent	48 percent	\$550	
30,000 to 63,999	3.0 percent	50 percent	\$550	
64,000 to 65,999	3.0 percent	50 percent	\$400	
66,000 to 67,999	3.0 percent	50 percent	\$200	
68,000 to 69,999	3.0 percent	50 percent	\$100	

The payment made to a claimant shall be the amount of the state refund calculated pursuant to under this subdivision. For taxes payable in 1989, the amount of the refund must be reduced by the homestead credit. No payment is allowed if the claimant's household income is \$35,000 \$70,000 or more.

Sec. 2. Minnesota Statutes 1988, section 290A.04, is amended by adding a subdivision to read:

Subd. 2a. [RENTERS.] A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

<u>Household Income</u>	<u>Percent of Income</u>	<u>Percent Paid by Claimant</u>	<u>Maximum State Refund</u>
\$0 to 999	1.0 percent	10 percent	\$1,000
1,000 to 1,999	1.1 percent	10 percent	\$1,000

2,000 to 2,999	1.2 percent	10 percent	\$1,000
3,000 to 3,999	1.3 percent	11 percent	\$1,000
4,000 to 4,999	1.4 percent	12 percent	\$1,000
5,000 to 5,999	1.5 percent	13 percent	\$1,000
6,000 to 6,999	1.5 percent	14 percent	\$1,000
7,000 to 7,999	1.6 percent	15 percent	\$1,000
8,000 to 8,999	1.6 percent	16 percent	\$1,000
9,000 to 9,999	1.7 percent	17 percent	\$1,000
10,000 to 10,999	1.7 percent	18 percent	\$1,000
11,000 to 11,999	1.8 percent	20 percent	\$1,000
12,000 to 12,999	1.8 percent	22 percent	\$1,000
13,000 to 13,999	1.9 percent	24 percent	\$1,000
14,000 to 14,999	2.0 percent	25 percent	\$1,000
15,000 to 15,999	2.1 percent	27 percent	\$1,000
16,000 to 16,999	2.2 percent	28 percent	\$1,000
17,000 to 17,999	2.3 percent	30 percent	\$1,000
18,000 to 18,999	2.4 percent	32 percent	\$1,000
19,000 to 19,999	2.6 percent	34 percent	\$1,000
20,000 to 20,999	2.8 percent	36 percent	\$1,000
21,000 to 21,999	3.0 percent	38 percent	\$1,000
22,000 to 22,999	3.2 percent	39 percent	\$1,000
23,000 to 23,999	3.3 percent	40 percent	\$1,000
24,000 to 24,999	3.4 percent	42 percent	\$1,000
25,000 to 25,999	3.5 percent	45 percent	\$1,000
26,000 to 26,999	3.6 percent	46 percent	\$1,000
27,000 to 27,999	3.7 percent	48 percent	\$1,000
28,000 to 28,999	3.8 percent	50 percent	\$ 900
29,000 to 29,999	3.9 percent	50 percent	\$ 800
30,000 to 30,999	4.0 percent	50 percent	\$ 700
31,000 to 31,999	4.0 percent	50 percent	\$ 600
32,000 to 32,999	4.0 percent	50 percent	\$ 500
33,000 to 33,999	4.0 percent	50 percent	\$ 300
34,000 to 34,999	4.0 percent	50 percent	\$ 100

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is \$35,000 or more.

Sec. 3. Minnesota Statutes 1988, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. If the net property taxes payable in 1989 on a homestead increase more than ten percent over the net property taxes payable in 1988 the prior year on the same property, and the amount of that increase is \$40 or more, a claimant who is a homeowner shall be allowed an additional refund equal to 75 percent of the amount by which the increase exceeds ten percent. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead.

A refund under this subdivision shall not exceed \$250.

For purposes of this subdivision, "net property taxes payable" means property taxes payable after reductions made pursuant to under sections 273.13, subdivisions 22 and 23; 273.132; 273.135; 273.1391; and 273.42, subdivision 2, and any other state paid property tax credits and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivision 2.

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

The provisions of this subdivision apply to the increase in property taxes over the prior year for property taxes payable in 1989 and 1990 only. In computing the refund for increases in taxes payable in 1990 over 1989, net property taxes payable for 1989 must be reduced by the refund paid under this subdivision.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective beginning for property taxes paid in 1990. Section 2 is effective beginning for refunds based on rent paid in 1990. Section 3 is effective only for property taxes paid in 1989 and 1990.

ARTICLE 5

PROPERTY TAX POLICY

Section 1. [INTERGOVERNMENTAL FINANCE REFORM.]

Subdivision 1. [POLICY STATEMENT.] Under state and federal law, the responsibility for determining the public services to be provided is divided between the federal, state, and local governments. The responsibility for raising the revenues necessary to pay for these services also is divided between the federal, state, and local governments.

The complexity of the intergovernmental finance system creates confusion and diminishes the accountability of federal, state, and local public officials for decisions affecting service levels and property taxes.

The legislature finds that this circumstance, and the decline in federal aid to the states and local units of government, make it necessary to reexamine intergovernmental fiscal relations.

Subd. 2. [STUDY AND REPORT.] The legislature directs the

legislative commission on planning and fiscal policy to collect and analyze information on:

(1) the distribution of responsibility among the various local units of government and the state government for determining the services that must be provided and the financing of those services;

(2) the current and appropriate levels of property tax funding for those programs required by state law; and

(3) the extent to which the state is funding both those programs and services required by state law and those within the discretion of local public officials.

The commission shall make recommendations for more effective mechanisms of state and local finance that take into account both the distribution of need and the resources available within the various local taxing jurisdictions. The commission shall make preliminary recommendations to the 1990 legislature and a final report to the 1991 legislature. With respect to those programs required by federal or state law, the study and report shall:

(1) examine the program requirements;

(2) evaluate the current and alternative funding sources for the program;

(3) evaluate the current and alternative mechanisms for limiting the property tax affects of these programs;

(4) develop a system of reporting any property tax consequences of the program, including separate levy reporting of the property tax proportion of the local program costs; and

(5) develop methods for more accurately estimating any property tax consequences of programs or policies.

Sec. 2. Minnesota Statutes 1988, section 270.12, is amended by adding a subdivision to read:

Subd. 4. For purposes of equalization only, public utility personal property shall be treated as a separate class of property notwithstanding the fact that its tax capacity percentage is the same as commercial-industrial property.

Sec. 3. Minnesota Statutes 1988, section 270.485, is amended to read:

270.485 [SENIOR ACCREDITATION.]

The legislature finds that the property tax system would be enhanced by requiring that every county assessor and senior appraiser in the department of revenue's local government services division obtain senior accreditation from the state board of assessors. By January 1, 1990, or in the case of a county assessor within one year two years of the first appointment under section 273.061, whichever is later, every county assessor and senior appraiser, including the department's regional representatives, must obtain senior accreditation from the state board of assessors. The board shall provide the necessary courses or training. If a department senior appraiser or regional representative fails to obtain senior accreditation by January 1, 1990, the failure shall be grounds for dismissal, disciplinary action, or corrective action. Except as provided in section 273.061, subdivision 2, paragraph (c), after December 30, 1989, the commissioner must not approve the appointment of a county assessor who is not senior accredited by the state board of assessors. No employee hired by the commissioner as a senior appraiser or regional representative after June 30, 1987, shall attain permanent status until the employee obtains senior accreditation.

Sec. 4. Minnesota Statutes 1988, section 270.80, subdivision 1, is amended to read:

Subdivision 1. The following words and phrases when used in Laws 1979, chapter 303, article 7, sections 1 to 13 270.80 to 270.92, unless the context clearly indicates otherwise, shall have the meanings ascribed to them in this section.

Sec. 5. Minnesota Statutes 1988, section 272.01, subdivision 2, is amended to read:

Subd. 2. (a) When any real or personal property which for any reason is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to (1) property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fairgrounds, port authority, housing and redevelopment authority, economic development authority established under chapter 458C, municipal auditorium, municipal automobile parking facility, airport owned by a city, town, county, or group thereof but not the airports owned or operated by the metropolitan airports commission or a city of over 50,000 population or an airport authority therein, municipal museum or municipal stadium or (2) property constituting or used as a

public pedestrian ramp or concourse in connection with a public airport or (3) property constituting or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area in connection with a public airport but not the airports owned or operated by the metropolitan airports commission or cities of over 50,000 population or an airport authority therein. Real estate owned by a municipality in connection with the operation of a public airport and leased or used for agricultural purposes shall not be exempt.

(c) Taxes imposed by this subdivision shall be due and payable as in the case of personal property taxes and such taxes shall be assessed to such lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

Sec. 6. Minnesota Statutes 1988, section 273.061, subdivision 1, is amended to read:

Subdivision 1. [OFFICE CREATED; APPOINTMENT, QUALIFICATIONS.] Every county in this state shall have a county assessor. The county assessor shall be appointed by the board of county commissioners and shall be a resident of this state. The assessor shall be selected and appointed because of knowledge and training in the field of property taxation and appointment shall be approved by the commissioner of revenue before the same shall become effective. Upon receipt by the county commissioners of the commissioner of revenue's refusal to approve an appointment, the term of the appointee shall terminate at the end of that day. Notwithstanding any law to the contrary, a county assessor must have senior accreditation from the state board of assessors by January 1, 1990, or within ~~one year~~ two years of the assessor's first appointment under this section, whichever is later.

Sec. 7. Minnesota Statutes 1988, section 273.061, subdivision 2, is amended to read:

Subd. 2. [TERM; VACANCY.] (a) The terms of county assessors appointed under this section shall be four years. A new term shall begin on January 1 of every fourth year after 1973. When any vacancy in the office occurs, the board of county commissioners, within 30 days thereafter, shall fill the same by appointment for the remainder of the term, following the procedure prescribed in subdivision 1. The term of the county assessor may be terminated by the

board of county commissioners at any time, on charges of inefficiency or neglect of duty by the commissioner of revenue. If the board of county commissioners does not intend to reappoint a county assessor who has been certified by the state board of assessors, the board shall present written notice to the county assessor not later than 90 days prior to the termination of the assessor's term, that it does not intend to reappoint the assessor. If written notice is not timely made, the county assessor will automatically be reappointed by the board of county commissioners.

The commissioner of revenue may recommend to the state board of assessors the nonrenewal, suspension, or revocation of an assessor's license as provided in sections 270.41 to 270.53.

(b) In the event of a vacancy in the office of county assessor, through death, resignation or other reasons, the deputy (or chief deputy, if more than one) shall perform the functions of the office. If there is no deputy, the county auditor shall designate a person to perform the duties of the office until an appointment is made as provided in clause (a). Such person shall perform the duties of the office for a period not exceeding 30 days during which the county board must appoint a county assessor. Such 30-day period may, however, be extended by written approval of the commissioner of revenue.

(c) In the case of the first appointment under paragraph (a) of a county assessor who is accredited but who does not have senior accreditation, an approval of the appointment by the commissioner shall be for a term of ~~one year~~ provisional, provided that a county assessor appointed to a ~~one-year~~ provisional term under this paragraph must reapply to the commissioner at the end of the ~~one-year~~ provisional term. A provisional term may not exceed two years. The commissioner shall not approve the appointment for the remainder of the four-year term unless the assessor has obtained senior accreditation.

Sec. 8. Minnesota Statutes 1988, section 273.11, is amended by adding a subdivision to read:

Subd. 11. [LIMITED MARKET VALUE.] (a) After determining the value of class 1 property, the assessor shall compare the market value with that determined for the preceding year. Notwithstanding any law to the contrary, the amount of the increase entered in the current assessment, excluding any amount resulting from a state board of equalization order, must not exceed the greater of: (1) ten percent of the market value in the preceding assessment; or (2) \$10,000. The sum of the market value for the preceding year and the limited increase is the limited market value of the property. The amount of the excess must be entered in a subsequent year, subject to the limits of this subdivision.

(b) The limit under paragraph (a) does not apply to an increase in value attributable to additions or new improvements. The limited market value of new improvements and additions must be determined by multiplying their market value by a fraction, the numerator of which is limited market value and the denominator of which is market value for class 1 property in the assessment district. The computation in the preceding sentence applies only if the total value of class 1 property in the assessment district exceeds by ten percent the limited market value of the property.

Sec. 9. Minnesota Statutes 1988, section 273.111, subdivision 3, is amended to read:

Subd. 3. Real estate consisting of ten acres or more shall be entitled to valuation and tax deferment under this section only if it is actively and exclusively devoted to agricultural use as defined in subdivision 6 and either:

(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or

(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of Laws 1969, chapter 1039, or is real estate which is farmed with the real estate which qualifies under this clause and is within two townships or cities or combination thereof from the qualifying real estate; or

(3) is the homestead of a shareholder in a family farm corporation as defined in section 500.24, notwithstanding the fact that legal title to the real estate may be held in the name of the family farm corporation.

Valuation of real estate under this section is limited to parcels the ownership of which is in noncorporate entities except for family farm corporations organized pursuant to section 500.24. Corporate entities who previously qualified for tax deferment pursuant to this section and who continue to otherwise qualify under subdivisions 3 and 6 for a period of at least three years following the effective date of this section will not be required to make payment of the previously deferred taxes, notwithstanding the provisions of subdivision 9. Sale of the land prior to the expiration of the three-year period shall result in payment of deferred taxes as follows: sale within the first year requires payment of payable 1980, 1981, and 1982 deferred taxes; sale during the second year requires payment of payable 1981 and 1982 taxes deferred; and sale at any time during the third year will require payment of payable 1983 taxes deferred. Deferred taxes shall be paid even if the land qualifies pursuant to subdivision 11a.

Special assessments are payable at the end of the three-year period or at time of sale, whichever comes first.

Sec. 10. Minnesota Statutes 1988, section 273.112, subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferral under this section only if it is:

(a) actively and exclusively devoted to golf, skiing or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range;

(c)(1) operated by private individuals and open to the public; or

(2) operated by firms or corporations for the benefit of employees or guests; or

(3) operated by private clubs having a membership of 50 or more, provided that the club does not discriminate in membership requirements or selection on the basis of sex; and

(d) made available, in the case of real estate devoted to golf, for use without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex no more frequently than one, or part of one, weekend each calendar month for each sex and no more than two, or part of two, weekdays each week for each sex.

If a golf club membership allows use of golf course facilities by more than one adult per membership, the use must be equally available to all adults entitled to use of the golf course under the membership, except that use may be restricted on the basis of sex as permitted in this section. Memberships that permit play during restricted times may be allowed only if the restricted times apply to all adults using the membership. A golf club may not offer a membership or golfing privileges to a spouse of a member that provides greater or less access to the golf course than is provided to that person's spouse under the same or a separate membership in that club, except that the terms of a membership may provide that one spouse may have no right to use the golf course at any time while the other spouse may have either limited or unlimited access to the golf course.

A golf club may have or create an individual membership category which entitles a member for a reduced rate to play during restricted

hours as established by the club. The club must have on record a written request by the member for such membership.

For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident.

Sec. 11. Minnesota Statutes 1988, section 273.112, is amended by adding a subdivision to read:

Subd. 6a. The commissioner of revenue shall develop and issue guidelines for qualification by private golf clubs under this section covering the access to and use of the golf course by members and other adults so as to be consistent with the purposes and terms of this section. The guidelines shall be mailed to the county attorney and assessor of each county not later than 60 days following the date of enactment of this act. Within 15 days of receipt of the guidelines from the commissioner, the assessor shall mail a copy of the guidelines to each golf club in the county. The guidelines issued under this subdivision are not subject to the administrative procedure act under chapter 14.

Sec. 12. [273.1196] [STATE COMMERCIAL-INDUSTRIAL EFFECTIVE TAX RATE REDUCTION.]

For property taxes payable in 1990 only, class 3a commercial industrial property is eligible for a state commercial-industrial effective tax rate reduction if the payable 1990 property taxes on the first \$200,000 of market value of the property exceed four percent of the January 2, 1989, market value. The state reduction is equal to 75 percent of the property tax amount that is in excess of four percent of market value. Only the first \$200,000 of market value of a qualifying parcel and the taxes attributable to the first \$200,000 of market value are eligible for the computation of this reduction. Only a parcel that qualifies for the 3.1 percent tax capacity percentage contained in section 273.13, subdivision 24, paragraph (a), qualifies for the reduction provided in this section. Only the market value and property tax attributable to the part of the parcel that is class 3a must be used in computing the reduction provided in this section.

The amount of the reduction must be reported to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29.

There is annually appropriated from the general fund to the commissioners of revenue and education the amount necessary to replace the revenue lost to local units of government and school districts as a result of the reduction in property taxes provided in this section. The payment amounts must be determined and the

installments paid under the provisions of sections 273.1392 and 477A.015.

Sec. 13. Minnesota Statutes 1988, section 273.124, subdivision 9, is amended to read:

Subd. 9. [HOMESTEAD ESTABLISHED AFTER ASSESSMENT DATE.] Any property that was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead on June 1 of a year, constitutes class 1 or class 2a to the extent of one-half of the valuation that would have been includable in class 1 or class 2a.

Any taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, prior to June 15 of the year of occupancy in order to qualify under this subdivision.

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

The owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, regardless of whether or not the notification has been timely filed, may be entitled to receive homestead classification by proper application as provided in section 270.07 or 375.192.

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

Sec. 14. Minnesota Statutes 1988, section 273.124, subdivision 12, is amended to read:

Subd. 12. [HOMESTEAD OF MEMBER OF UNITED STATES ARMED FORCES; PEACE CORPS; VISTA.] Real estate actually occupied and used for the purpose of a homestead by a member of the armed forces of the United States, or by a member of that person's immediate family shall, notwithstanding the absence of the person, while on active duty with the armed forces of the United States or the family under such conditions, be classified as a homestead provided that absence of the owner is solely by reason of service in the armed forces, and that even though the person or family is absent if (1) the person or the person's family is absent solely because the person is on active duty with the armed forces of the United States, or is serving as a volunteer under the VISTA or Peace Corps program; (2) the owner intends to return as soon as

discharged or relieved from service; and (3) the owner claims it as a homestead. Every A person who, for the purpose of obtaining or aiding another in obtaining any benefit under this subdivision, shall knowingly make makes or submit submits to any an assessor any an affidavit or other statement which that is false in any material matter shall be to obtain or aid another in obtaining a benefit under this subdivision is guilty of a felony.

Sec. 15. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

Subd. 14. [AGRICULTURAL HOMESTEADS; SPECIAL PROVISIONS.] (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is adjacent to agricultural land on at least two sides;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not further than two townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this subdivision shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, so long as the homestead remains under the same ownership and the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres.

(b) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than two townships or cities or combination thereof from the homestead.

(c) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land

surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

Sec. 16. Minnesota Statutes 1988, section 273.13, subdivision 22, is amended to read:

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

The first \$68,000 of market value of class 1a property has a net tax capacity of one .95 percent of its market value and a gross tax capacity of 2.17 percent of its market value. The market value of class 1a property that exceeds \$68,000 but does not exceed \$100,000 \$110,000 has a tax capacity of 2.5 1.9 percent of its market value. The market value of class 1a property that exceeds \$100,000 \$110,000 has a tax capacity of 3.3 3.0 percent of its market value.

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

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

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

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

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

(iii) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 85 percent or more of total income from

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

(B) supplemental security income for the disabled; or

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

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

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

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

(iii) whose household income as defined in section 290A.03, subdivision 5, is 150 percent or less of the federal poverty level.

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

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$32,000 market value of class 1b property has a net tax capacity of .4 percent of its market value and a gross tax capacity of .87 percent of its market value. The remaining market value of class 1b property has a gross or net tax capacity using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner. Class 1c property has a tax capacity of .9 .8 percent of market value with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore. For purposes of this paragraph, class 1c property may be owned by a corporation or partnership and occupied as a homestead by one or more of its shareholders or partners who are actively engaged in the business on behalf of the corporation or partnership. Homestead treatment applies even if

legal title to the property is in the name of the corporation or partnership and not in the name of the person residing on it.

(d) For taxes levied in 1988, payable in 1989 only, the tax to be paid on class 1a or class 1b property shall be reduced by 54 percent of the tax imposed on the first \$68,000 of market value. The amount of the reduction shall not exceed \$725.

Sec. 17. Minnesota Statutes 1988, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land that does not exceed \$65,000 has a net tax capacity of .805 percent of market value and a gross tax capacity of 1.75 percent of market value. The excess market value over \$65,000 has a tax capacity of 2.2 percent shall have the same tax capacity as if it were class 1a property under subdivision 22. If the market value of the house, garage, and surrounding one acre of land is less than \$65,000 \$100,000, the value of the remaining land including improvements equal to the difference between \$65,000 \$100,000 and the market value of the house, garage, and surrounding one acre of land has a net tax capacity of 1.12 .3 percent of market value and a gross tax capacity of 1.75 percent of market value for the first 320 acres of land and the remaining value over 320 acres has a net tax capacity of 1.295 percent of market value and a gross tax capacity of 1.75 percent of market value. The remaining value of class 2a property over the \$65,000 \$100,000 market value that does not exceed 320 acres has a net tax capacity of 1.44 percent of market value and a gross tax capacity of 2.25 percent of market value. The remaining property over the \$65,000 \$100,000 market value in excess of 320 acres has a net tax capacity of 1.665 percent of market value and a gross tax capacity of 2.25 percent of market value.

Noncontiguous land shall constitute class 2a only if the homestead is classified as class 2a and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead.

Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified class 2a. If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a and is entitled to the homestead credit.

For taxes levied in 1988, payable in 1989 only, the tax to be paid

on class 2a property and class 1b property under section 273.13, subdivision 22, paragraph (b), used for agricultural purposes shall be reduced by 54 percent of the tax. The amount of the reduction shall not exceed \$725.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is nonhomestead agricultural land. Class 2b property has a net tax capacity of 1.665 percent of market value and a gross tax capacity of 2.25 percent of market value.

Agricultural land as used in this section means contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land, and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, including the breeding of fish for sale and consumption provided that it is located on land zoned for agricultural use, shall be considered as agricultural land, if it is not used primarily for residential purposes.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 18. Minnesota Statutes 1988, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial, and industrial, property and utility real and personal property, except for class 5a property as identified in subdivision 31, is class 3a. It has a tax capacity of 3.3 3.1 percent of the first ~~\$100,000~~ \$125,000 of market value and 5.25 percent of the market value over ~~\$100,000~~ \$125,000. For taxes payable in 1991, the 5.25 percent rate shall be 5.2 percent and for taxes payable in 1992 and subsequent years the rate shall be 5.15 percent. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a tax capacity ~~3.3~~ 3.1 percent. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a tax capacity of ~~3.3~~ 3.1 percent.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a tax capacity of 2.5 percent of the first \$50,000 of market value and 3.5 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to

section 469.168, subdivision 4, paragraph (c), the tax capacity of the first \$100,000 of market value is 3.3 percent and the tax capacity of the remainder is 4.8 percent, unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

Sec. 19. Minnesota Statutes 1988, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a tax capacity of ~~4.1~~ 3.7 percent of market value.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal recreational residential; ~~recreational~~, and a structure having ~~five or more stories~~ that is constructed with materials meeting the requirements for type I or II construction as defined in the state building code, 90 percent or more of which is used or is to be used as apartment housing for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is the earlier date;

(2) post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing;

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

(4) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b), which has a tax capacity of 2.7 percent of market value.

Class 4b property has a tax capacity of ~~3.5~~ 3.1 percent of market value, except as provided in clause (4).

(c) Class 4c property includes:

(1) a structure that is situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan;

(2) a structure that is:

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

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

(3) a qualified low-income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1987; or (ii) meets the requirements of that section. Classification pursuant to this clause is limited to buildings the construction or rehabilitation of which began after May 1, 1988, and to a term of 15 years.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. The land on which these structures are situated has a tax capacity of ~~3.5~~ 3.1 percent of market value if the structure contains fewer than four units, and ~~4.1~~ 3.7 percent of market value if the structure contains four or more units.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individ-

ual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (a) it is a nonprofit corporation organized under chapter 317; (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (c) it limits membership with voting rights to residents of the designated community; and (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for the use. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 200 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in clauses (5) and (6) also includes the remainder of class 1c resorts and has a tax capacity of ~~2.6~~ 2.4 percent of market value, except that noncommercial seasonal recreational property has a tax capacity of 2.3 percent of market value; and

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

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

Class 4c property classified under clauses (1), (2), (3), and (4) has a tax capacity of 2.5 percent of market value.

(d) Class 4d property includes any structure:

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

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

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

The 1.5 percent and 2.5 percent tax capacity assignments apply to the properties described in paragraph (c), clauses (1), (2), and (3) and this clause, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. Classification under this clause is only available to property of a nonprofit or limited dividend entity.

Class 4d property has a tax capacity of 1.5 percent of market value.

(e) Class 4e property includes any structure having five or more stories that is constructed with materials meeting the requirements for type I or II construction as defined in the state building code, 90 percent or more of which is used or is to be used as apartment housing for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is the earlier date.

Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clause (1); paragraph (c), clauses (1), (2), (3), or (4); or paragraph (d), is assessed as class 5 property under subdivision 31, paragraph (d), if it is found to be a substandard building under section 273.1316.

Class 4e property has a tax capacity of 3.5 percent of market value.

Sec. 20. Minnesota Statutes 1988, section 273.13, subdivision 31, is amended to read:

Subd. 31. [CLASS 5.] All property not included in any other class is class 5 property.

(a) Tools, implements, and machinery of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, have a tax capacity of 4.6 percent of market value.

(b) Unmined iron ore and low-grade iron-bearing formations as defined in section 273.14 have a tax capacity of 5.25 percent of market value.

(c) Vacant land has a tax capacity of 5.25 percent of market value.

(d) All other property not otherwise classified has a tax capacity of 5.25 percent of market value.

Sec. 21. Minnesota Statutes 1988, section 273.13, is amended by adding a subdivision to read:

Subd. 32. [VACANT LAND.] Real property that is not improved with a structure and that is not used as part of a commercial or industrial activity shall be classified and assessed according to its highest and best use permitted under the local zoning ordinance. If the ordinance permits more than one use, the land must be classified and assessed according to the highest and best use permitted under the ordinance. If no such ordinance exists, the assessor shall consider the most likely potential use of the vacant land based upon the use made of surrounding land or land in proximity to the vacant land.

Sec. 22. [273.1316] [CLASSIFICATION OF SUBSTANDARD RESIDENTIAL RENTAL PROPERTY.]

Subdivision 1. [DENIAL OF RENTAL CLASSIFICATION.] No

substandard building shall be classified as residential rental property under section 273.13, subdivision 25.

Subd. 2. [DEFINITION.] “Substandard building” means a building that:

(1) has been determined by a state, county, or city agency that is charged by the governing body of the appropriate political subdivision with the responsibility for enforcing health, housing, building, fire prevention, or housing maintenance codes:

(i) to materially endanger the health and safety of the occupants;
or

(ii) if unoccupied, to be a hazardous building within the meaning of section 463.15, subdivision 3; or

(iii) to be substantially out of compliance with the housing and maintenance code of that county or city, to the extent that the reasonably anticipated cost of repairs necessary to achieve compliance would be at least \$1,000; and

(2) has not been repaired or brought to a condition of compliance within three months after the date of the violation notice to the owner as provided in subdivision 3 or within the time prescribed by the agency in the notice in accordance with applicable state law or local ordinance, whichever period is shortest.

A building is not substandard under this subdivision if it was rendered substandard solely by reason of a tornado, flood, or other natural disaster.

Subd. 3. [VIOLATION NOTICE.] The initial notice of violation by the agency to the owner must be written and must contain:

(1) the details of the violation;

(2) the date by which repairs must be completed or compliance with other requirements must be achieved;

(3) a general description of the tax consequences if the violations are not corrected; and

(4) information on where and how an appeal may be filed.

The agency may, if authorized by law or ordinance, extend the compliance date prescribed in the violation notice, for good cause shown or may determine that good faith efforts at compliance are sufficient to prevent designation as a substandard building.

Subd. 4. [NOTICE OF NONCOMPLIANCE.] When the period specified in subdivision 3 has expired without compliance, the agency shall mail to the owner a notice of noncompliance. The notice of noncompliance must be mailed by certified mail, return receipt requested, to the owner of the property at the owner's last known address. The notice must contain:

- (1) the details of the noncompliances;
- (2) a statement that the local assessor has been notified of the noncompliance and that the property will be reclassified;
- (3) a general description of the tax consequences resulting from the denial of a residential rental property tax classification; and
- (4) information on where and how an appeal may be filed.

Subd. 5. [APPEALS TO BOARD.] Appeals shall be made to the board created under this subdivision. Each county and city, prior to issuance of a violation notice under subdivision 3, must establish a board to hear appeals under this subdivision. The board shall have five members appointed by the governing body. A decision of the appeal board may be appealed to the district court of the county in which the building is located, concerning the violation and determination of material endangerment or hazard made under subdivision 2 and concerning a determination of noncompliance under subdivision 4. An appeal must be made no later than 30 days after receipt of the notice of the action or determination being appealed. If the board determines that the substandard building has been brought to a condition of compliance, the board shall require the agency to mail to the taxpayer a notice of compliance, which notice shall be in the form and include the information prescribed by the local assessor.

Subd. 6. [TIMING OF PROCESS.] If a notice of noncompliance is mailed before July 1 of any year, and the property owner has not successfully appealed the determination by October 15 of that year, the property will be disqualified from residential rental classification for taxes levied in that year and all subsequent years until the agency determines that the property is no longer a substandard building, or the property owner prevails on an appeal of the matter. If a notice of noncompliance is mailed after June 30 of any year, the disqualification would initially be effective for taxes levied in the following year.

Subd. 7. [REFUND UPON APPEAL.] If the property owner prevails on an appeal at any time after taxes have been paid based on assessment of the property as class 5 property, the agency shall notify the property owner concerning the procedures for the filing of a refund. The notice shall be in the form and include the information prescribed by the local tax assessor. The taxpayer may then file for

a refund of the difference between the amount of the tax paid and the tax that would have been payable if the property had not been incorrectly assessed under this section, and each governmental subdivision that levied the tax on the property shall refund to the property owner its proportionate share of the refund.

Subd. 8. [SPECIFICATION OF VIOLATIONS.] A notice of non-compliance shall not be mailed by the agency to the taxpayer until the state or the governing body of the appropriate political subdivision has prescribed by statute or ordinance the nature and types of violations of codes referred to in subdivision 2, that would constitute a nuisance or material endangerment to the health and safety of occupants of buildings, or that would constitute a hazardous building within the meaning of section 463.15, subdivision 3.

Sec. 23. Minnesota Statutes 1988, section 273.1398, subdivision 1, is amended to read:

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

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of tax capacity rates.

(c) "Gross tax capacity" means the product of the appropriate percentages of market value listed as gross tax capacities in section 273.13 and equalized market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located and (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2. For purposes of determining the gross tax capacity of property referred to in clauses (1) and (2) for disparity reduction aid payable in 1989, the gross tax capacity before equalization shall equal the property's 1987 assessed value multiplied by 12 percent. Gross tax capacity cannot be less than zero.

(d) "Net tax capacity" means the product of the appropriate percentages of market value listed as net tax capacities in section 273.13 and equalized market values. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section

473F.02, subdivision 8, in which the unique taxing jurisdiction is located and (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity before equalization shall equal the property's 1987 assessed value multiplied by 12 percent. Net tax capacity cannot be less than zero.

(e) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. For computation of aids payable in 1989 only, if the aggregate assessment sales ratio is less than or equal to 92 percent, the assessment sales ratios by class shall be adjusted proportionally so that the aggregate ratio of the unequalized market values to the equalized market values equals 92 percent; otherwise the equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

(f) "Homestead effective Adjusted gross tax capacity rate" means the product of (i) 46 percent; (ii) 2.17 percent; and (iii) the total gross taxes divided by the total gross tax capacity rate for taxes payable in 1989 within a unique taxing jurisdiction multiplied by the 1988 aggregate assessment sales ratio. A sales ratio of .92 is used if the actual sales ratio is less than .92.

(g) For purposes of calculating the transition homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product 1.03 times the sum of (i) a unique taxing jurisdiction's homestead effective adjusted gross tax capacity rate; (ii) times its net tax capacity based on payable 1989 market values and net tax capacity percentages in effect for taxes payable in 1990; and (iii) 103 (ii) its fiscal disparities distribution levy for taxes payable in 1989.

(h) For purposes of calculating and allocating transition aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "Gross taxes levied on all properties" or "gross taxes" means the amount of disparity aid received plus the total gross taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction before reduction by any credits for taxes payable in the year prior to that in which the aids are payable. For purposes of disparity reduction aid only, total gross taxes shall be reduced by

the taxes levied for any school district referendum levies authorized pursuant to section 124A.03, subdivision 2, and any school district debt levies authorized pursuant to section 475.61. Gross taxes levied cannot be less than zero but including the amount received from the distribution of the areawide tax as provided in section 473F.08, subdivision 3, clause (a).

(i) "Income maintenance aids" means:

(1) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(2) preadmission screening and alternative care grants under section 256B.091, subdivision 8;

(3) general assistance, and work readiness under section 256D.03, subdivision 2;

(4) general assistance medical care under section 256D.03, subdivision 6;

(5) aid to families with dependent children under section 256.82, subdivision 1, including emergency assistance under section 256.871, subdivision 6; and funeral expense payments under section 256.935, subdivision 1; and

(6) supplemental aid under section 256D.36, subdivision 1.

Sec. 24. Minnesota Statutes 1988, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [TRANSITION HOMESTEAD AND AGRICULTURAL CREDIT AID.] (a) Transition Homestead and agricultural credit aid for each unique taxing jurisdiction for taxes payable in 1990 equals the total gross taxes levied on all properties for taxes payable in 1989, minus the unique taxing jurisdiction's subtraction factor. Transition Homestead and agricultural credit aid cannot be less than zero. The transition homestead and agricultural credit aid so determined for school districts for purposes of general education and transportation levies shall be multiplied by the ratio of the adjusted gross tax capacity based upon the 1988 adjusted gross tax capacity to the estimated 1987 adjusted gross tax capacity based upon the 1987 adjusted assessed value. Each county assessor and the city assessors of Minneapolis, Duluth, and St. Cloud shall furnish the commissioner of revenue with the 1988 market values for taxes payable in 1989 for any new classes of property established in this article. The commissioner shall use those values, and estimate values where needed, in developing the 1988 tax capacity for each unique taxing jurisdiction under this section.

(b)(1) The transition homestead and agricultural credit aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bears to the total gross taxes levied within the unique taxing jurisdiction.

(2) The homestead and agricultural credit aid determined for each county government shall be increased by a percentage equal to the percentage increase in population, if any, for the most recent 12-month period for which data is available.

(3) If a local government's total tax capacity rate for all funds for taxes payable in 1989 varies within the area in which it exercises taxing authority, the local government's allocated transition homestead and agricultural credit aid must be further allocated between the part of its levy in respect to which the tax capacity rate is constant throughout the area in which it exercises taxing authority and the part of its levy in respect to which the tax capacity rate varies throughout the area in which it exercises taxing authority.

(c) In 1991 and subsequent years, a local government shall receive transition homestead and agricultural credit aid equal to that it received in 1990 subject to the requirement of the last sentence of subdivision 6.

(d) The difference between (1) the income maintenance aids payable to a county and (2) the income maintenance aids that would be payable to the county pursuant to the rates in effect for calendar year 1989 shall be reduced by the sum of the amount of transition aid a county receives under this subdivision for all unique taxing jurisdictions located within its borders. The reduction must not reduce the difference to less than zero. The reduction shall be prorated among all payments of the increased income maintenance aids so that each payment is reduced by an equal percentage amount. The commissioner of revenue shall certify each county's transition aid to the commissioner of human services for purposes of this adjustment.

Sec. 25. Minnesota Statutes 1988, section 273.1398, subdivision 3, is amended to read:

Subd. 3. [DISPARITY REDUCTION AID.] (a) For taxes payable in 1989, a disparity reduction aid shall be calculated for each unique taxing jurisdiction. The aid is the greater of:

(1) the difference between (i) the total 1988 gross tax payable on all taxable property within the unique taxing jurisdiction, and (ii) the gross tax capacity of the unique taxing jurisdiction; or

(2) 20 percent of the difference between (i) the 1988 gross tax of

the city or township, and (ii) 23 percent of the city's or township's gross tax capacity.

In no case can the aid be less than \$0. For taxes payable in 1990, the amount of disparity aid originally certified for each unique taxing jurisdiction for taxes payable in 1989 shall be multiplied by (1) 1.03, and (2) the ratio of the jurisdiction's net tax capacity to its gross tax capacity, based upon market values for taxes payable in 1989.

(b) The disparity reduction aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's payable gross taxes bears to the total payable gross taxes levied within the unique taxing jurisdiction.

(c) In ~~1990~~ 1991 and subsequent years, a local government shall receive disparity reduction aid equal to that it received in ~~1989~~ 1990.

Sec. 26. Minnesota Statutes 1988, section 275.08, subdivision 1c, is amended to read:

Subd. 1c. After the tax capacity rate of a local government has been determined pursuant to subdivision 1b, the auditor shall adjust the local government's tax capacity rate within each unique taxing jurisdiction as defined in section 273.1398, subdivision 1, in which the local government exercises taxing authority. The adjustment shall equal the unique taxing jurisdiction's disparity reduction aids allocated to the local government pursuant to section 273.1398, subdivision 3, and tax base equalization aid under section 477A.013, subdivision 4, divided by the total tax capacity of all taxable property within the unique taxing jurisdiction. The adjustment shall reduce the tax capacity rate of the local government within the unique taxing jurisdiction for which the adjustment was calculated.

Sec. 27. Minnesota Statutes 1988, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) ~~The treasurer shall, whether or not directed by the county board, cause to be printed on all tax statements, or on an attachment, The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality and school district must be separately stated. The amounts due other taxing districts, if any, may be aggregated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the~~

following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) For taxes payable in 1990 and thereafter, real and personal property tax statements must contain (1) the property's market value, as defined in section 272.03, subdivision 8, (2) the net tax capacity rate applicable to the property's classification under section 273.13, and the product of (1) and (2), the property's initial tax. The statement must show the difference between a property's gross tax capacity and net tax capacity multiplied by the tax capacity rate as "state paid homestead and agricultural credit." The statement must also show the decrease in tax attributable to that portion of the sum of the following aids attributable to the property as "state paid tax relief": (i) education aids payable under chapters 124 and 124A, (ii) local government aid for cities, towns, and counties under chapter 477A, (iii) disparity reduction aid paid under section 273.1398, and (iv) income maintenance aids as defined in section 273.1398, subdivision 1, paragraph (i). The commissioner of revenue shall certify to the county auditor the actual or estimated aids local governments will receive in the following year.

(d) For taxes payable in 1989 only, the statement must show the property's market value, as defined in section 272.03, subdivision 8, and the amount attributable to section 273.13, subdivisions 22 and 23, as "state paid homestead credit" and the amount attributable to section 273.132 as "state paid agricultural credit." The statement must also show the decrease in tax attributable to that portion of the sum of the following aids attributable to the property as "state paid tax relief": (i) education aids under chapters 124 and 124A, (ii) local government aid for cities, towns, and counties under chapter 477A, and (iii) disparity reduction aid under section 273.1398. The commissioner of revenue shall certify to the county auditor the actual or estimated aids local governments will receive in the following year.

Sec. 28. [365B.01] [TOWNS; SUBORDINATE SERVICE DISTRICTS; PURPOSE.]

It is the purpose of this chapter to provide a means by which a town as a unit of general local government can effectively provide and finance various governmental services for its residents.

Sec. 29. [365B.02] [DEFINITION.]

“Subordinate service district” means a defined area within the town in which one or more governmental services or additions to townwide services are provided by the town specially for the area and financed from revenues from the area. The boundaries of a single subordinate service district may not embrace an entire town.

Sec. 30. [365B.03] [ESTABLISHMENT OF SERVICE DISTRICT.]

Notwithstanding any provision of law requiring uniform property tax rates on real or personal property within the town, a town may establish subordinate service districts to provide and finance a governmental service or function that it is otherwise authorized to undertake. A function or service to be provided may include a function or service that the town ordinarily provides throughout the town only to the extent that there is an increase in the level of the function or service provided in the service district over that provided throughout the town.

Sec. 31. [365B.04] [CREATION BY PETITION.]

Subdivision 1. [PETITION.] A petition signed by 50 percent of the property owners in the part of the town proposed for the subordinate service district may be submitted to the town board requesting the establishment of a subordinate service district to provide a service that the town is otherwise authorized by law to provide. The petition must include the territorial boundaries of the proposed district and specify the kinds of services to be provided within the district.

Subd. 2. [PUBLIC HEARING.] Upon receipt of the petition, and the verification of the signatures by the town clerk, the town board shall, within 30 days following verification, hold a public hearing on the question of whether or not the requested district shall be established.

Subd. 3. [APPROVAL; DISAPPROVAL.] Within 30 days after the public hearing, the town board by resolution shall approve or disapprove the establishment of the requested district. A resolution approving the establishment of the district may contain amendments or modifications of the district's boundaries or functions as set forth in the petition.

Sec. 32. [365B.05] [PUBLICATION AND EFFECTIVE DATE.]

Within 20 days after passage of a resolution authorizing the establishment of a subordinate service district, the town board shall have the resolution published once in a qualified newspaper of general circulation within the town. The resolution must include a general description of the territory to be included within the district, the kind of service to be provided, and a statement of how the service will be financed. A notice must also be mailed to the owner of each

parcel within the area proposed to be included in the district. The notice shall be sent to the same address as on the property tax statement. The district shall begin 60 days after publication or at a later date specified in the resolution.

Sec. 33. [365B.06] [REVERSE REFERENDUM.]

Subdivision 1. [PETITION.] Upon receipt of a petition signed by 25 percent of the property owners within the territory of the proposed district, before the effective date of its establishment as specified in section 32, the establishment shall be in abeyance pending referendum vote within the boundaries of the proposed district.

Subd. 2. [ELECTION.] The town board shall hold a special election within the boundaries of the proposed district not less than 30 nor more than 90 days after receipt of the petition. The question submitted and voted upon by the property owners within the territory of the proposed district must be phrased substantially as follows:

"Shall a subordinate service district be established to provide (service or services to be provided) financed by (revenue sources)?"

If a majority of those voting on the question favor creation of the district, the district shall begin upon certification of the vote by the town clerk. The town clerk shall administer the election.

Sec. 34. [365B.07] [EXPANSION OF BOUNDARIES OF A DISTRICT.]

The town board, upon petition, may enlarge any existing subordinate service district under the procedures specified in sections 31 to 34. Only property owners residing in territory to be added to the district shall be eligible to participate in an election, unless 25 percent of the property owners residing in the existing district petition to participate, in which case all property owners residing in the proposed enlarged district shall be eligible.

Sec. 35. [365B.08] [FINANCING.]

Upon adoption of the next annual budget following the creation of a subordinate service district the town board shall include in the budget appropriate provisions for the operation of the district including either a property tax levied only on property of the users of the service within the boundaries of the district or a levy of a service charge against the users of the service within the district, or a combination of a property tax and a service charge on the users of the service.

A tax or service charge or a combination of them may be imposed to finance a function or service in the district that the town ordinarily provides throughout the town only to the extent that there is an increase in the level of the function or service provided in the service district over that provided throughout the town. In that case, in addition to the townwide tax levy, an amount necessary to pay for the increase in the level of the function or service may be imposed in the district.

Sec. 36. [365B.09] [WITHDRAWAL; ELECTION.]

Upon receipt of a petition signed by 50 percent of the property owners in the territory of the subordinate service district requesting the removal of the district, the town board shall hold a special election within the service district not less than 30 nor more than 90 days after the resolution or receipt of the petition. The question to be submitted and voted upon by the property owners in the district shall be phrased substantially as follows:

"Shall the subordinate service district presently established be removed and the service or services of the town as provided for the service district be discontinued?"

If a majority of those voting on the question favor the removal and discontinuance of the services, the service district shall be removed and the services shall be discontinued upon certification of the vote by the town clerk. The town clerk shall administer the election.

Sec. 37. [365B.10] [COORDINATION OF DISTRICTS.]

If a county establishes a subordinate service district in part of a town under enabling law for counties, a town may not establish a subordinate service district to provide the same service in the part of the town served by the county. If a town establishes a subordinate service district in part of the town under this chapter or other law, a county may not establish a subordinate service district to provide the same service in the part of the town served by the town.

Sec. 38. Minnesota Statutes 1988, section 459.14, is amended by adding a subdivision to read:

Subd. 8. [PROPERTY EXEMPT FROM TAXATION.] Any property, real or personal, owned, leased, maintained, or operated as a municipal parking facility under this section is owned, leased, maintained, or operated for essential public and governmental purposes, and is exempt from all ad valorem taxes levied by the state or a political subdivision of the state.

Sec. 39. Minnesota Statutes 1988, section 469.012, is amended by adding a subdivision to read:

Subd. 12. [PARKING FACILITIES.] An authority may operate and maintain public parking facilities in connection with any of its projects.

Sec. 40. Minnesota Statutes 1988, section 469.040, subdivision 2, is amended to read:

Subd. 2. [LEASED PROPERTY, EXCEPTION.] Notwithstanding the provisions of subdivision 1, any property other than property to be operated as a parking or other public facility that the authority leases to private individuals or corporations for development in connection with a redevelopment project shall have the same tax status as if the leased property were owned by the private individuals or corporations.

Sec. 41. Minnesota Statutes 1988, section 473F.08, subdivision 3, is amended to read:

Subd. 3. On or before October 15 of 1976 and each subsequent year, the county auditor shall apportion the levy of each governmental unit in the auditor's county in the manner prescribed by this subdivision. The auditor shall:

(a) Determine the areawide portion of the levy for each governmental unit by multiplying the tax capacity rate of the governmental unit for the preceding levy year times the distribution value set forth in subdivision 2, clause (b); and

(b) Determine the local portion of the current year's levy by subtracting the resulting amount from clause (a) from the governmental unit's current year's levy. For taxes payable in 1990 only, the amount determined under paragraph (a) shall be increased by three percent for all taxing jurisdictions.

Sec. 42. [SPECIAL SERVICES DEFINED.]

For purposes of sections 42 and 43, "special services" means all services rendered or contracted for by the city of Mankato, including but not limited to:

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

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

(3) any other service provided to the public by the city that is authorized by law or charter.

Sec. 43. [ESTABLISHMENT OF SPECIAL SERVICES DISTRICT; ORDINANCE.]

The governing body of the city of Mankato may adopt an ordinance establishing a special service district. The provisions of Minnesota Statutes, chapter 428A govern the establishment and operation of special service districts in the city.

Sec. 44. [LOCAL APPROVAL.]

Sections 42 and 43 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Mankato.

Sec. 45. [SPECIAL SERVICES DEFINED.]

For purposes of sections 45 to 47, "special services" means all services rendered or contracted for by the city of Hopkins, including, but not limited to:

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

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

(3) any other service provided to the public by the city that is authorized by law or charter.

Sec. 46. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.]

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt an ordinance establishing a special service district. The provisions of Minnesota Statutes, chapter 428A, govern the establishment and operation of special service districts in the city.

Sec. 47. [LOCAL APPROVAL.]

Sections 45 and 46 are effective the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Hopkins.

Sec. 48. Laws 1988, chapter 719, article 7, section 9, is amended to read:

Sec. 9. [COUNTY ASSESSORS; SENIOR ACCREDITATION.]

Notwithstanding Minnesota Statutes, section 273.061, the commissioner of revenue's approval on January 1, 1989, of appointments of assessors who are not senior accredited on January 1, 1989, shall be for a term of ~~one year~~ two years. A county assessor appointed for a ~~one-year~~ two-year term must reapply to the commissioner by January 1, ~~1990~~ 1991, to obtain the approval of the commissioner for the remainder of the four-year term.

Sec. 49. [INSTRUCTION TO THE REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall delete the phrase "transition aid" wherever it appears in Minnesota Statutes, sections 124.155, 124.2139, 273.1398, 275.07, and 477A.011, and insert "homestead and agricultural credit aid."

Sec. 50. [EFFECTIVE DATE.]

Section 2 is effective the day following final enactment and is intended to confirm and clarify the original intent of the legislature in the taxation and equalization of state-assessed public utility property.

Sections 5, 14 to 27, and 38 to 40 are effective for taxes levied in 1989, payable in 1990, and thereafter.

Section 8 is effective for the 1989 assessment, taxes payable in 1990, and thereafter.

Notwithstanding the May 1 application date in section 273.111, subdivision 8, section 9 is effective for the 1989 assessment payable in 1990, and thereafter.

Section 10 is effective for taxes levied in 1989, payable in 1990, and thereafter. Notwithstanding Minnesota Statutes, section 273.112, subdivision 6, in order to qualify for valuation under Minnesota Statutes, section 273.112, for the 1989 assessment, the taxpayer of the property operated by private clubs under Minnesota Statutes, section 273.112, subdivision 3, clause (c)(3), must submit an affidavit or other written verification to the assessor by July 1, 1989, showing that the bylaws in rules and regulations of the private club meet the eligibility requirements of section 10 by July 1, 1989.

Section 11 is effective the day following final enactment.

Section 13 is effective for taxes levied in 1990, payable in 1991, and thereafter.

ARTICLE 6

LEVY LIMITS AND INCOME MAINTENANCE

Section 1. Minnesota Statutes 1988, section 273.1398, is amended by adding a subdivision to read:

Subd. 2a. [INCOME MAINTENANCE AIDS REDUCTION.] The income maintenance aids payable to a county in 1990 and thereafter

under Laws 1988, chapter 719, article 8 must be reduced by the lesser of the amount the county levied in 1988 payable in 1989 for programs included in income maintenance aids or the amount of homestead and agricultural credit aid, but not below zero. The reduction must be prorated among the payments so that each payment is reduced proportionally. The amount payable by a county for programs included in income maintenance aids for calendar year 1989 must be estimated by the county and certified to the department of revenue by July 15, 1989. If the amount paid by a county for programs included in income maintenance aids is less than or greater than the amount certified to the department of revenue, the amount of difference shall be adjusted accordingly. The commissioner of revenue shall certify the amount of the reduction for each county to the department of human services.

Sec. 2. Minnesota Statutes 1988, section 275.50, subdivision 2, is amended to read:

Subd. 2. [GOVERNMENTAL SUBDIVISION.] (a) "Governmental subdivision" means a county, a home rule charter city, or a statutory city, except a home rule charter or statutory city that has a population of less than 2,500 according to the most recent federal census.

(b) "Governmental subdivision" also includes any home rule charter or statutory city or town that receives a distribution from the taconite municipal aid account in the levy year.

(c) "Governmental subdivision" also includes a regional rail authority.

Sec. 3. Minnesota Statutes 1988, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1988 1989 payable in 1989 1990 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to pay the costs enumerated in subdivision 5a and to:

(a) pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. Except for the costs of general assistance as defined in section 256D.02, subdivision 4, general assistance medical care under section 256D.03 and the costs of hospital care pursuant to section 261.21, the aggregate amounts levied pursuant to this clause are subject to a maximum increase of 18 percent over the amount levied for these purposes in the previous year. Effective with taxes levied in 1989, the portion of this special

levy for income maintenance programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;

(b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(c) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(e) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(g) pay amounts required to correct for an error of omission in the levy certified to the appropriate county auditor or auditors by the governing body of a city or town with statutory city powers in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the

governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) ~~to~~ compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16; and

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5-;

(k) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 7;

(l) pay the expenses reasonably and necessarily incurred in preventing, preparing for, or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 7;

(m) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 7. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

(n) pay the operating cost of regional library services authorized under section 134.34. If a county or city also operates its own county or city library, and if the levy for that purpose was included under the payable 1989 levy limit base it shall remain under the levy limit base for subsequent years and is not a special levy under this clause;

(o) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6; and

(p) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15.

Sec. 4. Minnesota Statutes 1988, section 275.50, is amended by adding a subdivision to read:

Subd. 5a. [LOCAL SPECIAL LEVIES.] (a) "Special levies" includes ad valorem taxes levied by the following governmental subdivision for the following purpose:

The amount levied by Goodhue county for the county historical society if enacted under sections 5 and 6.

(b) If either the payable 1988 or the payable 1989 levy limit base for a governmental subdivision included an amount for a purpose specified in paragraph (a) and that amount had been claimed as a special levy in the year previous to 1988 or 1989, the department of revenue shall reduce the governmental subdivision's levy limit base for the current year by the lesser of the amount of the special levy included in the 1988 or 1989 base, or the amount levied under paragraph (a).

Sec. 5. [GOODHUE COUNTY; HISTORICAL SOCIETY LEVY.]

Goodhue county may levy a tax of up to \$360,000 per year on property in the county and use the proceeds of the levy for the county historical society. The levy shall be a special levy as provided in section 275.50, subdivision 5a.

Sec. 6. [REVERSE REFERENDUM.]

If the Goodhue county board intends to exercise the authority provided by section 5 in subsequent years, it shall pass a resolution stating the fact before January 1, 1990. The resolution must be published for two successive weeks in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the county may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the county in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a

general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1990.

Sec. 7. Minnesota Statutes 1988, section 275.51, subdivision 3f, is amended to read:

Subd. 3f. [LEVY LIMIT BASE.] (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1988 shall be equal to the total actual levy for taxes payable in 1988 plus with additions and subtractions as specified in paragraphs (b) and (c).

(b) The amounts to be added to the actual levy are (1) the amount of any payments local government aid the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014 and minus, (2) its 1988 taconite aids under sections 298.28 and 298.282, and (3) its 1988 wetlands and native prairie reimbursements under Minnesota Statutes 1986, sections 273.115, subdivision 3, and 273.116, subdivision 3.

(c) The amounts to be subtracted from the actual 1988 levy are:

(1) any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4); and

(2) for a governmental subdivision participating in a regional library system receiving grants from the department of education under section 134.34, the amount levied for taxes payable in 1988 for the operating costs of a public library service. A county's levy limit base will be increased by the amount of any increase in its levy under section 134.07 over that levied under section 134.07 for taxes payable in 1988 which is required under section 134.341; and

(3) for a governmental subdivision which begins participation on January 1, 1990, in a regional library system receiving grants from the department of education under section 134.34, the amount levied for taxes payable in 1989 for the operating costs of public library service.

(d) For governmental subdivisions located in the seven-county metropolitan area, the total actual levy for taxes payable in 1988 shall include the fiscal disparities distribution levy pursuant to Minnesota Statutes 1986, section 473F.08, subdivision 7a.

(b) (e) For taxes levied in 1989 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year not including the adjustment made

under subdivision 3h, paragraph (e), plus for taxes levied in 1989 the administrative reimbursement aid received in 1988.

If a governmental subdivision received an adjustment to its levy limit base for taxes levied in 1988 under section 275.51, subdivision 3j, its levy limit base for taxes levied in 1989 must be reduced by the lesser of (1) the adjustment under section 275.51, subdivision 3j, or (2) the difference between its (i) levy limit for taxes levied in 1988 and its (ii) total actual levy for taxes levied in 1988 minus any special levies claimed for taxes levied in 1988 under section 275.50, subdivision 5.

In the case of a county, its levy limit base for taxes levied in 1989 must be reduced by the amount by which its income maintenance aid reduction under section 273.1398, subdivision 2a, exceeds the portion of its special levy for taxes levied in 1988 under section 275.50, subdivision 5, paragraph (a), that was levied for income maintenance programs identified in section 273.1398, subdivision 1. If the income maintenance aid reduction under section 273.1398, subdivision 2a, exceeds the total amount that a county levied for income maintenance programs identified in section 273.1398, subdivision 1, the county can apply to the commissioner of revenue to have the amount of reduction adjusted. Applications shall be in the form and accompanied by the data required by the commissioner.

Sec. 8. Minnesota Statutes 1988, section 275.51, subdivision 3g, is amended to read:

Subd. 3g. [ALTERNATIVE LEVY LIMIT BASE ADJUSTMENTS.] Any governmental subdivision which reduced any of its unreserved, undesignated fund balances because of spending for non-special levy purposes in calendar year 1981 may apply to the commissioner of revenue to have its levy limit base increased for the taxes payable year 1984 by no more than the amount of the reduction in the fund balances.

Applications shall be in the form and accompanied by the data required by the commissioner. If approved by the commissioner, the subdivision may then pass a resolution stating the amount by which the levy limit base is proposed to be increased. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation in the governmental subdivision, together with a notice fixing a date for a public hearing on the proposed increase. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the governing body may determine to take no further action or, in the alternative, adopt a resolution authorizing the increase as originally proposed or approving an increase in the lesser amount it determines. The resolution authorizing an increase shall be published in the official

newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation in the governmental subdivision. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the governmental subdivision in the last general election or 2,000 voters, whichever is less, requesting a referendum on the proposed resolution is filed with the clerk or recorder of the governmental subdivision if the governmental subdivision is a city or town, or with the county auditor if the governmental subdivision is a county, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum. The referendum must be held at a special or general election prior to October 1, 1988. For taxes levied in 1989, compute an alternative levy limit base for each governmental subdivision which was granted an appeal for the use of reserve funds under section 275.51, subdivision 3j, for taxes levied in 1988 or was granted on appeal for the use of reserve funds pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 5. The "alternative levy limit base" is equal to the governmental subdivisions adjusted levy limit base for taxes levied in 1986 increased by any base adjustments claimed for taxes levied in 1987 under Minnesota Statutes 1987 Supplement, section 275.51, subdivision 3h, plus any adjustments made to the 1987 levy limit base under Laws 1987, chapter 268, article 5, section 12, subdivision 5, for all purposes except for the expenditure of reserve funds. For taxes levied in 1989 the adjusted alternative levy limit base is equal to the alternative levy limit base increased by the adjustment factors under section 275.51, subdivision 3h, in effect for taxes levied in 1988 and in 1989. For taxes levied in 1990 and subsequent years, the adjusted alternative levy limit base is equal to the adjusted alternative levy limit base from the previous year increased by the adjustment factors in section 275.51, subdivision 3h.

Sec. 9. Minnesota Statutes 1988, section 275.51, subdivision 3h, is amended to read:

Subd. 3h. [ADJUSTED LEVY LIMIT BASE.] For taxes levied in 1988 1989 and thereafter, the adjusted levy limit base is equal to the levy limit base computed pursuant to subdivision 3f, increased by:

(a) a percentage equal to four percent for taxes levied in 1988 and three percent for taxes levied in 1989 and subsequent years; and

(b) a percentage equal to the greater of the percentage increases increase in population or in number of households, if any, for the most recent 12-month period for which data is available, using figures derived pursuant to subdivision 6; and

(c) the amount of a permanent increase in the levy limit base

approved at a general or special election held during the 12-month period ending September 30 of the levy year under section 275.58, subdivisions 1 and 2.

For taxes levied in 1989 and subsequent years, to the resulting product must be added the estimated reduction in a county's income maintenance aids as defined in section 273.1398, subdivision 1, pursuant to section 273.1398, subdivision 2, paragraph (d). The department of human services shall annually estimate the increase in income maintenance aids referred to in section 273.1398, subdivision 2, paragraph (d), and certify it by county to the department of revenue by July 15 of the levy year preceding that in which the aids are payable. If the actual increase in a county's income maintenance aid referred to in section 273.1398, subdivision 2, paragraph (d), is less than or greater than the amount added to a county's adjusted levy limit base in the prior year, its adjusted levy limit base for the subsequent year will be increased or decreased by the appropriate amount.

The adjusted levy limit base for governmental subdivisions that received an appeal for expenditures from reserve funds for taxes levied in 1987 or in 1988 is equal to the levy limit base computed under subdivision 3f increased by the amount in paragraph (c).

Sec. 10. Minnesota Statutes 1988, section 275.51, subdivision 3i, is amended to read:

Subd. 3i. [LEVY LIMITATION.] The levy limitation for a governmental subdivision shall be equal to the greater of the adjusted alternative levy limit base determined under subdivision 3g or the adjusted levy limit base determined pursuant to under subdivision 3h, reduced by

(1) the local government aid that the governmental subdivision has been certified to receive pursuant to under sections 477A.011 to 477A.014, except for tax base equalization aid under section 477A.013, subdivision 4; and (2) taconite aids under sections 298.28 and 298.282 including any aid received in the levy year that was required to be placed in a special fund for expenditure in the next succeeding year; and

in the case of a county, increased by the amount of the income maintenance aid reduction under section 273.1398, subdivision 2a.

As provided in section 298.28, one cent per taxable ton of the amount distributed under section 298.28, subdivision 5, paragraph (d), must not be deducted from the levy limit base of a county that receives the aid.

This amount is the amount of property taxes which a governmen-

tal subdivision may levy for all purposes other than those for which special levies and special assessments are made.

For taxes levied in 1989 and later years, the levy limit for a county calculated under clause (2) must be decreased by an additional amount equal to the difference between what would have been a county's production year 1986 payable 1987 distribution under Minnesota Statutes 1984, section 298.28, based on 1986 production and its actual distribution for production year 1986, payable 1987.

Sec. 11. Minnesota Statutes 1988, section 275.51, subdivision 3j, is amended to read:

Subd. 3j. [APPEALS.] A governmental subdivision subject to the limitations in this section may appeal to the commissioner of revenue for an adjustment in its levy limit base under this section authorization to levy for the special levies as contained in section 275.50, subdivision 5, clauses (k), (l), and (m). If the governmental subdivision can provide evidence satisfactory to the commissioner that its levy for taxes payable in 1988 had been reduced because it had made expenditures from reserve funds it incurred costs for the specified purposes of those levies, the commissioner may permit allow the governmental subdivision to increase its levy limit base under this section under section 275.50, subdivision 5, clauses (k), (l), or (m) by the amount determined by the commissioner. The commissioner's decision is final.

Sec. 12. Minnesota Statutes 1988, section 275.51, subdivision 4, is amended to read:

Subd. 4. If the levy made by a governmental subdivision exceeds the limitation provided in sections 275.50 to 275.56, except when such excess levy is due to the rounding of the tax capacity rates of the governmental subdivision in accordance with section 275.28, subsequent distributions required to be made by the commissioner of finance from any formula aids pursuant to sections 477A.011 to 477A.014 or homestead and agricultural credit aid under section 273.1398, shall be reduced 33 cents for each full dollar the levy exceeds the limitation.

Sec. 13. Minnesota Statutes 1988, section 275.51, subdivision 6, is amended to read:

Subd. 6. [POPULATION AND HOUSEHOLD ESTIMATES.] For the purpose of determining the amount of tax that a governmental subdivision may levy in accordance with limitation established by this chapter, the population or the number of households of the governmental subdivision shall be that established by the last federal census, by a census taken pursuant to section 275.14, or by an estimate made by the metropolitan council, or by the state

demographer made pursuant to section 116K.04, subdivision 4, whichever is the most recent as to the stated date of count or estimate, up to and including July 1 of for the calendar year preceding the current levy year.

Sec. 14. Minnesota Statutes 1988, section 275.58, subdivision 1, is amended to read:

Subdivision 1. ~~Notwithstanding Subject to the provisions of sections 275.50 to 275.56, but subject and to other law or charter provisions establishing per capita, mill or other limitations on the amount of taxes that may be levied, the levy of a governmental subdivision, as defined by section 275.50, subdivision 1, may be increased above the limitation imposed by sections 275.50 to 275.56 in any per capita or dollar amount which is approved by the majority of voters of the governmental subdivision voting on the question at a general or special election. When the governing body of the governmental subdivision resolves to increase the levy of the governmental subdivision pursuant to this section, it shall provide for submission of the proposition of an increase in the levy limit base per capita or the proposition of an additional levy, as the case may be, at a general or special election. Notice of such election shall be given in the manner required by law. If the proposition is for an adjustment to the governmental subdivision's levy limit base per capita, increasing the levy limit base per capita over the per capita amount established pursuant to section 275.51, subdivision 3, such notice shall state the purpose of such per capita adjustment and the per capita amount of such adjustment. If the proposition is for an additional levy, such notice shall state the purpose and maximum yearly amount of such additional levy.~~

Sec. 15. Minnesota Statutes 1988, section 473.167, subdivision 3, is amended to read:

Subd. 3. [TAX.] The council may levy a tax on all taxable property in the metropolitan area, as defined in section 473.121, to provide funds for loans made pursuant to subdivisions 2 and 2a. This tax for the right-of-way acquisition loan fund shall be certified by the council, levied, and collected in the manner provided by section 473.13. The tax shall be in addition to that authorized by section 473.249 and any other law and shall not affect the amount or rate of taxes which may be levied by the council or any metropolitan agency or local governmental unit. The amount of the levy shall be as determined and certified by the council, except as otherwise provided in this subdivision.

The property tax levied by the metropolitan council for the right-of-way acquisition loan fund shall not exceed the following amount for the years specified:

- (a) for taxes payable in 1988, the product of 5/100 of one mill

multiplied by the total assessed valuation of all taxable property located within the metropolitan area as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(b) for taxes payable in 1989, except as provided in section 473.249, subdivision 3, the product of (1) the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the metropolitan area divided by the assessment year 1987 total market valuation of all taxable property located within the metropolitan area; and

(c) for taxes payable in 1990, an amount not to exceed \$2,300,000; and

(d) for taxes payable in 1990 1991 and subsequent years, the product of (1) the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund for the previous year taxes payable in 1988 determined pursuant to this subdivision under clause (a) multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan area for the current assessment year divided by the total market valuation of all taxable property located within the metropolitan area for the previous 1987 assessment year.

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

The property tax levied under this subdivision for taxes payable in 1988 and subsequent years shall not be levied at a rate higher than that determined by the metropolitan council to be sufficient, considering the other anticipated revenues of and disbursements from the right-of-way acquisition loan fund, to produce a balance in the loan fund at the end of the next calendar year equal to twice the amount of the property tax levy limitation for taxes payable in the next calendar year determined under this section.

Sec. 16. Minnesota Statutes 1988, section 473.167, subdivision 5, is amended to read:

Subd. 5. [LEVY INCREASE.] For the purpose of determining the levy limitation for taxes payable in 1989 under subdivision 3, the

levy limitation for taxes payable in 1988 shall be multiplied by two. The levy limitation so determined for taxes payable in 1989 shall be the basis for determining levy limitations for taxes payable in 1990 and subsequent years under subdivision 3.

Sec. 17. Minnesota Statutes 1988, section 473.249, subdivision 1, is amended to read:

Subdivision 1. The metropolitan council may levy a tax on all taxable property in the metropolitan area defined in section 473.121 to provide funds for the purposes of sections 473.121 to 473.249 and for the purpose of carrying out other responsibilities of the council as provided by law. This tax for general purposes shall be levied and collected in the manner provided by section 473.13.

The property tax levied by the metropolitan council for general purposes shall not exceed the following amount for the years specified:

(a) for taxes payable in 1988, the product of $8/30$ of one mill multiplied by the total assessed valuation of all taxable property located within the metropolitan area as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

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

(c) for taxes payable in 1990 and subsequent years, the product of (1) the metropolitan council's property tax levy limitation for general purposes for the previous year determined under this subdivision multiplied by (2) the lesser of

(i) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan area for the current assessment year divided by the total market valuation of all taxable property located within the metropolitan area for the previous assessment year; or

(ii) an index equal to the implicit price deflator for state and local government purchases of goods and services for the most recent month for which data is available divided by the implicit price deflator for state and local government purchases of goods and services for the same month of the previous year.

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

Sec. 18. [ITASCA COUNTY; LEVY LIMIT PENALTY EXEMPTION.]

The amount of any tax levied by Itasca county under Laws 1988, chapter 517, is not subject to a penalty imposed under Minnesota Statutes, section 275.51, subdivision 4, for exceeding levy limits under Minnesota Statutes, sections 275.50 to 275.56.

Sec. 19. [APPLICATION.]

Sections 15 to 17 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 20. [REPEALER.]

Minnesota Statutes 1988, section 473.249, subdivision 3, is repealed.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 3, 7 to 17, 19, and 20 are effective for taxes levied in 1989, payable in 1990 and subsequent years except as otherwise provided. Sections 4 to 6 are effective the day following final enactment. Section 18 is effective upon approval by the Itasca county board for taxes levied in 1988, payable in 1989 only.

ARTICLE 7

LOCAL GOVERNMENT AIDS

Section 1. Minnesota Statutes 1988, section 477A.011, subdivision 1a, is amended to read:

Subd. 1a. [CITY.] City means a statutory or home rule charter city. City also means a town having a population of 5,000 or more.

Sec. 2. Minnesota Statutes 1988, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. [TOWNS.] In calendar year 1988, each town which had levied for taxes payable in the previous year at least one mill on the dollar of the assessed value of the town shall receive a distribution equal to the greater of: (a) 60 percent of the amount received in 1983 pursuant to Minnesota Statutes 1982, sections 273.138, 273.139, and 477A.011 to 477A.03; or (b) the amount certified in 1987 pursuant to sections 477A.011 to 477A.03. In calendar year 1989; each town that had levied for taxes payable in 1988 at least one mill on the dollar of the assessed value of the town shall receive a distribution equal to 106 percent of the distribution received under Minnesota Statutes 1987 Supplement, section 477A.013, subdivision 1, in 1988. In calendar year 1990 and subsequent years, each town that had levied for taxes payable in the prior year a tax capacity rate of at least .0125 shall receive a distribution equal to 106 percent of the amount received in 1989 under this subdivision.

Sec. 3. Minnesota Statutes 1988, section 477A.013, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

In 1990 and subsequent years, a city whose initial aid is greater than \$0 will receive an amount equal to the aid it received under this subdivision and subdivision 4 in the year prior to that for which aids are being calculated plus an aid increase equal to 50 percent of the rates listed in clauses (1) to (10) multiplied by city revenue.

A city's aid increase under this subdivision is limited to the lesser of (1) 20 percent of its levy for taxes payable in the year prior to that for which aids are being calculated after the adjustments provided in section 273.1398, subdivision 2, or (2) its initial aid amount, or (3) 15 percent of its total local government aid for aids payable in the previous year, provided that no city will receive an increase that is less than two percent of its 1988 local government aid for aids payable in 1989.

A city whose initial aid is \$0 will receive in 1989 an amount equal to 102 percent of the local government aid it received in 1988 under Minnesota Statutes 1987 Supplement, section 477A.013. A city whose initial aid is \$0 will receive in 1990 and subsequent years an amount equal to the aid it received in the previous year under this subdivision and subdivision 4.

Sec. 4. Minnesota Statutes 1988, section 477A.013, subdivision 4, is amended to read:

Subd. 4. [ADDITIONAL DISTRIBUTION TAX BASE EQUALIZATION AID IN 1990.] A city with a population over 2500 is eligible for additional aid in 1989 only. The amount of additional aid is equal to (1) the product of (i) the lesser of 50 percent of a city's "city revenue guarantee" or 50 percent of a city's "city revenue" and (ii) one minus the ratio of the city's tax capacity per household to 435; less (2) the sum of (i) the disparity reduction aid payable to all unique taxing jurisdictions within a city and (ii) the local government aid increase for the city. The additional aid under this section cannot be less than zero. A city is eligible for tax base equalization aid in 1990 if it is not a city of the first class and is not a city eligible for aid under sections 298.28 and 298.282. The amount of the tax base equalization aid is equal to (1) the product of (i) 30 percent of its average levy for the three immediately preceding years and (ii) one minus the ratio of the city's tax capacity per capita to 230; less (2) the local government aid increase for the city under subdivision 3. The aid under this section is limited to 15 percent of the total local government aid the city received in 1989. The aid under this section cannot be less than zero. For the purposes of this subdivision "levy"

includes a city's levy on fiscal disparities distribution under section 473F.08, subdivision 3, paragraph (a).

Sec. 5. [LOCAL GOVERNMENTAL EXPENDITURES FOR LOBBYISTS.]

On or before July 1, 1989, all counties, school districts, metropolitan agencies, and cities shall report to the state auditor, on forms prescribed by the auditor, their estimated expenditures paid for the previous calendar year to a lobbyist as defined in section 10A.01, subdivision 11, and to any staff person not registered as a lobbyist but who spends over 25 percent of his or her time during the legislative session on legislative matters.

Sec. 6. [EFFECTIVE DATE.]

This article is effective for local government aid paid in 1990.

ARTICLE 8

TRUTH-IN-TAXATION

Section 1. Minnesota Statutes 1988, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (1) The levy authorized by section 124A.23, subdivision 2, may be increased in any amount that is approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only two elections may be held to approve a levy increase that will commence in a specific school year. The ballot shall state the maximum amount of the increased levy in mills, the amount that will be raised by that tax capacity rate in the first year it is to be levied, and that the tax capacity rate shall be used to finance school operations. The ballot ~~may~~ shall designate a specific number of years for which the referendum authorization shall apply. No referendum authorized under this subdivision after June 1, shall be in effect for more than three years. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

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

If approved, the amount provided by the approved tax capacity rate applied to each year's gross tax capacity shall be authorized for certification for the number of years approved, if applicable, or until

revoked or reduced by the voters of the district at a subsequent referendum.

(2) The school board shall prepare and deliver by first class mail at least 30 days but no more than 60 days prior to the day of the election to each taxpayer at the address listed on the school district's current year's assessment roll, a notice of the referendum and the proposed levy increase. The notice must project the anticipated amount of increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments and commercial-industrial property within the school district.

(3) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to clause (1) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to clause (1) must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one such revocation or reduction election may be held to revoke or reduce a levy for any specific year and for years thereafter.

(3) (4) A petition authorized by clause (1) shall be effective if signed by a number of qualified voters in excess of 15 percent, or ten percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(4) (5) A petition authorized by clause (2) shall be effective if signed by a number of qualified voters in excess of five percent of the residents of the school district as determined by the most recent census. A revocation or reduction referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(5) (6) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(6) (7) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 2. Minnesota Statutes 1988, section 273.119, subdivision 2, is amended to read:

Subd. 2. [REIMBURSEMENT FOR LOST REVENUE.] The

county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue on or before June 1 of each year the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. On or before July 15 of each year, The commissioner shall reimburse the county each taxing district, other than school districts, from the Minnesota conservation fund under section 40A.151 for the taxes lost in excess of the county account. The payments must be made at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions in the same proportion that the ad valorem tax is distributed.

Sec. 3. Minnesota Statutes 1988, section 273.123, subdivision 4, is amended to read:

Subd. 4. [STATE REIMBURSEMENT.] The county auditor shall calculate the tax on the property described in subdivision 2 based on the assessment made on January 2 of the year in which the disaster or emergency occurred. The difference between the tax determined on the January 2 gross tax capacity and the tax actually payable based on the reassessed gross tax capacity determined under subdivision 2 shall be reimbursed to each taxing jurisdiction in which the damaged property is located. The amount shall be certified by the county auditor and reported to the commissioner of revenue. The commissioner shall make the payments to the taxing jurisdictions, other than school districts, containing the property at the time distributions are made pursuant to section 273.13 for taxes payable in 1989, and pursuant to section 273.1398 for taxes payable in 1990 and thereafter under section 477A.015, in the same proportion that the ad valorem tax is distributed.

Sec. 4. Minnesota Statutes 1988, section 273.123, subdivision 5, is amended to read:

Subd. 5. [COMPUTATION OF CREDITS.] The amounts of any credits or tax relief which reduce the gross tax shall be computed upon the reassessed gross tax capacity determined under subdivision 2. Payment shall be made pursuant to section 273.13 for taxes payable in 1989, and pursuant to section 273.1398 for taxes payable in 1990 and thereafter. For purposes of the property tax refund, property taxes payable, as defined in section 290A.03, subdivision 13, and net property taxes payable, as defined in section 290A.04, subdivision 2d, shall be computed upon the reassessed gross tax capacity determined under subdivision 2.

Sec. 5. Minnesota Statutes 1988, section 273.1392, is amended to read:

273.1392 [PAYMENT; AIDS TO SCHOOL DISTRICTS.]

The amounts of conservation tax credits under section 273.119; disaster or emergency reimbursement under section 273.123; attached machinery aid under section 273.138; homestead credit under section 273.13; agricultural credit under section 273.132; aids and credits under section 273.1398; enterprise zone property credit payments under section 469.171; state commercial-industrial effective tax rate reduction under article 5, section 12, of this act; and metropolitan agricultural preserve reduction under section 473H.10, shall be certified to the department of education by the department of revenue. The amounts so certified shall be paid according to section 124.195, subdivisions 6 and 10.

Sec. 6. [275.063] [PURPOSE AND GOALS FOR TRUTH IN TAXATION.]

The legislature finds that Minnesota's property tax system is very complex and hard for taxpayers to comprehend. In an effort to increase taxpayer understanding while encouraging them to participate in the process and increase local accountability, the following goals are desirable.

(a) Simplify property tax statements by having separate statements for each taxing authority.

(b) Increase accountability by requiring that taxpayers pay each separate taxing authority for the property taxes it levies.

(c) Provide "Truth in Taxation" by requiring any taxing authority which proposes to increase its tax levy beyond a "normal growth" factor must notify taxpayers of the proposed tax increase and conduct a public hearing.

Sec. 7. [275.064] [PROPOSED PROPERTY TAXES; REQUIRED NOTICE FOR CERTAIN TAXING AUTHORITIES.]

Subdivision 1. [PROPOSED LEVY.] On or before September 15, each taxing authority shall adopt a proposed budget and certify to the county auditor the proposed property tax levy for taxes payable in the following year. For purposes of this section, "taxing authority" includes home rule and statutory cities with a population of over 2,500 and counties. If the taxing authority's proposed levy and estimated local government aid under chapter 477A payable in the following year have a total increase of more than "normal growth" over the taxing authority's current year's levy plus local government aid, the taxing authority shall be required to comply with the provisions contained in this section. The county auditor shall notify those taxing authorities which exceed the limit of "normal growth." For purposes of this section, "normal growth" is defined as the sum

of 5.0 percent and the taxing authority's annual percent increase, if any, in population, based on the most recent available estimates.

Subd. 2. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) All taxing authorities for which a notice is required under subdivision 1, shall, on or before October 1, prepare and deliver by first class mail to each taxpayer within the boundaries of the taxing authority at the address listed on its current year's assessment roll, a notice of its proposed property tax levy.

(b) The commissioner of revenue shall prescribe the form of the notice. The notice must be easy to read and understand.

(c) The notice must inform taxpayers that it contains the amount of property taxes the taxing authority proposes to collect for the following year. It must clearly state that the taxing authority will hold a public meeting to receive public testimony on the proposed budget. It must clearly state the time and place of the taxing authority's meeting and an address where comments will be received by mail.

The notice must show for the taxing authority the following proposed amounts for taxes payable in the current year compared to actual amounts for taxes payable in the previous year, and expressed as a percentage increase or decrease:

(1) the amount of property taxes before reduction for state aid described in clause (2);

(2) the amount of aid paid by the state to reduce property taxes;

(3) the amount of property tax to be collected; and

(4) the amount of property tax per person.

Subd. 3. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between October 1 and November 1, the governing body of the taxing authority shall hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year.

At the hearing the taxing authority may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy. The adopted property tax levy must not exceed the proposed levy stated in the notice under subdivision 2, paragraph (c), clause (3).

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments

regarding the proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The city council shall not schedule public meetings on the day scheduled for the hearing by the county board.

If the hearing is recessed, the taxing authority shall publish a notice in a qualified newspaper of general paid circulation in the city. The notice must state the time and place for the continuation of the hearing and must be published at least two days but not more than five days prior to the date the hearing will be continued.

Subd. 4. [CERTIFICATION OF COMPLIANCE.] At the time the taxing authority certifies its tax levy under section 275.07, it shall certify to the commissioner of revenue its compliance with this section. The certification must contain copies of the resolution adopting the final property tax levy under subdivision 3 and any other information required by the commissioner of revenue. If the commissioner determines that the taxing authority has failed to substantially comply with the requirements of this section, the commissioner of revenue shall notify the taxing authority and the county auditor. When fixing rates under section 275.08 for a taxing authority that has not complied with this section, the county auditor must use the taxing authority's previous year's tax capacity rate.

Sec. 8. Minnesota Statutes 1988, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, towns, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before October 25 in each year five working days after the hearing under section 275.064, subdivision 3. The taxes certified shall not be adjusted by the aid received under section 273.1398, subdivisions 2 and 3. If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year. If the local unit notifies the commissioner of revenue before October 25 of its inability to certify its levy by that date, and the commissioner is satisfied that the delay is unavoidable and is not due to the negligence of the local unit's officials or staff, the commissioner shall extend the time within which the local unit shall certify its levy up to 15 calendar days beyond the date of request for extension.

Sec. 9. Minnesota Statutes 1988, section 275.28, subdivision 1, is amended to read:

Subdivision 1. [AUDITOR TO MAKE.] The county auditor shall make out the tax lists according to the prescribed form, and to correspond with the assessment districts. The rate percent necessary to raise the required amount of the various taxes shall be calculated on the gross tax capacity of property as determined by the state board of equalization, but, in calculating such rates, no rate shall be used resulting in a fraction other than a decimal fraction, or less than one-tenth of a mill; and, in extending any tax, whenever it amounts to the fractional part of a cent, it shall be made one cent. The tax lists shall also be made out to correspond with the assessment books in reference to ownership and description of property, with columns for the valuation and for the various items of tax included in the total amount of all taxes set down opposite each description; and opposite each description which has been sold for taxes, and which is subject to redemption, but not redeemed, shall be placed the words "sold for taxes." The amount of all special taxes shall be entered in the proper columns, but the general taxes may be shown by entering the rate percent of each tax at the head of the proper columns, without extending the same, in which case a schedule of the rates percent of such taxes shall be made on the first page of each tax list. If the auditor shall fail to enter on any such list before its delivery to the treasurer any tax levied, such tax may be subsequently entered. The tax lists shall be deemed completed, and all taxes extended thereon, as of ~~October 16~~ November 15 annually.

Sec. 10. Minnesota Statutes 1988, section 276.04, is amended to read:

276.04 [NOTICE OF RATES; PROPERTY TAX STATEMENTS NOTICES.]

Subdivision 1. [AUDITOR TO PUBLISH RATES.] On receiving the tax lists from the county auditor, the county treasurer shall, if directed by the county board, give three weeks' published notice in a newspaper specifying the rates of taxation for all general purposes and the amounts raised for each specific purpose.

Subd. 2. [CONTENTS OF TAX STATEMENTS NOTICES TO HOMESTEAD PROPERTIES.] (a) This notice shall be provided to taxpayers of homestead property. It shall constitute the statement required in filing for the property tax refund under chapter 290A. The treasurer shall, whether or not directed by the county board, cause to be printed on all tax statements, or on an attachment, commissioner of revenue shall prescribe the form of the property tax notice and its contents. The notice must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement notice is prepared mailed under this subdivision. The dollar amounts due the county, township or municipality and school district must be separately stated. The amounts due other taxing districts, if any, may be aggregated. The dollar amounts, including the dollar amount of any

special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement notice shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements notices for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements notices for real property.

(c) For taxes payable in 1990 and thereafter, real and personal property tax statements notices must contain (1) the property's market value, as defined in section 272.03, subdivision 8, (2) the net tax capacity rate applicable to the property's classification under section 273.13, and the product of (1) and (2), the property's initial tax. The statement notice must show the difference between a property's gross tax capacity and net tax capacity multiplied by the tax capacity rate as "state paid homestead and agricultural credit." The statement notice must also show the decrease in tax attributable to that portion of the sum of the following aids attributable to the property as "state paid tax relief": (i) education aids payable under chapters 124 and 124A, (ii) local government aid for cities, towns, and counties under chapter 477A, (iii) disparity reduction aid paid under section 273.1398, and (iv) income maintenance aids as defined in section 273.1398, subdivision 1, paragraph (i). The commissioner of revenue shall certify to the county auditor the actual or estimated aids local governments will receive in the following year.

(d) For taxes payable in 1989 only, the statement must show the property's market value, as defined in section 272.03, subdivision 8, and the amount attributable to section 273.13, subdivisions 22 and 23, as "state paid homestead credit" and the amount attributable to section 273.132 as "state paid agricultural credit." The statement must also show the decrease in tax attributable to that portion of the sum of the following aids attributable to the property as "state paid tax relief": (i) education aids under chapters 124 and 124A, (ii) local government aid for cities, towns, and counties under chapter 477A, and (iii) disparity reduction aid under section 273.1398. The commissioner of revenue shall certify to the county auditor the actual or estimated aids local governments will receive in the following year.

Subd. 3. [MAILING OF TAX STATEMENTS.] (a) The county treasurer shall mail to taxpayers statements of their personal property taxes due not later than February 15, except in the case of manufactured homes and sectional structures taxed as personal

property. Statements of the real property taxes due shall be mailed not later than January 31 as provided in paragraph (b). The validity of the tax shall not be affected by failure of the treasurer to mail the statement. The taxpayer is defined as the owner who is responsible for the payment of the tax.

(b) On or before January 31, 1991, and each year thereafter, and on or before July 15, 1991, and each year thereafter, the treasurer shall mail to the owner of each parcel of real property located in the county, three separate statements of the real property taxes due, each for one-half of the current year amount due. One statement shall contain the taxes due to the county, a second statement shall contain the taxes due to the city or township, and a third statement shall contain the taxes due to the school district. For purposes of this paragraph, the amount of tax levied by a special taxing district shall be included, but aggregated as one separate amount, on the county statement. For 1991 only, the statement for the county taxes which are due shall be mailed five days prior to the statements for the city, township, and school district. An insert shall be included in the county tax envelope stating:

“This is the first of three separate tax bills you will be receiving. Your property taxes will be paid directly to each taxing jurisdiction which levies taxes.

Your county tax will be mailed to your county.

Your city/township taxes will be mailed to your city/township.

Your school taxes will be mailed to your school district.”

Each statement shall be mailed in a separate envelope and the statement, along with a return address envelope, shall be color coded so that the taxpayer can easily identify the three separate taxing jurisdiction statements from each other. The contents of the statement shall be in substantially the following form. If any special assessments are due on the property, the dollar amount of the special assessments shall be itemized clearly and separately on the statement to which the assessments are due.

City/Township of

Taxpayer's Name
Social Security No.
Address
City, State, ZIP

Property Description

The property taxes you owe this year on the property described above go directly to the taxing authority listed at the top of this bill. You will be receiving a separate property tax bill on this parcel from the county, city/township, and school district.

The state does not receive any property tax revenues. The state of Minnesota does, however, pay "property tax relief" to the above taxing jurisdiction. The relief is paid by the state in various forms, such as education aid for schools, local government aid to counties and cities, homestead credit, etc. The state uses money collected primarily from individual income, corporate, and sales taxes to provide you with relief to reduce your property tax.

The gross amount of dollars required by the city/township on this parcel last year was \$
The state of Minnesota reduced that amount on your parcel last year by \$
Therefore, the net property taxes you actually paid last year was \$

The gross amount of dollars required by the city/township on this parcel this year was \$
The state of Minnesota reduced that amount on your parcel this year by \$
Therefore, the net property taxes due this year are \$

The total tax amount due to the city/township for this year is \$ It is due in two equal installments, shown on the right.

Pay this amount by May 15, 19.., \$
Pay this amount by 15, 19.., \$

The name on each of the return envelopes shall be the name of the taxing jurisdiction to which the tax is due. Unless an agreement has been made under subdivision 5, the address on each return envelope shall be to a uniform post office box within the county.

Subd. 4. [COLLECTION SITE.] Except as provided in subdivision 5, if so directed by the county board, the treasurer shall visit places in the county as the treasurer deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists. Failure to mail the tax statement shall not be deemed a material defect to affect the validity of any judgment and sale for delinquent taxes.

Subd. 5. [DIRECT PAYMENTS.] A school district or city which decides to require that the real property tax payments be mailed directly to it shall notify the county treasurer, in writing, by January 15 of the year in which the taxes are due. In those instances, the address on the return envelope, which will be mailed with the tax statement, shall be the school district or city's address,

as provided by the school or city official making the request. The county treasurer shall furnish the taxing authority with a list containing the owner of each parcel of real property located within the district, its property identification number, and the amount of real property taxes due for each installment. On or before January 1 of the year following the year the tax is due, the finance officer of the school district or city shall provide the county auditor with a list identifying the unpaid tax amounts. The unpaid amounts shall be treated in the same manner as provided in section 279.02.

Sec. 11. Minnesota Statutes 1988, section 469.171, is amended by adding a subdivision to read:

Subd. 7a. [PROPERTY TAX CREDIT; APPROPRIATION.] There is annually appropriated from the general fund to the commissioner of revenue the amounts required to reimburse taxing jurisdictions for the revenue lost due to the property tax credit provided in subdivision 1, clause (4). Payment shall be made to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. Payment shall be made to taxing jurisdictions, other than school districts, at the times provided in section 477A.015.

Sec. 12. Minnesota Statutes 1988, section 473H.10, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF TAX; STATE REIMBURSEMENT.]

(a) After having determined the market value of all land valued according to subdivision 2, the assessor shall compute the gross tax capacity of those properties by applying the appropriate classification percentages. When computing the rate of tax pursuant to section 275.08, the county auditor shall include the gross tax capacity of land as provided in this clause.

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

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

(d) The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause (b) or (c), whichever is less. If the gross tax in clause (c) is less than the gross tax in clause (b), the state shall reimburse the taxing jurisdictions for the amount of difference. Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they

would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.

The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner of revenue on or before June 1 the total amount of tax lost to the county and taxing jurisdictions located within the county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county conservation account. Payments shall be made by the state as provided in section 273.13, subdivision 15a, at the times provided in section 477A.015 to each of the affected taxing jurisdictions, other than school districts, in the same proportion that the ad valorem tax is distributed if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the Minnesota conservation fund under section 40A.151 to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision. If the amount available in the Minnesota conservation fund is insufficient, the balance that is needed is appropriated from the general fund.

Sec. 13. [REPEALER.]

Minnesota Statutes 1988, section 275.065, is repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 12 are effective for taxes levied in 1990 payable in 1991 and subsequent years, except where otherwise provided.

Section 13 is effective for taxes levied in 1989, payable in 1990, and thereafter.

ARTICLE 9

PROPERTY TAX TECHNICAL

Section 1. Minnesota Statutes 1988, section 38.27, subdivision 1, is amended to read:

Subdivision 1. [TAX LEVY; POWERS.] ~~In All counties, in addition to all other powers now or hereafter by law conferred upon county boards, authority hereby is given may annually to levy a tax upon all property subject to taxation and, from time to time, to appropriate and pay over the proceeds of this tax, when collected, to any county agricultural society of its county which is a member of the state agricultural society, to assist the society in paying its financial~~

obligations now or hereafter incurred, and for the construction, reconstruction, alteration, repairs and improvements of necessary buildings.

Sec. 2. Minnesota Statutes 1988, section 93.55, subdivision 4, is amended to read:

Subd. 4. After the mineral interest has forfeited to the state pursuant to this section, a person claiming an ownership interest before the forfeiture may recover the fair market value of the interest, either: (1) as an alternative claim raised in the hearing on the order to show cause why the mineral interest should not forfeit absolutely, with fair market value to be determined and paid as provided in this subdivision, or (2) in a separate action brought as follows. An action may be commenced within six years after the forfeiture entry of judgment under this section to determine the ownership and the fair market value of the mineral interests in the property both at the time of forfeiture and at the time of bringing the action. The action shall be brought in the manner provided in chapter 559, for an action to determine adverse claims, to the extent applicable. The person bringing the action shall serve notice of the action on the commissioner of natural resources in the same manner as is provided for service of notice of the action on a defendant. The commissioner may appear and contest the allegations of ownership and value in the same manner as a defendant in such actions. Persons determined by the court to be owners of the interests at the time of forfeiture to the state under this section may present to the commissioner of finance a verified claim for refund of the fair market value of the interest. A copy of the court's decree shall be attached to the claim. Thereupon the commissioner of finance shall refund to the claimant the fair market value at the time of forfeiture, which is the expiration of the period within which tax forfeiture would not have been possible had the mineral interest been properly and timely filed for record under section 93.52, or at the time of bringing the action, whichever is lesser, less any taxes, penalties, costs, and interest which could have been collected during the period following the forfeiture under this section, had the interest in minerals been valued and assessed for tax purposes at the time of forfeiture under this section. There is appropriated from the general fund to the persons entitled to a refund an amount sufficient to pay the refund.

Sec. 3. Minnesota Statutes 1988, section 256.018, is amended to read:

256.018 [COUNTY PUBLIC ASSISTANCE INCENTIVE FUND.]

Beginning in ~~1990~~ fiscal year 1991, \$1,000,000 is appropriated from the general fund to the department in each fiscal year for awards to counties: (1) that have not been assessed an administrative penalty under section 256.017 in the corresponding fiscal year;

and (2) that perform satisfactorily according to indicators established by the commissioner.

After consultation with local agencies, the commissioner shall inform local agencies in writing of the performance indicators that govern the awarding of the incentive fund for each fiscal year by April of the preceding fiscal year.

The commissioner may set performance indicators to govern the awarding of the total fund, may allocate portions of the fund to be awarded by unique indicators, or may set a sole indicator to govern the awarding of funds.

The funds shall be awarded to qualifying local agencies according to their share of benefits for the programs related to the performance indicators governing the distribution of the fund or part of it as compared to the total benefits of all qualifying local agencies for the programs related to the performance indicators governing the distribution of the fund or part of it.

Sec. 4. Minnesota Statutes 1988, section 256.82, subdivision 1, is amended to read:

Subdivision 1. [MONTHLY PAYMENTS.] For the period from January 1 to June 30, based upon estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency payment shall be made monthly in advance by the state to the counties of all federal funds available for that purpose for such succeeding month, together with an amount of state funds equal to 85 percent of the difference between the total estimated cost and the federal funds so available for payments made except as provided for in section 256.017. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month. Subsequent to July 1 of each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period except as provided for in section 256.017. For the period from July 1 to December 31 based upon the estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency, payment shall be made monthly in advance by the state to the counties of all state and federal funds available for that purpose for the succeeding month except as provided for in section 256.017. Payment shall be made on the basis of federal and state participation rates described in this subdivision. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month. Effective January 1, ~~1989~~ 1990, the state rate of participation shall be determined as a percentage that equals the difference between

100 percent and the percentage rate of federal financial participation.

Sec. 5. Minnesota Statutes 1988, section 256.871, subdivision 6, is amended to read:

Subd. 6. [ESTIMATED EXPENDITURES; PAYMENTS.] The county agency shall submit to the state agency an estimate of expenditures for each succeeding month in such form as required by the state agency. For the period from January 1 to June 30, payment shall be made monthly in advance by the state agency to the counties, of federal funds available for that purpose for each succeeding month, together with an amount of state funds equal to ten percent of the difference between the total estimated cost and the federal funds so available, except as provided for in section 256.017. Subsequent to July 1 of each year the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.017. For the period from July 1 to December 31, payment shall be made monthly in advance by the state agency to the counties, of all state and federal funds available for that purpose for the succeeding month, except as provided for in section 256.017. Payment shall be made on the basis of federal and state participation rates described in this subdivision. Effective January 1, 1989 1990, the state rate of participation shall be determined as a percentage that equals the difference between 100 percent and the percentage rate of federal financial participation. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month.

Sec. 6. Minnesota Statutes 1988, section 256B.041, subdivision 5, is amended to read:

Subd. 5. [PAYMENT BY COUNTY TO STATE TREASURER.] If required by federal law or rules promulgated thereunder, or by authorized rule of the state agency, each county shall pay to the state treasurer the portion of medical assistance paid by the state for which it is responsible. Effective January 1, 1989 1990, the state rate of participation shall be determined as a percentage that equals the difference between 100 percent and the percentage rate of federal financial participation.

For the period from January 1 to June 30, the county shall advance ten percent of that portion of medical assistance costs not met by federal funds, based upon estimates submitted by the state agency to the county agency, stating the estimated expenditures for the succeeding month. Upon the direction of the county agency, payment shall be made monthly by the county to the state for the estimated expenditures for each month. Adjustment of any overestimate or underestimate based on actual expenditures shall be made by the state agency by adjusting the estimate for any succeeding

month. Subsequent to July 1 of each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.017. For the period from July 1 to December 31, payments will be made by the state agency, except as provided for in section 256.017, and the county agency will be advised of the amounts paid monthly.

Sec. 7. Minnesota Statutes 1988, section 270.071, subdivision 6, is amended to read:

Subd. 6. (a) "Air commerce" means the transportation by aircraft of persons or property for hire in interstate, intrastate, or international transportation on regularly scheduled flights or on intermittent or irregularly timed flights by airline companies operating under authorization from the United States Civil Aeronautics Board Department of Transportation.

(b) "Air commerce" also includes but is not limited to an intermittent or irregularly timed flight, a flight arranged at the convenience of an airline and the person contracting for the transportation, or a charter flight. It includes an airline company making three or more flights in or out of Minnesota during a calendar year.

(c) "Air commerce" does not include casual transportation for hire by aircraft commonly owned and used for private airflight purposes if the person furnishing the transportation does not hold out to be engaged regularly in transportation for hire.

Sec. 8. Minnesota Statutes 1988, section 270.072, subdivision 2, is amended to read:

Subd. 2. [ASSESSMENT OF FLIGHT PROPERTY.] The flight property of all air carriers operating in Minnesota under a certificate of public convenience and necessity or under authorization from the United States Civil Aeronautics Board Department of Transportation shall be assessed annually by the commissioner in the manner prescribed by sections 270.071 to 270.079. Aircraft with a gross weight of less than 30,000 pounds and used on intermittent or irregularly timed flights shall be excluded from the provisions of sections 270.071 to 270.079.

Sec. 9. Minnesota Statutes 1988, section 270.072, subdivision 3, is amended to read:

Subd. 3. [REPORT BY AIRLINE COMPANY.] Every airline company engaged in air commerce in this state shall file with the commissioner on or before the time fixed by the commissioner a report under oath setting forth specifically the information prescribed by the commissioner to enable the commissioner to make the

assessment required in sections 270.071 to 270.079, unless the commissioner determines that the airline company or person should be excluded from filing because its activities do not constitute air commerce as defined herein. A penalty of five percent of the tax being assessed is imposed on a late filing of the annual report. If the report is not filed within 30 days, an additional penalty of five percent of the assessed tax is imposed for each additional 30 days or fraction of 30 days until the return is filed. The penalty imposed under this section must not exceed 25 percent of the assessed tax.

Sec. 10. Minnesota Statutes 1988, section 270.075, subdivision 2, is amended to read:

Subd. 2. As soon as practicable and not later than December 1 next following the levy of the tax, the commissioner shall give actual notice to the airline company of the gross tax capacity and of the tax. The taxes imposed under sections 270.071 to 270.079 shall become due and payable on January 1 following the levy thereof. If any tax is not paid on the due date or, if an appeal is made pursuant to section 270.076, within 60 days after notice of an increased tax, a late payment penalty of ~~ten~~ five percent of the unpaid tax shall be assessed. If the tax remains unpaid for more than 30 days, an additional penalty of five percent of the unpaid tax is imposed for each additional 30 days or fraction of 30 days that the tax remains unpaid. The penalty imposed under this section must not exceed 25 percent of the unpaid tax. The unpaid tax and penalty shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid. All interest and penalties shall be added to the tax and collected as a part thereof.

Sec. 11. Minnesota Statutes 1988, section 270.12, subdivision 2, is amended to read:

Subd. 2. The board shall meet annually between July 15 and October 1 at the office of the commissioner of revenue and examine and compare the returns of the assessment of the property in the several counties, and equalize the same so that all the taxable property in the state shall be assessed at its market value, subject to the following rules:

(1) The board shall add to the aggregate valuation of the real property of every county, which the board believes to be valued below its market value in money, such percent as will bring the same to its market value in money;

(2) The board shall deduct from the aggregate valuation of the real property of every county, which the board believes to be valued above its market value in money, such percent as will reduce the same to its market value in money;

(3) If the board believes the valuation for a class or classes of the

real property of any town or district in any county, or the valuation for a class or classes of the real property of any county not in towns or cities, should be raised or reduced, without raising or reducing the other real property of such county, or without raising or reducing it in the same ratio, the board may add to, or take from, the valuation of a class or classes in any one or more of such towns or cities, or of the property not in towns or cities, such percent as the board believes will raise or reduce the same to its market value in money;

(4) The board shall add to the aggregate valuation of any class of personal property of any county, town, or city, which the board believes to be valued below the market value thereof, such percent as will raise the same to its market value in money;

(5) The board shall take from the aggregate valuation of any class of personal property in any county, town or city, which the board believes to be valued above the market value thereof, such percent as will reduce the same to its market value in money;

(6) The board shall not reduce the aggregate valuation of all the property of the state, as returned by the several county auditors, more than one percent on the whole valuation thereof;

(7) When it would be of assistance in equalizing values the board may require any county auditor to furnish statements showing assessments of real and personal property of any individuals, firms, or corporations within the county. The board shall consider and equalize such assessments and may increase the assessment of individuals, firms, or corporations above the amount returned by the county board of equalization when it shall appear to be undervalued, first giving notice to such persons of the intention of the board so to do, which notice shall fix a time and place of hearing. The board shall not decrease any such assessment below the valuation placed by the county board of equalization; and

(8) In equalizing values pursuant to this section, the board shall utilize a 12-month assessment/sales ratio study conducted by the department of revenue containing only sales that occurred between October 1 of the year immediately preceding the previous year to September 30 of the previous year. The sales prices used in the study must be discounted for terms of financing. The board shall use the median ratio as the statistical measure of the level of assessment for any particular category of property.

Sec. 12. Minnesota Statutes 1988, section 272.01, subdivision 2, is amended to read:

Subd. 2. (a) When any real or personal property which for any reason is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business

conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to (1) property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fairgrounds, port authority, economic development authority established under chapter 458C, municipal auditorium, airport owned by a city, town, county, or group thereof but not the airports owned or operated by the metropolitan airports commission or a city of over 50,000 population or an airport authority therein, municipal museum or municipal stadium or (2) property constituting or used as a public pedestrian ramp or concourse in connection with a public airport or (3) property constituting or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area in connection with a public airport but not the airports owned or operated by the metropolitan airports commission or cities of over 50,000 population or an airport authority therein. Real estate owned by a municipality in connection with the operation of a public airport and leased or used for agricultural purposes shall not be exempt.

(c) Taxes imposed by this subdivision shall be due and payable as in the case of personal property taxes and such taxes shall be assessed to such lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

(d) Real property of the state or any of its political subdivisions that is leased by a private individual, association, or corporation and becomes taxable under this subdivision or other provision of law must be assessed and collected as a personal property assessment. The taxes do not become a lien against the real property.

Sec. 13. Minnesota Statutes 1988, section 272.02, subdivision 1, is amended to read:

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

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

(3) all public hospitals;

(4) all academies, colleges, and universities, and all seminaries of learning;

(5) all churches, church property, and houses of worship;

(6) institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), ~~clause~~ clauses (1) or (2), and (3), or paragraph (d); ~~clause~~ (2);

(7) all public property exclusively used for any public purpose;

(8) except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures; and

(f) flight property as defined in section 270.071.

(9) ~~Real and~~ personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used; ~~other than real property used primarily as a solid waste disposal site, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, or the part of the post-consumer recycling operation that does not resell its products at retail to consumers, or is part of an electric generation system and is used primarily for the abatement and control of air, water, or land pollution.~~ For purposes

of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law would be considered real property. Real property used primarily as a solid waste disposal site is taxable.

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

(10) Wetlands. For purposes of this subdivision, "wetlands" means (1) land described in section 105.37, subdivision 15, or (2) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. "Wetlands" shall not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause and section 273.116. Upon receipt of an application for the exemption and credit provided in this clause and section 273.116 for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

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

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

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 105.482, subdivisions 1, 8, and 9.

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

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

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

An exemption provided by paragraph (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its

estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body, or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

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

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

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

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements: (i) It provides temporary housing to parents and children who are receiving AFDC or parents of children who are temporarily in foster care. (ii) It has the purpose of reuniting families and enabling parents to advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least six months but no longer than one year, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is sponsored by an organization that has received a grant under section 256.7365 for the biennium ending June 30, 1989, for the purposes of providing the services in items (i) to (iv). (vi) It is sponsored by an organization that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1987. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

Sec. 14. Minnesota Statutes 1988, section 272.02, is amended by adding a subdivision to read:

Subd. 7. Property, including real property, qualifies as exempt pollution abatement property under subdivision 1, clause (9), if the following conditions are satisfied.

(a) The property consists of

(1) boiler modifications necessary to efficient handling and burning of refuse derived fuel and transfer of the heat produced by combustion of the fuel;

(2) ash handling and storage systems, such as vacuum-pneumatic equipment, conveyors, crushers, and storage buildings to remove, convey, process, and temporarily store bottom and fly ash from the burning of refuse derived fuel;

(3) control systems, such as computers, to control the operation of equipment described in clauses (1) to (3) and other pollution abatement equipment;

(4) equipment to monitor emissions into the air and combustion efficiency; and

(5) solid waste resource recovery mass burn facility.

(b) The property was placed into service on or before January 1, 1990.

(c) The facility was constructed and will be operated under a contractual arrangement providing for payment, in whole or part, of the property tax on the property by a political subdivision of the state.

Sec. 15. Minnesota Statutes 1988, section 273.01, is amended to read:

273.01 [LISTING AND ASSESSMENT, TIME.]

All real property subject to taxation shall be listed and at least one-fourth of the parcels listed shall be appraised each year with reference to their value on January 2 preceding the assessment so that each parcel shall be reappraised at maximum intervals of four years. All real property becoming taxable in any year shall be listed with reference to its value on January 2 of that year. Except as provided in section 274.01, subdivision 1, all real property assessments shall be completed two weeks prior to the date scheduled for the local board of review or equalization ~~and no valuations entered thereafter shall be of any force and effect.~~ Any changes made by the assessor after this time but before October 31 of that year must be fully documented and maintained in a file in the assessor's office and shall be available for review by any person. A copy of any

changes made during this period shall be sent to the county board. In the event a valuation and classification is not placed on any real property by the dates scheduled for the local board of review or equalization the valuation and classification determined in the preceding assessment shall be continued in effect and the provisions of section 273.13 shall, in such case, not be applicable, except with respect to real estate which has been constructed since the previous assessment. Real property containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by the state after January 2 in any year, be subject to assessment for that year on the value of any iron ore removed under said lease prior to January 2 of the following year. Personal property subject to taxation shall be listed and assessed annually with reference to its value on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

Sec. 16. Minnesota Statutes 1988, section 273.124, subdivision 6, is amended to read:

Subd. 6. [LEASEHOLD COOPERATIVES.] When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317 and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1988, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the social security numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under sections 308.05 to 308.18 and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

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

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

offered for sale to the cooperative association unless the cooperative association approves the sale; and

(d) the cooperative must meet one of the following criteria with respect to the income of its members: (1) a minimum of 75 percent of members must have incomes at or less than 80 percent of area median income, (2) a minimum of 40 percent of members must have incomes at or less than 60 percent of area median income, or (3) a minimum of 20 percent of members must have incomes at or less than 50 percent of area median income. For purposes of this clause, "member income" means the income of a member when the member acquires cooperative membership, and "median income" means the Saint Paul-Minneapolis metropolitan area median income as determined by the United States Department of Housing and Urban Development;

(e) if a limited partnership owns the property, it must include as the managing general partner either the cooperative association or a nonprofit organization operating under the provisions of chapter 317- and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1988, and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership. A nonprofit organization shall be treated as qualifying under section 501(c)(3) or 501(c)(4), if it has applied to the Internal Revenue Service for a determination letter under section 501(c)(3) or 501(c)(4), a certified copy of the application is filed with the assessor, and the Internal Revenue Service has not rejected the application or refused to issue a determination letter;

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

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit become leasehold cooperative property described in this subdivision, then (1) the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property, and (2) prior to the

mailing of the notice, copies of the documents identified in the notice must have been filed with the secretary of state.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision. The county assessor shall refer questions regarding qualification for assessment under this subdivision to the county attorney for advice and opinion under section 388.051, subdivision 1. Upon request of the county attorney, the taxpayer must furnish information that the county attorney considers necessary to determine eligibility under this subdivision.

Sec. 17. Minnesota Statutes 1988, section 273.124, subdivision 13, is amended to read:

Subd. 13. [SOCIAL SECURITY NUMBER REQUIRED FOR HOMESTEAD APPLICATION.] Every property owner applying for homestead classification must furnish to the county assessor that owner's social security or taxpayer identification number. If the social security or taxpayer identification number is not provided, the county assessor shall classify the property as nonhomestead. The social security numbers of the property owners are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue.

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

If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the homestead credit under section 273.13 for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter, the taconite homestead credit, and the supplemental homestead credit, and the tax reduction resulting from the agricultural credit under section 273.132 for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter. The

county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 25 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county.

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

Any amount of homestead benefits recovered from the property owner must be transmitted to the commissioner by the end of each calendar quarter. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The amount of penalty collected must be deposited in the county general fund.

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

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

Sec. 18. Minnesota Statutes 1988, section 273.13, subdivision 22, is amended to read:

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

The first \$68,000 of market value of class 1a property has a net tax capacity of one percent of its market value and a gross tax capacity of 2.17 percent of its market value. The market value of class 1a property that exceeds \$68,000 but does not exceed \$100,000 has a tax capacity of 2.5 percent of its market value. The market value of class 1a property that exceeds \$100,000 has a tax capacity of 3.3 percent of its market value.

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

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

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

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

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

(iii) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

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

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

(B) supplemental security income for the disabled; or

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

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

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

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

(iii) whose household income as defined in section 290A.03, subdivision 5, is 150 percent or less of the federal poverty level.

Property is classified and assessed pursuant to clause (1) only if the commissioner of jobs and training certifies to the assessor that the owner of the property satisfies the requirements of this subdivision. ~~The commissioner of jobs and training shall provide a copy of the certification to the commissioner of revenue.~~

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$32,000 market value of class 1b property has a net tax capacity of .4 percent of its market value and a gross tax capacity of .87 percent of its market value. The remaining market value of class 1b property has a gross or net tax capacity using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner. Class 1c property has a tax capacity of .9 percent of market value with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.

(d) For taxes levied in 1988, payable in 1989 only, the tax to be paid on class 1a or class 1b property shall be reduced by 54 percent of the tax imposed on the first \$68,000 of market value. The amount of the reduction shall not exceed \$725.

Sec. 19. Minnesota Statutes 1988, section 273.135, subdivision 2, is amended to read:

Subd. 2. For taxes payable in 1989 only, the amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is

outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(c)(1) The maximum reduction of the net tax up to the taconite breakpoint is \$225.40 on property described in clause (a) and \$200.10 on property described in clause (b), for taxes payable in 1985. These maximum amounts shall increase by \$15 times the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

(2) The total maximum reduction of the net tax on property described in clause (a) is \$490 for taxes payable in 1985. The total maximum reduction for the net tax on property described in clause (b) is \$435 for taxes payable in 1985. These maximum amounts shall increase by \$15 per year for taxes payable in 1986 and thereafter.

For the purposes of this subdivision, "net tax" means the tax on the property after deduction of any credit under section 273.13, subdivision 22 or 23, "taconite breakpoint" means the lowest possible net tax for a homestead qualifying for the maximum reduction pursuant to section 273.13, subdivision 22, rounded to the nearest whole dollar, "homestead credit equivalency percentage" means a percentage equal to the percentage reduction authorized in section 273.13, subdivision 22, "effective tax rate" means tax divided by the market value of the property, and the "base year effective tax rate" means the tax on the property after the application of the credits payable under section 273.13, subdivisions 22 and 23, and this section for taxes payable in 1988, divided by the market value of the property. A new parcel of property or a parcel with a current year classification that is different from its base year classification has the same base year effective tax rate as an equivalent homesteaded parcel.

Sec. 20. Minnesota Statutes 1988, section 273.135, subdivision 2a, is amended to read:

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

(a) In the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c) and shall not

exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c) and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(c) The total maximum reduction of the net tax on property described in clause (a) is \$490 for taxes payable in 1985. The total maximum reduction for the net tax on property described in clause (b) is \$435 for taxes payable in 1985. These maximum amounts shall increase by \$15 per year for taxes payable in 1986 and thereafter.

For the purposes of this subdivision, "tax" means the tax on the property before application of the credit payable under this section and "effective tax rate" means tax divided by the market value of the property, and "base year effective tax rate" means the tax on the property after the application of the credits payable under section 273.13, subdivisions 22 and 23, and this section for taxes payable in 1988, divided by the market value of the property. A new parcel of property or a parcel with a current year classification that is different from its base year classification has the same base year effective tax rate as an equivalent homesteaded parcel.

Sec. 21. Minnesota Statutes 1988, section 273.1391, subdivision 2, is amended to read:

Subd. 2. For taxes payable in 1989 only, the amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum amounts specified in

clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10. The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, but not to exceed the maximums specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(c)(1) The maximum reduction of the net tax up to the taconite breakpoint is \$200.10 for taxes payable in 1985. This maximum amount shall increase by \$15 multiplied by the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

(2) The total maximum reduction of the net tax is \$435 for taxes payable in 1985. This total maximum amount shall increase by \$15 per year for taxes payable in 1986 and thereafter.

For the purposes of this subdivision, "net tax" means the tax on the property after deduction of any credit under section 273.13, subdivision 22 or 23, "taconite breakpoint" means the lowest possible net tax for a homestead qualifying for the maximum reduction pursuant to section 273.13, subdivision 22, rounded to the nearest whole dollar, "homestead credit equivalency percentage" means a percentage equal to the percentage reduction authorized in section 273.13, subdivision 22, and "effective tax rate" means tax divided by the market value of the property, and the "base year effective tax rate" means the tax on the property after application of the credits payable under section 273.13, subdivisions 22 and 23, and this section for taxes payable in 1988, divided by the market value of the property. A new parcel with a current year classification that is different from its base year classification has the same base year effective tax rate as an equivalent homesteaded parcel.

Sec. 22. Minnesota Statutes 1988, section 273.1391, subdivision 2a, is amended to read:

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

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

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the tax, but not to exceed the maximums specified in clause (c) and not to exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(c) The total maximum reduction of the tax is \$435 for taxes payable in 1985. This total maximum amount shall increase by \$15 per year for taxes payable in 1986 and thereafter.

For the purposes of this subdivision, "tax" means the tax on the property before application of the credit under this section, "effective tax rate" means tax divided by the market value of the property, and "base year effective tax rate" means the tax on the property after the application of the credits payable under section 273.13, subdivisions 22 and 23, and this section for taxes payable in 1988, divided by the market value of the property. A new parcel of property or a parcel with a current year classification that is different from its base year classification has the same base year effective tax rate as an equivalent homesteaded parcel.

Sec. 23. Minnesota Statutes 1988, section 273.1393, is amended to read:

273.1393 [COMPUTATION OF NET PROPERTY TAXES.]

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

- (1) disaster credit as provided in section 273.123;
- (2) powerline credit as provided in section 273.42;
- (3) agricultural preserves credit as provided in section 473H.10;
- (4) enterprise zone credit as provided in section 469.171;
- (5) state agricultural credit as provided in section 273.132 disparity reduction credit as provided in section 273.1398;
- (6) conservation tax credit as provided in section 273.119;
- (7) state paid homestead credit as provided in section 273.13;
- ~~(7)~~ (8) taconite homestead credit as provided in section 273.135;
- ~~(8)~~ (9) supplemental homestead credit as provided in section 273.1391.

The combination of all property tax credits must not exceed the gross tax amount.

Sec. 24. Minnesota Statutes 1988, section 273.1398, subdivision 1, is amended to read:

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

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of tax capacity rates.

(c) "Gross tax capacity" means the product of the appropriate percentages of market value listed as gross tax capacities in section 273.13 and equalized market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located and, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under

section 273.425. For purposes of determining the gross tax capacity of property referred to in clauses (1) and (2) for disparity reduction aid payable in 1989, the gross tax capacity before equalization shall equal the property's 1987 assessed value multiplied by 12 percent. Gross tax capacity cannot be less than zero.

(d) "Net tax capacity" means the product of the appropriate percentages of market value listed as net tax capacities in section 273.13 and equalized market values. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located and (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity before equalization shall equal the property's 1987 assessed value multiplied by 12 percent. Net tax capacity cannot be less than zero.

(e) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. For computation of aids payable in 1989 only, if the aggregate assessment sales ratio is less than or equal to 92 percent, the assessment sales ratios by class shall be adjusted proportionally so that the aggregate ratio of the unequalized market values to the equalized market values equals 92 percent; otherwise the equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

(f) "Homestead effective rate" means the product of (i) 46 percent; (ii) 2.17 percent; and (iii) the total tax capacity rate for taxes payable in 1989 within a unique taxing jurisdiction multiplied by the 1988 aggregate assessment sales ratio. A sales ratio of .92 is used if the actual sales ratio is less than .92.

(g) For purposes of calculating the transition homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's homestead effective rate; (ii) its net tax capacity; and (iii) 103.

(h) For purposes of calculating and allocating transition home-

stead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties" or "gross taxes" means the total gross taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction before reduction by any credits for taxes payable in the year prior to that in which the aids are payable. For purposes of disparity reduction aid only, total gross taxes shall be reduced by the taxes levied for any school district referendum levies authorized pursuant to section 124A.03, subdivision 2, and any school district debt levies authorized pursuant to section 475.61. Gross taxes levied cannot be less than zero.

(i) "Income maintenance aids" means:

(1) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(2) preadmission screening and alternative care grants under section 256B.091, subdivision 8;

(3) general assistance, and work readiness under section 256D.03, subdivision 2;

(4) general assistance medical care under section 256D.03, subdivision 6;

(5) aid to families with dependent children under section 256.82, subdivision 1, including emergency assistance under section 256.871, subdivision 6; and funeral expense payments under section 256.935, subdivision 1; and

(6) supplemental aid under section 256D.36, subdivision 1.

Sec. 25. Minnesota Statutes 1988, section 273.1398, subdivision 4, is amended to read:

Subd. 4. [DISPARITY REDUCTION CREDIT.] (a) Beginning with taxes payable in 1989, class 4a, class 3a, and class 3b property qualifies for a disparity reduction credit if: (1) the property is located in a border city that has an enterprise zone designated pursuant to section 469.168, subdivision 4; (2) the property is located in cities a city with a population greater than 2,500 and less than 35,000 according to the 1980 decennial census which are; (3) the city is adjacent to cities a city in another state or immediately adjacent to a city adjacent to a city in another state qualify for disparity

reduction credits, if; and (4) the adjacent city in the other state has a population of greater than 5,000 and less than 75,000.

(b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a property to three percent of the property's market value and (ii) the tax on class 3a and class 3b property to 3.3 percent of market value.

(b) (c) The county auditor shall annually certify the costs of the credits to the department of revenue. The department shall reimburse local governments for the property taxes foregone as the result of the credits in proportion to their total levies.

Sec. 26. [276.131] [DISTRIBUTION OF PENALTIES, INTEREST, AND COSTS.]

The penalties, interest, and costs collected on special assessments and real and personal property taxes must be distributed as follows:

(1) all penalties and interest collected on special assessments against real or personal property must be distributed to the taxing jurisdiction that levied the assessment;

(2) 50 percent of all penalties and interest collected on real and personal property taxes must be distributed to the county in which the property is located, and the other 50 percent must be distributed to the school district in which the property is located. The distribution to the school district must be in accordance with the provisions of section 124.10; and

(3) all costs collected by the county on special assessments and on delinquent real and personal property taxes must be distributed to the county in which the property is located.

Sec. 27. Minnesota Statutes 1988, section 278.03, is amended to read:

278.03 [PAYMENT OF TAX.]

If the proceedings instituted by the filing of the petition have not been completed before the 16th day of May next following the filing, the petitioner shall pay to the county treasurer 50 percent of the tax levied for such year against the property involved, unless permission to continue prosecution of the petition without such payment is obtained as herein provided. If the proceedings instituted by the filing of the petition have not been completed by the next October 16, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2e 2b(2) agricultural nonhomestead property, November 16, the petitioner shall pay to the county treasurer 50 percent of the unpaid balance of the taxes levied for the

year against the property involved if the unpaid balance is \$2,000 or less and 80 percent of the unpaid balance if the unpaid balance is over \$2,000, unless permission to continue prosecution of the petition without payment is obtained as herein provided. The petitioner, upon ten days notice to the county attorney and to the county auditor, given at least ten days prior to the 16th day of May or the 16th day of October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2e 2b(2) agricultural nonhomestead property, the 16th day of November, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

- (1) That the proposed review is to be taken in good faith;
- (2) That there is probable cause to believe that the property may be held exempt from the tax levied or that the tax may be determined to be less than 50 percent of the amount levied; and
- (3) That it would work a hardship upon petitioner to pay the taxes due,

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment. The county treasurer shall, upon request of the petitioner, issue duplicate receipts for the tax payment, one of which shall be filed by the petitioner in the proceeding.

Sec. 28. Minnesota Statutes 1988, section 278.05, subdivision 4, is amended to read:

Subd. 4. [SALES RATIO STUDIES AS EVIDENCE.] The sales ratio studies published by the department of revenue, or any part of the studies, or any copy of the studies or records accumulated to prepare the studies which is prepared by the commissioner of revenue for use in determining school aids shall be admissible in evidence as a public record without the laying of a foundation if the sales prices used in the study are adjusted for the terms of the sale to reflect market value and are adjusted to reflect the difference in the date of sale compared to the assessment date. The department of revenue sales ratio study shall be prima facie evidence of the level of assessment. Additional evidence relevant to the sales ratio study is also admissible. No sales ratio study received into evidence shall be conclusive or binding on the court and evidence of its reliability or unreliability may be introduced by any party including, but not limited to, evidence of inadequate adjustment of sale prices for terms

of financing, inadequate adjustment of sales prices to reflect the difference in the date of sale compared to the assessment date, and inadequate sample size.

No reduction in value on the grounds of discrimination shall be granted on the basis of a sales ratio study published by the department of revenue unless

(a) the sales prices are adjusted for the terms of the sale to reflect market value,

(b) the sales prices are adjusted to reflect the difference in the date of sale compared to the assessment date, and

(c) there is an adequate sample size, and

(d) the median ratio of the same classification of property in the same county, city, or town as the subject property is lower than 90 percent.

If a reduction in value on the grounds of discrimination is granted based on clauses (a) to (d), the reduction shall equal the difference between 90 percent and the court determined median ratio.

Sec. 29. Minnesota Statutes 1988, section 278.05, subdivision 5, is amended to read:

Subd. 5. Any time after the filing of the petition and before the trial of the issues raised thereby, when the defense or claim presented is that the property has been partially, unfairly, or unequally assessed, or that the parcel has been assessed at a valuation greater than its real or actual value, or that a parcel which is classified as homestead under the provisions of section 273.13, subdivision 22 or 23, has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class in that portion of the county in which the parcel is located, for which the commissioner is able to establish and publish a sales ratio study, the attorney representing the state, county, city or town in the proceedings may serve on the petitioner, or the petitioner's attorney, and file with the court administrator of the district court, an offer to reduce the valuation of any tract or tracts to a valuation set forth in the offer. If, within ten days thereafter, the petitioner, or the attorney, gives notice in writing to the county attorney, or the attorney for the city or town, that the offer is accepted, the official notified may file the offer with proof of notice, and the court administrator shall enter judgment accordingly. Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given; and, unless a lower valuation than specified in the offer is found by the court, no costs or disbursements

shall be allowed to the petitioner, but the costs and disbursements of the state, county, city or town, including interest at six percent on the tax based on the amount of the offer from and after the 16th day of October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2e 2b(2) agricultural nonhomestead property, the 16th day of November, of the year the taxes are payable, shall be taxed in its favor and included in the judgment and when collected shall be credited to the county revenue fund, unless the taxes were paid in full before the 16th day of October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2e 2b(2) agricultural nonhomestead property, the 16th day of November, of the year in which the taxes were payable, in which event interest shall not be taxable.

Sec. 30. Minnesota Statutes 1988, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, on May 16, of each year, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on nonhomestead property, except that this penalty shall not accrue until June 1 of each year on commercial use real property used for seasonal residential recreational purposes and classified as class 4d 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1 shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day of each month, up to and including October 1 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November and December following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no

penalty shall attach to the remaining one-half until October 16 following.

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

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

Sec. 31. Minnesota Statutes 1988, section 279.01, subdivision 3, is amended to read:

Subd. 3. In the case of class 1b agricultural homestead, class 2a agricultural homestead property, and class 2e 2b(2) agricultural nonhomestead property, no penalties shall attach to the second one-half property tax payment as provided in this section if paid by November 15. Thereafter for class 1b agricultural homestead and class 2a homestead property, on November 16 following, a penalty of six percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional two percent shall be charged on all such unpaid taxes. Thereafter for class 2e 2b(2) agricultural nonhomestead property, on November 16 following, a penalty of eight percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional four percent shall be charged on all such unpaid taxes.

If the owner of class 1b agricultural homestead, class 2a, or class 2e 2b(2) agricultural property receives a consolidated property tax statement that shows only an aggregate of the taxes and special assessments due on that property and on other property not classified as class 1b agricultural homestead, class 2a, or class 2e 2b(2) agricultural property, the aggregate tax and special assessments shown due on the property by the consolidated statement will be due on November 15 provided that at least 50 percent of the property's market value is classified class 1b agricultural, class 2a, or class 2e 2b(2) agricultural.

Sec. 32. Minnesota Statutes 1988, section 279.37, subdivision 7, is amended to read:

Subd. 7. The county auditor's statement and county treasurer's receipt issued for payment of a deferred installment, as herein provided for, shall not read for any specific year's taxes, but shall

read for partial or full release of judgment, as the case may be, and shall show the year that such judgment was entered. In distributing the taxes collected in this manner, the county auditor shall apply the same in the inverse order to that in which such taxes were levied. All penalties and interest collected under the provisions of this section shall be apportioned by the county auditor in accordance with Minnesota Statutes 1941, sections 276.13 and 276.14 section 276.131. A duplicate treasurer's receipt for payment of a deferred installment, as hereinafter provided, shall be delivered to the court administrator of the district court, and the court administrator of the district court shall credit the amount so paid upon the judgment entered.

Sec. 33. Minnesota Statutes 1988, section 290A.03, subdivision 12, is amended to read:

Subd. 12. [GROSS RENT.] "Gross rent" means rental paid for the right of occupancy, at arms-length, of a homestead, exclusive of charges for any medical services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. If the landlord and tenant have not dealt with each other at arms-length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this chapter.

Any amount paid by a claimant residing in property assessed pursuant to section ~~273.13~~ 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be excluded from gross rent for purposes of this chapter. However, property taxes imputed to the homestead of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead treatment pursuant to section ~~273.13~~ 273.124, subdivision 3, 4, 5, or 6 shall be included within the term "property taxes payable" as defined in subdivision 13, notwithstanding the fact that ownership is not in the name of the claimant.

Sec. 34. Minnesota Statutes 1988, section 375.192, subdivision 2, is amended to read:

Subd. 2. Notwithstanding section 270.07, upon written application by the owner of the property, if the application seeks a reduction in estimated market value not in excess of ~~\$2,000~~ \$10,000, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties or interest which have been erroneously or unjustly paid. The application must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board. The methods of obtaining a reduction or abatement of ad valorem values

contained in subdivisions 1 and 2 are in addition to the method provided in section 270.07.

Sec. 35. Minnesota Statutes 1988, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. [ECONOMIC DEVELOPMENT DISTRICTS.] Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if at least 25 percent of the buildings and facilities (determined on the basis of square footage) are used for the purposes listed in section 144(a)(8) of the Internal Revenue Code of 1986 (determined without regard to the 25 percent restriction in subparagraph (A)). The restrictions under this paragraph apply only to districts located in development regions, as defined in section 462.384, with populations in excess of 1,000,000. Population must be determined under the provisions of section 477A.011.

Sec. 36. Minnesota Statutes 1988, section 477A.011, subdivision 15, is amended to read:

Subd. 15. [CITY REVENUE.] "City revenue" equals the sum of (i) the city's aid payable under section 477A.013, in the year prior to that for which aids are being calculated, and (ii) its levy for taxes payable in the year prior to that for which aids are being calculated, and (iii) ~~for aids payable in 1991 and subsequent years, the city's transition aid payable under section 273.1398, subdivision 2, in the year prior to that for which aids are being calculated.~~

Sec. 37. Minnesota Statutes 1988, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. [TOWNS.] In calendar year 1988, each town which had levied for taxes payable in the previous year at least one mill on the dollar of the assessed value of the town shall receive a distribution equal to the greater of: (a) 60 percent of the amount received in 1983 pursuant to Minnesota Statutes 1982, sections 273.138, 273.139, and 477A.011 to 477A.03; or (b) the amount certified in 1987 pursuant to sections 477A.011 to 477A.03. In calendar year 1989, each town that had levied for taxes payable in 1988 at least one mill on the dollar of the assessed value of the town shall receive a distribution equal to 106 percent of the distribution received under Minnesota Statutes 1987 Supplement, section 477A.013, subdivision 1, in 1988. In calendar year 1990 and subsequent years, each town that had levied for taxes payable in the prior year a tax capacity rate of at least ~~.0125~~ .008 shall receive a distribution equal to the amount received in 1989 under this subdivision.

Sec. 38. Laws 1988, chapter 719, article 8, section 37, is amended to read:

Sec. 37. [EFFECTIVE DATE.]

The part of section 31 that strikes a part of paragraph (c) is effective June 1, 1990. Section 32 is, and the part of section 36 that provides approval of 25 additional positions in the department of human services for food stamp quality control, are effective June 1, 1989. Except as provided in section 34, the rest of this article is effective January 1, 1990.

Sec. 39. [REPEALER.]

(a) Minnesota Statutes 1988, sections 38.17; 38.27, subdivision 3; and 38.28 are repealed.

(b) Minnesota Statutes 1988, sections 276.13 and 276.14, are repealed.

(c) Laws 1988, chapter 719, article 8, section 35, is repealed.

(d) Minnesota Statutes 1988, sections 275.57 and 275.58, subdivision 4, are repealed.

Sec. 40. [EFFECTIVE DATE.]

Sections 1, 24, 25, 27, 29 to 31, and 38, paragraphs (a) and (d), are effective for taxes levied in 1988, payable in 1989, and thereafter, except as provided in those sections. Section 3 is effective January 1, 1990. Sections 4 to 6 are effective January 1, 1989. Sections 7 to 10 are effective January 1, 1989, for property assessed in 1989, payable in 1990, and thereafter. Sections 11, 18, 26, 32, and 38, paragraph (b), are effective the day following final enactment. Section 38, paragraph (c), is effective for fiscal year 1989. Sections 12, 17, 20, and 22 are effective for taxes levied in 1989, payable in 1990, and thereafter. Section 14 is effective for taxes levied in 1990, payable in 1991, and thereafter. Section 16 is effective for taxes levied in 1989, payable in 1990, and thereafter, provided that cooperatives that qualified under Minnesota Statutes, section 273.124, subdivision 6, on January 1, 1989, shall meet the board membership requirements of paragraph (a) by September 1, 1989, and shall meet the requirements of 501(c)(3) or 501(c)(4) status by January 1, 1990, and that the notice and filing requirements of paragraphs (f) and (g) shall apply only to leasehold cooperatives created later than 60 days after the date of enactment of this act. Sections 19 and 21 are effective for taxes payable in 1989 only. Section 34 is effective July 1, 1989. Section 13 is effective the day following final enactment except the pollution exemption modifications in clause (9) are effective for taxes levied in 1989, payable in 1990, and thereafter. Section 35 is

effective as provided in Laws 1988, chapter 719, article 12, section 30. Section 37 is effective for distributions in calendar year 1990 and thereafter. Section 38 is effective June 1, 1989.

ARTICLE 10

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 1988, section 469.174, subdivision 10, is amended to read:

Subd. 10. [REDEVELOPMENT DISTRICT.] (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the parcels in area of the district are occupied by buildings, streets, utilities, or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

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

(3) the property consists of underutilized air rights existing over a public street, highway, or right-of-way; or

(4) the property consists of vacant, unused, underused, inappropriately used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad rights-of-way; or

(5) the district consists of an existing or proposed industrial park no greater in size than 250 acres, which contains a sewage lagoon contaminated with polychlorinated biphenyls.

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

deficiencies are of sufficient total significance to justify substantial renovation or clearance.

(c) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, or other improvements unless 15 percent of the area of the parcel contains improvements.

(d) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a), clauses (1) to (3), to be included in the district, and the entire area of the district must satisfy paragraph (a).

Sec. 2. Minnesota Statutes 1988, section 469.174, is amended by adding a subdivision to read:

Subd. 20. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1988.

Sec. 3. Minnesota Statutes 1988, section 469.175, subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY APPROVAL.] A county auditor shall not certify the original gross tax capacity of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. ~~This~~ The published notice must include a map of the area of the district from which increments may be collected and, if the project area includes additional area, a map of the project area in which the increments may be expended. The hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(1) that the proposed tax increment financing district is a redevelopment district, a mined underground space development district, a housing district, a soils condition district, or an economic development district; if the proposed district is a redevelopment district, the reasons and supporting facts for the determination that

the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) to (5), must be retained and made available to the public by the authority until the district has been terminated.

(2) that the proposed development or redevelopment, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

(3) that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

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

(5) that the municipality elects the method of tax increment computation set forth in section 469.177, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing.

Sec. 4. Minnesota Statutes 1988, section 469.175, is amended by adding a subdivision to read:

Subd. 6a. [REPORTING REQUIREMENTS.] (a) The municipality must annually report to the commissioner of revenue the following amounts for the entire municipality:

(1) the total principal amount of nondefeased tax increment financing bonds that are outstanding at the end of the previous calendar year; and

(2) the total annual amount of principal and interest payments that are due for the current calendar year on (i) general obligation tax increment financing bonds, and (ii) other tax increment financing bonds.

(b) The municipality must annually report to the commissioner of revenue the following amounts for each tax increment financing district located in the municipality:

(1) the type of district, whether economic development, redevelopment, housing, soils condition, mined underground space, or hazardous substance site;

(2) the date on which the district is required to be decertified;

(3) the captured tax capacity of the district, by property class as specified by the commissioner of revenue, for taxes payable in the current calendar year;

(4) the tax increment revenues for taxes payable in the current calendar year; and

(5) whether the tax increment financing plan or other governing document permits increment revenues to be expended (i) to pay bonds, the proceeds of which were or may be expended on activities located outside of the district, (ii) for deposit into a common fund from which money may be expended on activities located outside of the district, or (iii) to otherwise finance activities located outside of the tax increment financing district.

(c) The report required by this subdivision must be filed with the commissioner of revenue on or before March 1 of each year.

(d) This section applies to districts certified before and after August 1, 1979.

Sec. 5. Minnesota Statutes 1988, section 469.175, subdivision 7, is amended to read:

Subd. 7. [CREATION OF HAZARDOUS SUBSTANCE SUBDISTRICT; RESPONSE ACTIONS.] (a) A municipality or authority which is creating or has created a tax increment financing district may establish within the district a hazardous substance subdistrict upon the notice and after the discussion, public hearing, and findings required for approval of the original plan. The geographic area of the subdistrict is made up of any parcels in the district designated for inclusion by the municipality or authority that are designated hazardous substance sites, and any additional parcels in the district designated for inclusion that are contiguous to the hazardous substances sites except for the interposition of a right-of-way. Before or at the time of approval of the tax increment financing plan, the municipality must make the findings under paragraphs (b) to (d), and set forth in writing the reasons and supporting facts for each.

(b) Development or redevelopment of the site, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment and tax increment otherwise available, and therefore the hazardous substance district is deemed necessary.

(c) Other parcels that are not designated hazardous substance sites are expected to be developed together with a designated hazardous substance site.

(d) The subdistrict is not larger than, and the period of time during which increments are elected to be received is not longer than, that which is necessary in the opinion of the municipality to provide for the additional costs due to the designated hazardous substance site.

(e) Upon request by a municipality or authority that has incurred expenses for removal or remedial actions to implement a development response action plan, the attorney general may:

(1) bring a civil action on behalf of the municipality or authority to recover the expenses, including administrative costs and litigation expenses, under section 115B.04 or other law; or

(2) assist the municipality or agency in bringing an action as described in clause (1), by providing legal and technical advice, intervening in the action, or other appropriate assistance.

The decision to participate in any action to recover expenses is at the discretion of the attorney general.

(f) If the attorney general brings an action as provided in paragraph (e), clause (1), the municipality or authority shall certify its reasonable and necessary expenses incurred to implement the development response action plan and shall cooperate with the attorney general as required to effectively pursue the action. The certification by the municipality or authority is prima facie evidence that the expenses are reasonable and necessary. The attorney general may deduct litigation expenses incurred by the attorney general from any amounts recovered in an action brought under paragraph (e), clause (1). The municipality or authority shall reimburse the attorney general for litigation expenses not recovered in an action under paragraph (e), clause (1), and for litigation expenses incurred to assist in bringing an action under paragraph (e), clause ~~(1)~~ (2). All money recovered or paid to the attorney general for litigation expenses under this paragraph shall be paid to the general fund of the state for deposit to the account of the attorney general. For the purposes of this section, "litigation expenses" means attorney fees and costs of discovery and other preparation for litigation.

(g) The municipality or authority shall reimburse the pollution control agency for its administrative expenses incurred to review and approve a development action response plan and associated activities, and for expenses incurred for any services rendered to the attorney general to support the attorney general in actions brought or assistance provided under paragraph (e). All money paid to the pollution control agency under this paragraph shall be deposited in the environmental response, compensation and compliance fund.

(h) Actions taken by a municipality or authority consistent with a development response action plan are deemed to be authorized response actions for the purpose of section 115B.17, subdivision 12. A municipality or agency that takes actions consistent with a development response action plan qualifies for the defenses available under sections 115B.04, subdivision 11, and 115B.05, subdivision 9.

(i) All money recovered by a municipality or authority in an action brought under paragraph (e) in excess of the amounts paid to the attorney general and the pollution control agency must be treated as excess increments and be distributed as provided in section 469.176, subdivision 2, clause (4), to the extent the removal and remedial actions were initially financed with increment revenues.

Sec. 6. Minnesota Statutes 1988, section 469.176, subdivision 1, is amended to read:

Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.] (a) Subject to the limitations contained in paragraphs (b) to (f), any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as the bonds continue to be outstanding. The municipality may, at the time of approval of the initial tax increment financing plan, provide for a shorter maximum duration limit than specified in paragraphs (b) to (f). The specified limit applies in place of the otherwise applicable limit.

(b) The tax increment pledged to the payment of the bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to the maturity or redemption date.

(c) For bonds issued pursuant to section 469.178, subdivisions 2 and 3, the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full.

(d) No tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original gross tax capacity of the taxable real property in the district by the county auditor or after August 1, 1982, for tax increment financing districts authorized prior to August 1, 1979, unless within the three-year period (1) bonds have been issued pursuant to section 469.178, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to sections 469.152 to 469.165, prior to August 1, 1979, or (2) the authority has acquired property within the district, or (3) the authority has constructed or caused to be constructed public improvements within the district.

(e) No tax increment shall in any event be paid to the authority from a redevelopment district after ~~25~~ 20 years from date of receipt by the authority of the first tax increment, after ~~25~~ 20 years from the date of the receipt for a housing district, after ~~25~~ 20 years from the date of the receipt for a mined underground space development district, after 12 years from approval of the tax increment financing plan for a soils condition district, and after eight years from the date of the receipt, or ten years from approval of the tax increment financing plan, whichever is less, for an economic development district.

For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after April 1, 2001, or the term of a nondefeased bond or obligation outstanding on April 1, 1990, secured by increments from the district or project area, whichever time is greater, provided that in no case will a tax increment be paid to an authority after August 1, 2009, from such a district. If a district's termination date is extended beyond April 1, 2001, because bonds were outstanding on April 1, 1990, with maturities extending beyond April 1, 2001, the following restrictions apply. No increment collected from the district may be expended after April 1, 2001, except to pay or defease (i) bonds issued before April 1, 1990, or (ii) bonds issued to refund the principal of the outstanding bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded.

(f) Modification of a tax increment financing plan pursuant to section 469.175, subdivision 4, shall not extend the durational limitations of this subdivision.

(g) If a parcel of a district is part of a designated hazardous substance site or a hazardous substance subdistrict, tax increment may be paid to the authority from the parcel for longer than the period otherwise provided by this subdivision. The extended period for collection of tax increment begins on the date of receipt of the first tax increment from the parcel that is more than any tax increment received from the parcel before the date of the certifica-

tion under section 469.175, subdivision 7, paragraph (b), and received after the date of certification to the county auditor described in section 469.175, subdivision 7, paragraph (b). The extended period for collection of tax increment is the lesser of: (1) ~~25~~ 20 years from the date of commencement of the extended period; or (2) the period necessary to recover the costs of removal actions or remedial actions specified in a development response action plan.

Sec. 7. Minnesota Statutes 1988, section 469.176, is amended by adding a subdivision to read:

Subd. 4j. [REDEVELOPMENT DISTRICTS.] At least 95 percent of the revenue derived from a redevelopment district must be used to finance the cost of correcting conditions that allow designation of redevelopment districts under section 469.174, subdivision 10. These costs include acquiring properties containing structurally substandard buildings or improvements, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition of structures, clearing of the land, and installation of utilities, roads, and parking facilities for the site. The allocated administrative expenses of the authority may be included in the qualifying costs.

Sec. 8. [469.1765] [DEVELOPER PAYMENTS.]

If the development agreement or other agreement or arrangement provides for the developer to repay all or a portion of the assistance provided that was financed directly or indirectly from revenues derived from tax increments, the developer payments are excess increments and must be distributed as provided under section 469.176, subdivision 2, clause (4). A developer includes a beneficiary of assistance financed with revenues derived from tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service or connections, roads, or other similar subsidies.

Sec. 9. Minnesota Statutes 1988, section 469.176, subdivision 6, is amended to read:

Subd. 6. [ACTION REQUIRED.] If, after four years from the date of certification of the original gross tax capacity of the tax increment financing district pursuant to section 469.177, no demolition, rehabilitation, or renovation of property or other site preparation, including excluding improvement of a street adjacent to a parcel but ~~not~~ and installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original gross tax capacity of that parcel shall be excluded from the

original gross tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation, or renovation or other site preparation on that parcel including improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced, and the county auditor shall certify the gross tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original gross tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district.

Sec. 10. [469.1761] [INCOME REQUIREMENTS; HOUSING PROJECTS.]

Subdivision 1. [REQUIREMENT IMPOSED.] In order for a tax increment financing district to qualify as a housing district, the income limitations provided in this section must be satisfied. The requirements imposed by this section apply to residential property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, or other subsidies. The provisions of this section do not apply to interest reduction programs, provided that the duration of the district is limited to 12 years from the collection of the first increment.

Subd. 2. [OWNER OCCUPIED HOUSING.] For owner occupied residential property, 95 percent of the housing units must be occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code.

Subd. 3. [RENTAL PROPERTY.] For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code.

Subd. 4. [TIME OF APPLICATION.] The requirements of this section apply for the duration of the tax increment financing district.

Subd. 5. [NONCOMPLIANCE; ENFORCEMENT.] Failure to comply with the requirements of this section results in application of the duration limits for economic development districts to the district. If at the time of the noncompliance it is determined the district has exceeded the duration limits for an economic development district, the district must be decertified effective for taxes assessed in the

next calendar year. The commissioner of revenue shall enforce the provisions of this section. The commissioner may waive insubstantial violations. Appeal of the commissioner's orders of noncompliance must be made to the tax court in the manner provided in section 271.06.

Sec. 11. Minnesota Statutes 1988, section 469.177, subdivision 10, is amended to read:

Subd. 10. [PAYMENT TO SCHOOL FOR REFERENDUM LEVY.] The provisions of this subdivision apply to tax increment financing districts and projects for which certification was requested before May 1, 1988, that are located in a school district in which the voters have approved new tax capacity rates or an increase in tax capacity rates after the tax increment financing district was certified (1) if there are no outstanding bonds on May 1, 1988, to which increment from the district is pledged, or (2) if the referendum is approved after May 1, 1988, and there are no bonds outstanding at the time the referendum is approved, that were issued before May 1, 1988, or (3) if the referendum increasing the tax capacity rate was approved after the most recent issue of bonds to which increment from the district is pledged. If clause (1) or (2) applies, the authority must annually pay to the school district an amount of increment equal to the increment that is attributable to the increase in the tax capacity rate under the referendum. If clause (3) applies, upon approval by a majority vote of the governing body of the municipality and the school board, the authority must pay to the school district an amount of increment equal to the increment that is attributable to the increase in the tax capacity rate under the referendum. The amounts of these increments may be expended and must be treated by the school district in the same manner as provided for the revenues derived from the referendum levy approved by the voters. The provisions of this subdivision apply to projects for which certification was requested before August 1, 1979.

Sec. 12. Laws 1988, chapter 719, article 12, section 29, is amended to read:

Sec. 29. [TRANSITION RULES.]

(a) The provisions of sections 3, 6, 10, and 14 16 do not apply to proposed tax increment financing districts for which the authority called for a public hearing in a resolution dated March 23, 1987, and for which a public hearing was held on April 28, 1987. The provisions of Minnesota Statutes 1987 Supplement, section 469.174, subdivision 10, and 469.176, subdivision 4, apply to such districts.

(b) The provisions of sections 3, 6, 10, and 14 16 do not apply to candidate sites in the old highway 8 corridor tax increment project area, identified in the old highway 8 corridor plan as approved by an authority on October 14, 1986, if the requests for certification of the

districts are filed with the county before January 1, 1998. The provisions of Minnesota Statutes 1987 Supplement, sections 469.174, subdivision 10, and 469.176, subdivision 4, apply to such districts.

(c) The provisions of section 14 16, subdivision 4c, do not apply to an economic development district located in a development district approved on November 9, 1987, provided the request for certification of the tax increment district is submitted to the county by September 30, 1988.

Sec. 13. Laws 1988, chapter 719, article 12, section 30, as amended by Laws 1989, chapter 1, section 11, is amended to read:

Sec. 30. [EFFECTIVE DATES.]

Sections 2, 5, 6, 7, 14, 16, subdivision 4e, 17, and the provisions of section 15 relating to the duration of hazardous substance sites and subdistricts are effective for hazardous substance sites and subdistricts designated and created after the day following final enactment. Except as otherwise specifically provided, sections 1, 3, 4, 8 to 12, 16, and 20 to 23, and the provisions of section 15 applying to soils condition districts are effective for districts and amendments adding geographic area to an existing district for which the request for certification was filed with the county auditor after May 1, 1988. Sections 13, 15, 16, subdivision 4g, 18, 24, and 25, and the provisions of section 21 allowing a change in the fiscal disparities election are effective May 1, 1988, except as otherwise specifically provided. Section 16, subdivision 4h, is effective beginning with administrative costs incurred on January 1, 1989. Section 16, subdivision 4i, is effective for districts for which the request for certification is filed with the county after May 1, 1988, and to all increment collected after January 1, 1990. Sections 26 to 28 are effective upon approval by the city council of the city of Virginia and compliance with Minnesota Statutes, section 645.021. Section 29 is effective the day following final enactment.

Sec. 14. [HOMESTEAD AND AGRICULTURAL CREDIT AID; TIF DISTRICTS; FALCON HEIGHTS AND LAUDERDALE.]

Subdivision 1. [PAYMENT OF AID.] The commissioner of revenue shall pay the cities of Falcon Heights and Lauderdale homestead and agricultural credit aid as provided by this section. The payments must be made at the times provided by Minnesota Statutes, section 273.1398.

Subd. 2. [DEFINITIONS.] For purposes of this section, (1) the definitions contained in Minnesota Statutes, section 273.1398 apply, and (2) qualified tax increment financing district means a tax increment financing district comprised exclusively of class 1 and

class 4 property with 75 percent of the market value of the district consisting of class 1 property.

Subd. 3. [CALCULATION OF AID AMOUNT.] (a) Homestead and agricultural credit aid for a qualified tax increment financing district for taxes payable in 1990 equals the lesser of the following:

(1) total tax increment revenues for the district for taxes payable in 1989, minus the product of (i) the qualified tax increment financing district's gross tax capacity rate; (ii) its net tax capacity based on payable 1989 market values and net tax capacity percentages in effect for taxes payable in 1990, and (iii) 1.03; or

(2) 105 percent of the principal and interest, due during the calendar year, on bonds that were issued before January 1, 1989, and to which the qualified district's increment revenues are pledged, less the total tax capacity rate year multiplied by the captured tax capacity of the tax increment financing district.

(b) For 1991 and later years, the district must receive aid equal to the amount it received in 1990 or the amount under paragraph (a), clause (2), for the year, whichever is less.

Subd. 4. [APPROPRIATION.] The amount necessary to make the payments required by this section is annually appropriated to the commissioner of revenue.

Subd. 5. [CITY INFORMATION.] The cities of Falcon Heights and Lauderdale must provide the commissioner of revenue with the information necessary to make the calculations required under subdivision 3, clause (2).

Sec. 15. [MOORHEAD TAX INCREMENT FINANCING.]

In the case of a tax increment financing district in the city of Moorhead created prior to August 1, 1979, and used to finance a hotel, parking facility, and conference project, the date "April 1, 1992" must be substituted for "April 1, 1990" in Minnesota Statutes, section 469.176, subdivision 1, paragraph (e), each place it occurs.

Sec. 16. [EFFECTIVE DATE.]

Sections 1, 3, 6, 7, 9, and 10 are effective for districts certified after June 30, 1989. Sections 2, 5, and 11 to 13 are effective the day following final enactment. Section 8 is effective for developer payments received after June 30, 1989. Section 15 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Moorhead.

ARTICLE 11

LAWFUL GAMBLING

Section 1. Minnesota Statutes 1988, section 349.12, subdivision 11, is amended to read:

Subd. 11. [LAWFUL PURPOSE.] "Lawful purpose" means one or more of the following: (a) benefiting persons by enhancing their opportunity for religious or educational advancement, by relieving or protecting them from disease, suffering or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded; (b) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures; (c) lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people; ~~or~~ (d) construction, improvement, expansion, maintenance, and repair of athletic fields and ice rinks and their appurtenances, owned by the organization or a public agency; or (e) payment of taxes imposed under this chapter, and other taxes section 349.212, subdivisions 1, 4, and 5, or imposed by the state or the United States on receipts from lawful gambling.

"Lawful purpose" does not include the erection, acquisition, improvement, expansion, repair, or maintenance of any real property owned or leased by the organization, unless the board specifically authorizes the expenditures after finding that the property will be used exclusively for one or more of the purposes specified in clauses (a) to (c). The board may by rule adopt procedures and standards to administer this subdivision.

Sec. 2. Minnesota Statutes 1988, section 349.12, subdivision 13, is amended to read:

Subd. 13. "Gross profit" means the gross receipts collected from lawful gambling, less reasonable sums necessarily and actually expended for prizes, less the taxes imposed under section 349.212 except local gambling taxes.

Sec. 3. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 25. [GROSS RECEIPTS.] "Gross receipts" means all receipts derived from lawful gambling activity including, but not limited to, the following items:

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

(2) gross sales of pull-tab and tipboard tickets or cards before reduction for prizes, expenses, or any other charges or offsets;

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

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

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

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

Sec. 4. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 26. [PROPERTY EXPENSES.] "Property expenses" means expenditures by an organization for the replacement, expansion, improvement, maintenance, and repair of real property the organization owns or leases, except that "property expenses" does not include any expenditure for these purposes in any year in excess of the amount the organization pays in that year in taxes imposed under section 7.

Sec. 5. Minnesota Statutes 1988, section 349.15, is amended to read:

349.15 [USE OF PROFITS.]

Profits from lawful gambling may be expended only for lawful purposes ~~or~~ and allowable and property expenses as authorized at a regular meeting of the conducting organization. Provided that no more than 55 percent of profits the gross profits from bingo, and no more than 45 percent for other forms of lawful gambling, may be expended for necessary allowable expenses related to lawful gambling.

The board shall provide by rule for the administration of this section, including specifying allowable expenses. The rules must specify that no more than one-third of the annual premium on a policy of liability insurance procured by the organization may be taken as an allowable expense from the gross receipts from lawful gambling. This expense shall be allowed by the board only to the extent that it relates directly to the conduct of lawful gambling and is verified in the manner the board prescribes by rule. The rules may

provide a maximum percentage of gross receipts which may be expended for certain expenses.

Sec. 6. Minnesota Statutes 1988, section 349.16, is amended by adding a subdivision to read:

Subd. 1a. [RESTRICTIONS ON LICENSE ISSUANCE.] On and after July 1, 1989, the board shall not issue an initial license to any organization if the board determines that the organization is seeking licensing for the primary purpose of evading the tax imposed by section 7.

Sec. 7. Minnesota Statutes 1988, section 349.212, is amended by adding a subdivision to read:

Subd. 4a. [GROSS RECEIPTS TAX.] (a) A tax is imposed on the gross receipts from lawful gambling, except the gross receipts from bingo. This tax is in addition to other taxes imposed on lawful gambling. The tax equals the organization's gross receipts for the fiscal year multiplied by the applicable rate under the following schedule. The fiscal year is July 1 through the succeeding June 30. The rate applies to the total gross receipts for the calendar year:

<u>Gross Receipts</u>	<u>Tax Rate</u>
<u>less than or equal to \$500,000</u>	<u>0%</u>
<u>over \$500,000 but less than or equal to \$700,000</u>	<u>2%</u>
<u>over \$700,000 but less than or equal to \$900,000</u>	<u>4%</u>
<u>over \$900,000</u>	<u>6%</u>

(b) The taxes imposed by this subdivision are payable to the commissioner of revenue on or before the 20th day of the month following the month in which the taxable event occurred. The applicable tax rate for monthly payments must be based on the annualized gross receipts for the fiscal year.

(c) On or before January 20 of each year, the organization must file an annual reconciliation of the gross receipts and tax for the preceding calendar year. The reconciliation must include the total gross receipts for the calendar year, the total gross receipts tax paid for the calendar year, and additional tax due or overpayment. Any additional tax due must be paid with the reconciliation return.

(d) The tax must be computed and reported on a form and in the manner prescribed by the commissioner of revenue.

(e) If the organization fails to file a report or pay the tax as

required by paragraph (b), a penalty of ten percent of the underpayment is imposed.

(f) Unpaid tax and penalties bear interest at the rate prescribed in section 270.75 from the due date of the return. Refunds bear interest at the rate prescribed in section 270.76 from the later of 60 days after (1) the due date or (2) the date the reconciliation return is filed.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective July 1, 1989.

ARTICLE 12

INDIVIDUAL INCOME TAX

Section 1. Minnesota Statutes 1988, section 290.067, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS.] The credit for expenses incurred for the care of each dependent shall not exceed \$720 in any taxable year, and the total credit for all dependents of a claimant shall not exceed \$1,440 in a taxable year. The maximum total credit shall be reduced according to the amount of the income of the claimant and a spouse, if any, as follows:

income up to ~~\$12,200~~ \$13,350, \$720 maximum for one dependent, \$1,440 for all dependents;

income over ~~\$12,200~~ \$13,350, the maximum credit for one dependent shall be reduced by ~~\$12~~ \$18 for every ~~\$200~~ \$350 of additional income, ~~\$24~~ \$36 for all dependents;

~~for income of \$24,001 and over, no credit shall be received.~~

The commissioner shall construct and make available to taxpayers tables showing the amount of the credit at various levels of income and expenses. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transitions between expenses and income brackets.

Sec. 2. Minnesota Statutes 1988, section 290.067, is amended by adding a subdivision to read:

Subd. 2b. [INFLATION ADJUSTMENT.] The dollar amount of the income threshold at which the maximum credit begins to be reduced under subdivision 2 must be adjusted for inflation. The commissioner shall adjust the threshold amount by the percentage

determined under section 290.06, subdivision 2d, for the taxable year.

Sec. 3. Minnesota Statutes 1988, section 290.0802, subdivision 1, is amended to read:

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

(a) "Adjusted gross income" means federal adjusted gross income as used in section 22(d) of the Internal Revenue Code for the taxable year plus the ordinary income portion of a lump sum distribution as defined in section 407(e) of the Internal Revenue Code.

(b) "Disability income" means disability income as defined in section 22(c)(2)(B)(iii) of the Internal Revenue Code.

(c) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1987.

(d) "Nontaxable retirement and disability benefits" means the amount of pension, annuity, or disability benefits that would be included in the reduction under section 22(c)(3) of the Internal Revenue Code, but excluding tier one railroad retirement benefits.

(e) "Qualified individual" means a qualified individual as defined in section 22(b) of the Internal Revenue Code, except that "age 62" must be substituted for "age 65".

Sec. 4. Minnesota Statutes 1988, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the portion of the charitable contribution deduction that constitutes an item of tax preference under section 57(a)(6) of the Internal Revenue Code;

(3) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); less the sum of

(i) interest income as defined in section 290.01, subdivision 19b, clause (1);

(ii) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2); and

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1987.

(c) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(d) "Tentative minimum tax" equals six percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(e) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(f) "Net minimum tax" means the minimum tax imposed by this section.

Sec. 5. Minnesota Statutes 1988, section 290.091, is amended by adding a subdivision to read:

Subd. 6. [CREDIT FOR PRIOR YEARS' LIABILITY.] (a) A credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the excess, (if any), for the taxable year of

(1) the regular tax, over

(2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

(b) The adjusted net minimum tax for a taxable year equals the lesser of the net minimum tax or the excess, (if any), of

(1) the tentative minimum tax, over

(2) six percent of the sum of (i) adjusted gross income as defined in section 62 of the Internal Revenue Code, (ii) interest income as defined in section 290.01, subdivision 19a, clause (1), (iii) interest on specified private activity bonds, as defined in section 57(a)(5) of the Internal Revenue Code, to the extent not included under clause (ii), (iv) depletion as defined in section 57(a)(1) of the Internal Revenue Code, less (v) the deductions provided in clauses (3)(i), (3)(ii), and (3)(iii) of subdivision 2, paragraph (a), and (vi) the exemption amount determined under subdivision 3.

In the case of an individual who is not a Minnesota resident for the entire year, adjusted minimum tax must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted minimum tax must be multiplied by the fraction defined under subdivision 4, paragraph (b).

Sec. 6. Minnesota Statutes 1988, section 290.38, is amended to read:

290.38 [RETURNS OF MARRIED PERSONS.]

(a) A husband and wife must file a joint Minnesota income tax return if they filed a joint federal income tax return. If a joint return is made the tax shall be computed on the aggregate income and the liability with respect to the tax shall be joint and several; provided that a spouse who is relieved of a liability attributable to a substantial underpayment under section 6013(e) of the Internal Revenue Code of 1986, as amended through December 31, 1987, shall also be relieved of the state tax liability on the substantial underpayment.

(b) In the case of a husband and wife or individuals who were a husband and wife prior to the dissolution of their marriage, for tax liabilities reported on a joint return, the liability of each spouse is limited to the tax due on the spouse's income including 50 percent of the joint income. This paragraph is effective only if the commissioner receives written notice of the marriage dissolution from the taxpayer.

(c) If the husband and wife have elected to file separate federal income tax returns they must file separate Minnesota income tax returns. This election to file a joint or separate returns must be changed if they change their election for federal purposes. In the event taxpayers desire to change their election, such change shall be

done in the manner and on such form as the commissioner shall prescribe by rule.

(d) The determination of whether an individual is married shall be made under provisions of section 7703 of the Internal Revenue Code of 1986, as amended through December 31, 1987.

Sec. 7. Laws 1988, chapter 719, article 1, section 22, is amended to read:

Sec. 22. [EFFECTIVE DATES.]

Except as otherwise provided, sections 1 to 3 and 16 are effective for taxable years beginning after December 31, 1986. Sections 5, 7 to 12, 14, 15, 17, and 21 are effective for taxable years beginning after December 31, 1987. The deduction allowed under section 4, clause (4) and the ability of surviving spouses to use the married filing joint rates in section 7 are effective for taxable years beginning after December 31, 1986. The rest of sections 4 and 7 are effective for taxable years beginning after December 31, 1987. Section 13 is effective for taxable years beginning after December 31, 1984 1973. Section 18 is effective the day following final enactment.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 and 3 are effective for taxable years beginning after December 31, 1988.

Section 2 is effective for taxable years beginning after December 31, 1990.

Sections 4 and 5 are effective for alternative minimum tax paid in taxable years beginning after December 31, 1988.

Section 6 is effective the day following final enactment for taxable years beginning after December 31, 1973.

Section 7 is effective the day following final enactment.

ARTICLE 13

MISCELLANEOUS

Section 1. Minnesota Statutes 1988, section 270.052, is amended to read:

270.052 [AGREEMENT WITH INTERNAL REVENUE SERVICE.]

Notwithstanding sections 290.61 and 290A.17, the commissioner may enter into an agreement with the Internal Revenue Service to identify taxpayers who have refunds due from the department of revenue and liabilities owing to the Internal Revenue Service, if the Internal Revenue Service agrees to identify taxpayers who have refunds due from the Internal Revenue Service and liabilities owing to the department of revenue. In accordance with the procedures established in the agreement, the Internal Revenue Service may levy against the refunds to be paid by the department of revenue, and the department of revenue may levy against refunds to be paid by the Internal Revenue Service.

Sec. 2. Minnesota Statutes 1988, section 270.067, subdivision 1, is amended to read:

Subdivision 1. [STATEMENT OF PURPOSE.] State governmental policy objectives are sought to be achieved both by direct expenditure of governmental funds and by the granting of special and selective tax relief or tax expenditures. Both direct expenditures of governmental funds and tax expenditures have an effect on the ability of the state and local governments to lower tax rates or to increase expenditures. As a result, tax expenditures should receive a regular and comprehensive review by the legislature as to (a) their total cost, (b) their effectiveness in achieving their objectives, (c) their effect on the fairness and equity of the distribution of the tax burden, and (d) the public and private cost of administering tax expenditure financed programs. This section is intended to facilitate a regular review of the state and local tax expenditure budget by the legislature by providing for the preparation of a regular biennial tax expenditure budget.

Sec. 3. Minnesota Statutes 1988, section 270.067, subdivision 2, is amended to read:

Subd. 2. [PREPARATION; SUBMISSION.] The commissioner of revenue shall prepare a tax expenditure budget for the state every four years. The tax expenditure budget report shall be submitted to the legislature as a supplement to the governor's budget and at the same time as provided for submission of the budget pursuant to section 16A.11, subdivision 1, except that the next such report shall be submitted in 1993, and every four years thereafter.

Sec. 4. Minnesota Statutes 1988, section 290.92, subdivision 4b, as added by Laws 1989, chapter 28, section 19, is amended to read:

Subd. 4b. [WITHHOLDING BY PARTNERSHIPS.] (a) A partnership shall deduct and withhold a tax as provided in paragraph (b) when the partnership pays or credits amounts to any of its nonresident individual partners on account of their distributive shares of partnership income for a taxable year of the partnership.

(b) The amount of tax withheld is determined by multiplying the partner's distributive share allocable to Minnesota under section 290.17, paid or credited during the taxable year by the highest rate used to determine the income tax liability for an individual under section 290.06, subdivision 2c, except that the amount of tax withheld may be determined based on tables provided by the commissioner if the partner submits a withholding exemption certificate under subdivision 5.

(c) A partnership required to deduct and withhold tax under this subdivision shall file a return with the commissioner. The tax required to be deducted and withheld during that year must be paid with the return. The return and payment is due on or before the due date specified for filing the partnership return under section 290.42.

(d) A partnership required to withhold and remit tax under this subdivision is liable for payment of the tax to the commissioner, and a person having control of or responsibility for the withholding of the tax or the filing of returns due under this subdivision is personally liable for the tax due. The commissioner may reduce or abate the tax withheld under this subdivision if the partnership had reasonable cause to believe that no tax was due under this section.

(e) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold tax for a nonresident partner if:

(1) the partner elects to have the tax due paid as part of the partnership's composite return under section 290.39, subdivision 5;

(2) the partner has Minnesota assignable federal adjusted gross income from the partnership of less than \$1,000; or

(3) the partnership is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year; or

(4) the distributive shares of partnership income are attributable to:

(i) income required to be recognized because of discharge of indebtedness;

(ii) income recognized because of a sale, exchange, or other disposition of real estate, depreciable property, or property described in section 179 of the Internal Revenue Code of 1986, as amended through December 31, 1988; or

(iii) income recognized on the sale, exchange, or other disposition of any property that has been the subject of a basis reduction

pursuant to sections 108, 734, 743, 754, or 1017 of the Internal Revenue Code of 1986, as amended through December 31, 1988,

to the extent that the income does not include cash received or receivable or if there is cash received or receivable, to the extent that the cash is required to be used to pay indebtedness by the partnership or a secured debt on partnership property.

(f) For purposes of subdivisions 6, paragraph (1)(c), 6a, 7, 11, and 15, a partnership is considered an employer.

(g) To the extent that income is exempt from withholding under paragraph (e)(4), the commissioner has a lien in an amount up to the amount that would be required to be withheld with respect to the income of the partner attributable to the partnership interest, but for the application of paragraph (e)(4). The lien arises under section 270.69 from the date of assessment of the tax against the partner, and attaches to that partner's share of the profits and any other money due or to become due to that partner in respect of the partnership. Notice of the lien may be sent by mail to the partnership, without the necessity for recording the lien. The notice has the force and effect of a levy under section 270.70, and is enforceable against the partnership in the manner provided by that section. Upon payment in full of the liability subsequent to the notice of lien, the partnership must be notified that the lien has been satisfied.

Sec. 5. Minnesota Statutes 1988, section 295.34, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 2, every telephone company shall file a return with the commissioner of revenue on or before April 15 of each year, and submit payment therewith, of the following percentages of its gross earnings, including long distance access charges, of the preceding calendar year derived from business within this state:

(a) for gross earnings from service to rural subscribers and from exchange business of all cities of the fourth class and statutory cities having a population of 10,000 or less

for calendar years beginning before December 31, 1988, four percent,

for calendar year 1989, three percent, provided that the estimated tax payments made on March 15 and June 15, 1989, pursuant to section 295.365, must be made as if the tax were imposed at a rate of four percent,

for calendar year 1990, 1.5 percent,

for calendar year 1991, one percent, and

for calendar years beginning after December 31, 1991, exempt;
and

(b) for gross earnings derived from all other business

for calendar years beginning before December 31, 1988, seven percent,

for calendar year 1989, 5.5 percent, provided that the estimated tax payments made on March 15 and June 15, 1989, pursuant to section 295.365, must be made as if the tax were imposed at a rate of seven percent,

for calendar year 1990, three percent,

for calendar year 1991, 2.5 percent, and

for calendar years beginning after December 31, 1991, exempt.

A tax shall not be imposed on the gross earnings of a telephone company from business originating or terminating outside of Minnesota, except that the gross earnings tax is imposed on all long distance access charges allocated to interstate service received in payment from a telephone company before December 31, 1989, and on customer access charges. Customer access charges include the flat rate monthly charges received by a telephone company from its customers, that are authorized by the Federal Communications Commission and that compensate a telephone company for the cost of a local telephone plant to the extent attributable to interstate service.

The tax imposed is in lieu of all other taxes, except the taxes imposed by chapter 290, property taxes assessed beginning in 1989, payable in 1990, and sales and use taxes imposed as a result of chapter 297A. All money paid by a company for connecting fees and switching charges to any other company shall be reported as earnings by the company to which they are paid. For the purposes of this section, the population of any statutory city shall be considered as that stated in the latest federal census.

(c) For the period January 1, 1984 through December 31, 1986, all money paid by a company for connecting fees and switching charges, including carriers access charges except that portion paid for directory assistance and billing and collection services, to any other company must be reported as earnings by the company to which they are paid, but are not deemed to be earnings of the collecting and paying company.

Sec. 6. [STATEMENT OF PURPOSE.]

The purpose of section 5 is to confirm and clarify the original intent of the legislature in enacting the exemption for gross earnings from business originating or terminating outside of Minnesota in Minnesota Statutes, section 295.34. Section 5 does not create a new category of earnings subject to the gross earnings tax. It ratifies existing state interpretation of the telephone gross earnings tax and Minnesota Statutes, section 295.34.

Sec. 7. Minnesota Statutes 1988, section 373.40, subdivision 1, is amended to read:

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

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, and roads and bridges. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include light rail transit or any activity related to it or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Commissioner" means the commissioner of trade and economic development.

(d) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(e) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the metropolitan council or by the state demographer under section 116K.04, subdivision 4, clause (10).

(f) "Taxable gross Tax capacity" means total taxable gross tax capacity, but does not include captured gross tax capacity.

Sec. 8. Minnesota Statutes 1988, section 373.40, subdivision 2, is amended to read:

Subd. 2. [APPLICATION OF ELECTION REQUIREMENT.] (a) Bonds issued by a county to finance capital improvements under an approved capital improvement plan are not subject to the election requirements of section 375.18 or 475.58. The bonds must be approved by vote of at least three-fifths of the members of the county board. In the case of a metropolitan county, the bonds must be approved by vote of at least two-thirds of the members of the county board.

(b) Before each issuance of bonds qualifying under this section, the county must publish a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the county or in a newspaper of general circulation in the county. The notice must be published at least 14, but not more than 28, days before the date of the hearing.

(c) A county may issue the bonds only upon obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the county in the last general election and is filed with the county auditor within 30 days after the public hearing. The commissioner of revenue shall prepare a suggested form of the question to be presented at the election.

Sec. 9. Minnesota Statutes 1988, section 373.40, subdivision 4, is amended to read:

Subd. 4. [LIMITATIONS ON AMOUNT.] (a) A county, other than Hennepin or Ramsey, may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section (including the bonds to be issued) will equal or exceed one mill multiplied by 1.82 percent of the taxable gross tax capacity of property in the county or 2.27 percent of net tax capacity. Ramsey county may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section (including the bonds to be issued) will equal or exceed 1.2 mills multiplied by 2.19 percent of the taxable gross tax capacity of property in the county or 2.72 percent of net tax capacity. Hennepin county may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section together with the bonds proposed to

be issued, will equal or exceed ~~one-half mill multiplied by 0.81 percent of the taxable gross tax capacity of the property in the county or 1.13 percent of net tax capacity.~~

(b) Calculation of the limit must be made using the taxable gross tax capacity for the taxes payable year in which the obligations are issued and sold. This section does not limit the authority to issue bonds under any other special or general law. In applying the limits under this section, gross tax capacity must be used for bonds issued before January 1, 1990 and net tax capacity for bonds issued after December 31, 1989 and for building fund levies payable beginning with 1990.

Sec. 10. Minnesota Statutes 1988, section 373.40, subdivision 6, is amended to read:

Subd. 6. [BUILDING FUND LEVY.] (a) If a county other than Hennepin or Ramsey has an approved capital improvement plan, the county board may annually levy an amount equal to one mill 2.27 percent of net tax capacity, less the amount levied to pay principal and interest on bonds issued under this section. If the Hennepin county board has an approved capital improvement plan, the county board may annually levy an amount equal to one-half mill 1.13 percent of net tax capacity, less the amount levied to pay principal and interest on bonds issued under this section. If the Ramsey county board has approved a capital improvement plan, the county board may annually levy an amount equal to 2.72 percent of net tax capacity, less the amount levied to pay principal and interest on bonds issued under this section. The proceeds of this the building fund levy must be deposited in the county building fund under section 373.25 and may only be expended for capital improvements as provided in the approved capital improvement plan.

(b) The maximum amount of the levy, when added to the unexpended balance in the building fund, must not exceed the projected cost of the remaining improvements in the capital improvement plan. A levy made under this section is not subject to any other levy limitation, nor may the levy be included in the computation of any other levy limitation.

(c) This subdivision and the exercise of levy authority under it does not supersede or preempt the authority to levy under section 373.25 or any other law.

Sec. 11. Minnesota Statutes 1988, section 444.075, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the term "municipality" means a home rule charter or statutory city, wherever located, except a city of the first class, or a town located in a metropolitan county as defined in section 473.121, subdivision 4.

The term "governing body" means the town board of supervisors with respect to towns.

Sec. 12. Minnesota Statutes 1988, section 444.16, is amended to read:

444.16 [STORM SEWER IMPROVEMENT DISTRICTS; MUNICIPALITY DEFINED.]

Subdivision 1. [DEFINITIONS.] For the purposes of Laws 1974, chapter 206 "municipality" means any city, however organized sections 444.16 to 444.21 the terms in this section have the meanings given them.

Subd. 2. [MUNICIPALITY.] "Municipality" means a home rule charter or statutory city or town.

Subd. 3. [GOVERNING BODY.] "Governing body" means the city council for a city and the town board for a town.

Sec. 13. Minnesota Statutes 1988, section 444.17, is amended to read:

444.17 [ESTABLISHMENT OF DISTRICT.]

The council governing body of a municipality may by ordinance adopted by a two-thirds vote of all of its members, establish within its corporate territorial limits a storm sewer improvement tax district. The ordinance shall describe with particularity the territory or area within the municipality to be included within the district. No such ordinance shall be adopted until after a public hearing has been held on the question. A notice of the time, place and purpose of the hearing shall be published for two successive weeks in the official newspaper of the municipality or in a qualified newspaper of general circulation in the municipality and the last notice shall be at least seven days prior to the day of the hearing. The ordinance when adopted shall be filed with the county auditor and county recorder.

Sec. 14. Minnesota Statutes 1988, section 444.18, is amended to read:

444.18 [AUTHORITY OF COUNCIL GOVERNING BODY; RECOVERY OF COST; IMPROVEMENT PROCEDURES.]

Subdivision 1. Following the adoption of an ordinance pursuant to Laws 1974, chapter 206 under sections 444.16 to 444.21, the council governing body may acquire, construct, reconstruct, extend, maintain, and otherwise improve storm sewer systems and related facilities within the district. Storm water holding areas and ponds

within and without the ~~corporate~~ limits municipality may also be acquired, constructed, maintained, and improved for the benefit of any such district. The cost of the systems and facilities described in this subdivision may be recovered by the tax authorized in section 444.20.

Subd. 2. The procedures of sections 429.031 to 429.081 shall apply when the ~~council~~ governing body of a municipality determines to make an improvement pursuant to this section.

Sec. 15. Minnesota Statutes 1988, section 444.19, is amended to read:

444.19 [BONDS.]

At any time after a contract for the construction of all or part of an improvement has been entered into or the work has been ordered done by day labor, the ~~council~~ governing body may issue obligations in ~~such an~~ amount as it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing thereof. The obligations shall be payable primarily out of the proceeds of the tax levied pursuant to section 444.20. The ~~council~~ governing body may by resolution adopted prior to the sale of obligations pledge the full faith, credit and taxing power of the municipality to assure payment of the principal and interest in the event the proceeds of the tax levy in the district are insufficient to pay ~~such~~ the principal and interest. Obligations shall be issued in accordance with chapter 475, except that an election is not required, and the amount of ~~any such~~ the obligations is not included in determining the net indebtedness of the municipality under the provisions of any law or charter limiting such indebtedness.

Sec. 16. Minnesota Statutes 1988, section 444.20, is amended to read:

444.20 [TAXES.]

The ~~council~~ governing body of a municipality may levy a tax on all taxable property within the district ~~such taxes as are in an amount~~ necessary to finance the cost of the improvement, including maintenance and to pay the principal and interest on obligations issued pursuant to section 444.19. ~~Such taxes~~ The tax shall be collected and paid over as other taxes, but shall be spread only upon the property described in the ordinance. ~~Such taxes~~ The tax shall be disbursed by the ~~council~~ governing body only for the benefit of district as established by the ordinance.

Sec. 17. [KANDIYOHI COUNTY RURAL DEVELOPMENT FINANCE AUTHORITY.]

Subdivision 1. [ESTABLISHMENT.] The Kandiyohi county board may, by adopting a written enabling resolution, establish a county rural development finance authority that, subject to subdivision 2, has the following powers: powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.107, except for the authority to issue general obligation bonds under Minnesota Statutes, section 469.102; and powers of a rural development financing authority under sections 469.142 to 469.151.

Subd. 2. [ECONOMIC DEVELOPMENT AUTHORITY POWERS.] If the county rural development finance authority exercises the powers of an economic development authority, the county may exercise all of the powers relating to an economic development authority granted to a city under Minnesota Statutes, sections 469.090 to 469.108. The county rural development finance authority may create and define the boundaries of economic development districts at any place or places within the county. Minnesota Statutes, section 469.174, subdivision 10, and the contiguity requirement specified under Minnesota Statutes, section 469.101, subdivision 1, do not apply to the county economic development districts.

Subd. 3. [LIMIT OF POWERS.] (a) The enabling resolution may impose the following limits on the actions of the authority:

(1) that the authority may not exercise any of the powers contained in subdivision 1 unless those powers are specifically authorized in the enabling resolution; and

(2) any other limitation or control established by the county board by the enabling resolution.

(b) The enabling resolution may be modified at any time, but may not be applied in a manner that impairs contracts executed before the modification is made. All modifications to the enabling resolution must be by written resolution.

(c) Before the commencement of a project by the authority, the governing body of the municipality in which the project is to be located or the Kandiyohi county board, if the project is outside municipal corporate limits, shall by majority vote approve the project as recommended by the authority.

Subd. 4. [BOARD OF DIRECTORS.] (a) The authority consists of a board of seven directors. The directors shall be appointed by the Kandiyohi county board. Each director shall be appointed to serve for three years or until a successor is appointed and qualified. No

director may serve more than two consecutive terms. The initial appointment of directors must be made so that no more than one-third of the directors' positions will require appointment in any one year due to fulfillment of their three-year appointment. The appointment of directors must be made to reflect representation of the entire county by population, appointing one director to represent each of the five county commissioner districts. The other two directors must be representatives of various county-based economic development organizations or be directors at-large. No more than two directors may reside in any one county commissioner district.

(b) Two of the directors initially appointed shall serve for terms of one year, two for two years, and three for three years. Each vacancy must be filled for the unexpired term in the manner in which the original appointment was made. A vacancy occurs if a director no longer resides in the county. No director shall be an officer, employee, director, shareholder, or member of any corporation, firm, or association with which the authority has entered into any operating lease, or other agreement. The directors may be removed by the county for the reasons and in the manner provided under Minnesota Statutes, section 469.010, and shall receive no compensation other than reimbursement for expenses incurred in the performance of their duties. Directors shall have no personal liability for obligations of the authority or the methods of enforcement and collection of the obligations.

Sec. 18. [TOWN OF OTSEGO; ECONOMIC DEVELOPMENT.]

Subdivision 1. [ECONOMIC DEVELOPMENT AUTHORITY.] The town of Otsego may establish an economic development authority. The town may establish the authority in the manner provided in Minnesota Statutes, sections 469.091 to 469.101, and may impose the limits on the authority enumerated in Minnesota Statutes, section 469.092. An authority established under this subdivision has all the powers and duties granted to or imposed upon economic development authorities under Minnesota Statutes, sections 469.090 to 469.106 and 469.174 to 469.178.

Subd. 2. [POWERS OF A CITY OR MUNICIPALITY.] The town of Otsego and its governing body have all the powers and duties granted to or imposed upon (1) a city and the governing body of a city under Minnesota Statutes, sections 469.090 to 469.107, including the power to levy a tax subject to referendum under Minnesota Statutes, section 469.107; and (2) a municipality and the governing body of a municipality under Minnesota Statutes, sections 469.174 to 469.178 with respect to a project undertaken by an economic development authority under subdivision 1.

Sec. 19. [REPEALER.]

Minnesota Statutes 1989, sections 60A.151 and 271.061, are repealed.

Sec. 20. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment. Section 4 is effective after December 31, 1989. Section 5 is effective retroactive to January 1, 1986. Sections 7 to 9 are effective July 1, 1989, and for bonds issued after June 30, 1989. Section 10 is effective beginning for taxes payable in 1990. Section 17 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the county board of Kandiyohi county. Section 18 is effective the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the town board of the town of Otsego. Section 19 is effective for appeals filed after the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; creating tax exemptions; changing the computation, administration, and payment of aids, credits, and refunds; providing new aids and credits; making technical corrections and clarifications; changing proposed property tax notice provisions; changing levy limits and other local government powers and duties; providing for subordinate service districts; providing for accreditation of assessors; changing tax increment financing provisions; providing for payment of deferred taxes on sale of railroad operating property; extending valuation and deferment of agricultural property taxes in certain instances; authorizing the cities of Mankato and Hopkins to establish special service districts; authorizing establishment of an economic development authority in the city of Otsego and in Kandiyohi county; exempting Itasca county from a levy limit penalty; providing for payment of certain aid to the cities of Falcon Heights and Lauderdale; extending the duration of a tax increment financing district in the city of Moorhead; granting certain powers to towns; appropriating money; amending Minnesota Statutes 1988, sections 38.27, subdivision 1; 60A.15, subdivision 1; 93.55, subdivision 4; 124A.03, subdivision 2; 256.018; 256.82, subdivision 1; 256.871, subdivision 6; 256B.041, subdivision 5; 270.052; 270.067, subdivisions 1 and 2; 270.071, subdivision 6; 270.072, subdivisions 2 and 3; 270.075, subdivision 2; 270.12, subdivision 2, and by adding a subdivision; 270.485; 270.80, subdivision 1; 272.01, subdivision 2; 272.02, subdivision 1, and by adding a subdivision; 273.01; 273.061, subdivisions 1 and 2; 273.11, by adding a subdivision; 273.111, subdivision 3; 273.112, subdivision 3, and by adding a subdivision; 273.119, subdivision 2; 273.123, subdivisions 4 and 5; 273.124, subdivisions 6, 9, 12, 13, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.135,

subdivisions 2 and 2a; 273.1391, subdivisions 2 and 2a; 273.1392; 273.1393; 273.1398, subdivisions 1, 2, 3, 4, and by adding a subdivision; 275.07, subdivision 1; 275.08, subdivision 1c; 275.28, subdivision 1; 275.50, subdivisions 2, 5, and by adding a subdivision; 275.51, subdivisions 3f, 3g, 3h, 3i, 3j, 4, and 6; 275.58, subdivision 1; 276.04; 278.03; 278.05, subdivisions 4 and 5; 279.01, subdivisions 1 and 3; 279.37, subdivision 7; 290.015, subdivisions 3 and 4; 290.05, subdivision 3; 290.06, subdivisions 1 and 21; 290.067, subdivision 2, and by adding a subdivision; 290.0802, subdivision 1; 290.091, subdivision 2; and by adding a subdivision; 290.17, by adding a subdivision; 290.21, subdivision 4; 290.37, subdivision 1; 290.38; 290.92, subdivision 4b, as added; 290.934, subdivision 3a; 290A.03, subdivision 12; 290A.04, subdivisions 2, 2h, and by adding a subdivision; 295.34, subdivision 1; 297.01, subdivision 13, and by adding a subdivision; 297.03, subdivision 6; 297.04, subdivisions 4, 5, and 6; 297.041, subdivision 1; 297.08, subdivision 1; 297.31, by adding a subdivision; 297.33, subdivisions 4, 5, 6, 7, and 8; 297A.01, subdivision 3; 297A.15, by adding a subdivision; 297A.25, subdivision 3, and by adding subdivisions; 297A.257, by adding a subdivision; 297B.03; 297C.03, subdivision 1; 297C.09; 349.12, subdivisions 11, 13, and by adding subdivisions; 349.15; 349.16, by adding a subdivision; 349.212, by adding a subdivision; 373.40, subdivisions 1, 2, 4, and 6; 375.192, subdivision 2; 444.075, subdivision 1; 444.16; 444.17; 444.18; 444.19; 444.20; 459.14, by adding a subdivision; 469.012, by adding a subdivision; 469.040, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivision 10, and by adding a subdivision; 469.175, subdivisions 3, 7, and by adding a subdivision; 469.176, subdivisions 1, 4c, 6, and by adding a subdivision; 469.177, subdivision 10; 473.167, subdivisions 3 and 5; 473.249, subdivision 1; 473F.08, subdivision 3; 473H.10, subdivision 3; 477A.011, subdivisions 1a and 15; and 477A.013, subdivisions 1, 3, and 4; Laws 1988, chapter 719, articles 1, section 22; 7, section 9; 8, section 37; and 12, sections 29 and 30, as amended; proposing coding for new law in Minnesota Statutes, chapters 273; 275; 276; 297A; 365B; and 469; proposing coding for new law as Minnesota Statutes, chapter 365B; repealing Minnesota Statutes 1988, sections 38.17; 38.27, subdivision 3; 38.28; 60A.151; 271.061; 275.065; 275.57; 275.58, subdivision 4; 276.13; 276.14; 297.01, subdivision 15; 297.03, subdivision 12; 297.04, subdivision 10; 297.33, subdivision 13; 297C.03, subdivisions 4 and 4a; and 473.249, subdivision 3; Laws 1988, chapter 719, article 8, section 35; and Laws 1989, chapter 27, article 2, sections 2 and 3."

With the recommendation that when so amended the bill pass.

The report was adopted.

Skoglund from the Committee on Insurance to which was referred:

S. F. No. 200, A bill for an act relating to insurance; regulating

continuing insurance education; amending Minnesota Statutes 1988, section 60A.1701, subdivisions 1, 5, 7, 8, and 9; repealing Minnesota Rules, part 2725.0240.

Reported the same back with the following amendments:

Page 1, line 13, after "fide" insert "insurance or financial planning"

Page 2, line 17, after "recognized" insert "insurance or financial planning"

Page 5, line 17, delete "a" and insert "an insurance or financial planning"

Page 5, line 18, delete "June" and insert "January"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 218, A bill for an act relating to health; amending the bill of rights for patients and residents of health facilities; requiring health facilities to notify family members of the admission of a patient or resident under certain circumstances; amending Minnesota Statutes 1988, section 144.651, subdivision 10.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 144.651, subdivision 10, is amended to read:

Subd. 10. [PARTICIPATION IN PLANNING TREATMENT; NOTIFICATION OF FAMILY MEMBERS.] (a) Patients and residents shall have the right to participate in the planning of their health care. This right includes the opportunity to discuss treatment and alternatives with individual caregivers, the opportunity to request and participate in formal care conferences, and the right to include a family member or other chosen representative. In the event that the patient or resident cannot be present, a family member or other representative chosen by the patient or resident may be included in such conferences.

(b) If a patient or resident who enters a facility is unconscious or comatose or is unable to communicate, the facility shall make

reasonable efforts as required under paragraph (c) to notify either a family member or a person designated in writing by the patient as the person to contact in an emergency that the patient or resident has been admitted to the facility. The facility shall allow the family member to participate in treatment planning, unless the facility knows or has reason to believe the patient or resident has an effective advance directive to the contrary or knows the patient or resident has specified in writing that they do not want a family member included in treatment planning. After notifying a family member but prior to allowing a family member to participate in treatment planning, the facility must make reasonable efforts, consistent with reasonable medical practice, to determine if the patient or resident has executed an advance directive relative to the patient or resident's health care decisions. For purposes of this paragraph, "reasonable efforts" include:

(1) examining the personal effects of the patient or resident;

(2) examining the medical records of the patient or resident in the possession of the facility;

(3) inquiring of any emergency contact or family member contacted under this section whether the patient or resident has executed an advance directive and whether the patient or resident has a physician to whom the patient or resident normally goes for care; and

(4) inquiring of the physician to whom the patient or resident normally goes for care, if known, whether the patient or resident has executed an advance directive. If a facility notifies a family member or designated emergency contact or allows a family member to participate in treatment planning in accordance with this paragraph, the facility is not liable to the patient or resident for damages on the grounds that the notification of the family member or emergency contact or the participation of the family member was improper or violated the patient's privacy rights.

(c) In making reasonable efforts to notify a family member or designated emergency contact, the facility shall attempt to identify family members or a designated emergency contact by examining the personal effects of the patient or resident and the medical records of the patient or resident in the possession of the facility. If the facility is unable to notify a family member or designated emergency contact within 24 hours after the admission, the facility shall notify the county social service agency or local law enforcement agency that the patient or resident has been admitted and the facility has been unable to notify a family member or designated emergency contact. The county social service agency and local law enforcement agency shall assist the facility in identifying and notifying a family member or designated emergency contact. A county social service agency or local law enforcement agency that

assists a facility in implementing this subdivision is not liable to the patient or resident for damages on the grounds that the notification of the family member or emergency contact or the participation of the family member was improper or violated the patient's privacy rights."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 391, A bill for an act relating to civil actions; excluding certain structures from the limitation period provided by the uniform commercial code; amending Minnesota Statutes 1988, section 336.2-725.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 336.2-725, is amended to read:

336.2-725 [STATUTE OF LIMITATIONS IN CONTRACTS FOR SALE.]

(1) An action for breach of any contract for sale must be commenced within four years after the cause of action has accrued. By the original agreement the parties may reduce the period of limitation to not less than one year but may not extend it.

(2) A cause of action accrues when the breach occurs, regardless of the aggrieved party's lack of knowledge of the breach. A breach of warranty occurs when tender of delivery is made, except that where a warranty explicitly extends to future performance of the goods and discovery of the breach must await the time of such performance the cause of action accrues when the breach is or should have been discovered.

(3) Where an action commenced within the time limited by subsection (1) is so terminated as to leave available a remedy by another action for the same breach such other action may be commenced after the expiration of the time limited and within six months after the termination of the first action unless the termination resulted from voluntary discontinuance or from dismissal for failure or neglect to prosecute.

(4) This section does not alter the law on tolling of the statute of

limitations, nor does it apply to causes of action which have accrued before this chapter becomes effective. Nor does this section apply to actions for the breach of any contract for sale of a grain storage structure that is an improvement to real property, which actions shall be subject only to the statute of limitations set forth in section 541.051.

Sec. 2. [EFFECTIVE DATE; APPLICATION.]

Section 1 is effective the day following final enactment and applies to matters pending on or commenced on or after the effective date."

Delete the title and insert:

"A bill for an act relating to civil actions; excluding certain structures from the limitation period provided by the uniform commercial code; amending Minnesota Statutes 1988, section 336.2-725."

With the recommendation that when so amended the bill pass.

The report was adopted.

Skoglund from the Committee on Insurance to which was referred:

S. F. No. 829, A bill for an act relating to insurance; prohibiting insurers from maintaining subrogation actions against insureds; proposing coding for new law in Minnesota Statutes, chapter 60A.

Reported the same back with the following amendments:

Page 1, line 9, after "reinsurance" insert "for that insurance company"

Page 1, line 15, after the second "insured" insert "for the loss being subrogated"

With the recommendation that when so amended the bill pass.

The report was adopted.

Long from the Committee on Taxes to which was referred:

S. F. No. 1488, A bill for an act relating to education; authorizing a school district to issue bonds when a calamity occurs and establishing certain procedures for repayment of the bonds.

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1747, 579, 604, 1407, 1548, 1668 and 1734 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 200, 218, 391, 829 and 1488 were read for the second time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Pugh moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1488 be given its third reading and be placed upon its final passage. The motion prevailed.

Pugh moved that the Rules of the House be so far suspended that S. F. No. 1488 be given its third reading and be placed upon its final passage. The motion prevailed.

S. F. No. 1488, A bill for an act relating to education; authorizing a school district to issue bonds when a calamity occurs and establishing certain procedures for repayment of the bonds.

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	Brown	Dille	Haukoos	Johnson, R.
Anderson, G.	Burger	Dorn	Heap	Johnson, V.
Anderson, R.	Carlson, D.	Forsythe	Henry	Kahn
Battaglia	Carlson, L.	Frederick	Himle	Kalis
Bauerly	Carruthers	Frerichs	Hugoson	Kelly
Beard	Clark	Girard	Jacobs	Kelso
Begich	Conway	Greenfield	Janezich	Kinkel
Bennett	Cooper	Gruenes	Jaros	Knickerbocker
Bertram	Dauner	Gutknecht	Jefferson	Kostohryz
Blatz	Dawkins	Hartle	Jennings	Krueger
Boo	Dempsey	Hasskamp	Johnson, A.	Lasley

Lieder	Nelson, C.	Pellow	Schafer	Tunheim
Limmer	Nelson, K.	Pelowski	Scheid	Uphus
Long	Neuenschwander	Peterson	Schreiber	Valento
Lynch	O'Connor	Poppenhagen	Seaberg	Vellenga
Macklin	Ogren	Price	Segal	Wagenius
Marsh	Olson, E.	Pugh	Simoneau	Waltman
McDonald	Olson, K.	Quinn	Skoglund	Weaver
McEachern	Omann	Redalen	Solberg	Welle
McGuire	Onnen	Reding	Sparby	Wenzel
McLaughlin	Orenstein	Rest	Stanius	Williams
McPherson	Osthoff	Rice	Steensma	Winter
Milbert	Ostrom	Richter	Sviggum	Wynia
Miller	Otis	Rodosovich	Swenson	Spk. Vanasek
Morrison	Ozment	Rukavina	Tjornhom	
Munger	Pappas	Runbeck	Tompkins	
Murphy	Pauly	Sarna	Trimble	

The bill was passed and its title agreed to.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Carruthers introduced:

H. F. No. 1750, A bill for an act relating to individual income taxation; allowing a subtraction for mutual fund dividends paid out of United States obligation interest; amending Minnesota Statutes 1988, section 290.01, subdivision 19b, and by adding a subdivision.

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

Marsh and Gruenes introduced:

H. F. No. 1751, A bill for an act relating to appropriations; appropriating money for real estate chair at institutions of higher learning.

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

Dorn introduced:

H. F. No. 1752, A bill for an act relating to education; appropriating money for track improvements at Mankato State University.

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

Bishop, Vellenga, Greenfield and Blatz introduced:

H. F. No. 1753, A bill for an act relating to juvenile court; eliminating juvenile court jurisdiction over juveniles who are 16 years old or older and who have a past record of felony behavior; amending Minnesota Statutes 1988, sections 260.015, subdivision 5; 260.111, by adding a subdivision; and 260.125, subdivision 3, and by adding a subdivision.

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

Munger, Redalen, Vanasek, Kahn and Anderson, G., introduced:

H. F. No. 1754, A resolution memorializing the Congress of the United States to enact the American Heritage Trust Act authorizing the creation of a federal trust fund to provide funding for local, state, and federal land and water conservation and historic preservation purposes.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 85, A bill for an act relating to public safety; regulating boiler operation and inspections; amending Minnesota Statutes 1988, sections 183.42; and 183.45.

H. F. No. 212, A bill for an act relating to the city of Hibbing; authorizing two additional on-sale liquor licenses.

H. F. No. 1172, A bill for an act relating to state lands; authorizing private sale of certain tax-forfeited land in Carlton county.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

House Concurrent Resolution No. 2, A house concurrent resolution providing for a joint convention of the Senate and the House of Representatives to elect members of the Board of Regents of the University of Minnesota.

PATRICK E. FLAHAVEN, Secretary of 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. 46, A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; providing for deficiencies in and supplementing appropriations for the expenses of state government; authorizing issuance of state bonds; providing for the maximum effort school loan program and the cooperative secondary facilities grant program; clarifying the definition of mental health service provider and providing for a fee for the providers; clarifying requirements of manufactured home parks in certain cases; reducing certain bond sales authorizations; distributing the proceeds of certain litigation; increasing authorizations for certain state transportation bonds; increasing the allocation for bridges to political subdivisions; providing for certain adjustment grants; approving a capital loan; appropriating money; amending Minnesota Statutes 1988, sections 116.18, subdivision 3d; 124.477; 124.493, subdivision 1; 124.494, subdivisions 1, 2, and 4; 124.495; 129B.72, subdivision 2, and by adding a subdivision; 129B.73, subdivision 4, and by adding a subdivision; 148B.40, subdivision 3; 148B.42, by adding a subdivision; 327.20, subdivision 1; and Laws 1979, chapter 280, sections 1 and 2, as amended; proposing coding for new law in Minnesota Statutes, chapter 129B; repealing Laws 1987, chapter 400, section 59, as amended; and Laws 1988, chapter 686, article 1, section 37, subdivision 10.

The Senate has appointed as such committee:

Messrs. Freeman, Samuelson, Waldorf, Morse and Johnson, D. E.

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. 595, A bill for an act relating to housing; exempting relocated residential buildings from certain provisions of the state building code; amending Minnesota Statutes 1988, sections 16B.61, subdivision 3; and 462.357, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

O'Connor moved that the House concur in the Senate amendments to H. F. No. 595 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 595, A bill for an act relating to housing; providing for relocating residential buildings; amending Minnesota Statutes 1988, sections 16B.61, subdivision 3; and 462.357, subdivision 1.

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

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

Those who voted in the affirmative were:

Abrams	Forsythe	Kelly	Nelson, K.	Rest
Anderson, G.	Frederick	Kelso	Neuenschwander	Rice
Anderson, R.	Frerichs	Kinkel	O'Connor	Richter
Battaglia	Girard	Knickerbocker	Ogren	Rodosovich
Bauerly	Greenfield	Kostohryz	Olson, E.	Rukavina
Beard	Gruenes	Krueger	Olson, K.	Runbeck
Begich	Gutknecht	Lasley	Omman	Sarna
Bennett	Hartle	Liéder	Onnen	Schafer
Bertram	Hasskamp	Limmer	Orenstein	Scheid
Blatz	Haukoos	Long	Osthoff	Schreiber
Boo	Heap	Lynch	Ostrom	Seaberg
Brown	Henry	Macklin	Otis	Segal
Burger	Himle	Marsh	Ozment	Simoneau
Carlson, D.	Hugoson	McDonald	Pappas	Skoglund
Carlson, L.	Jacobs	McEachern	Pauly	Solberg
Carruthers	Janezich	McGuire	Pellow	Sparby
Clark	Jaros	McLaughlin	Pelowski	Stanisus
Conway	Jefferson	McPherson	Peterson	Steenasma
Cooper	Jennings	Milbert	Poppenhagen	Sviggum
Dauner	Johnson, A.	Miller	Price	Swenson
Dawkins	Johnson, R.	Morrison	Pugh	Tjornhom
Dempsey	Johnson, V.	Munger	Quinn	Tompkins
Dille	Kahn	Murphy	Redalen	Trimble
Dorn	Kalis	Nelson, C.	Reding	Tunheim

Uphus
Valento
Vellenga

Wagenius
Waltman
Weaver

Welle
Wenzel
Williams

Winter
Wynia
Spk. Vanasek

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

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. 701, A bill for an act relating to environment; eliminating the PCB exemption program; repealing Minnesota Statutes 1988, sections 116.36; and 116.37.

PATRICK E. FLAHAVEN, Secretary of the Senate

Munger moved that the House refuse to concur in the Senate amendments to H. F. No. 701, 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 Senate File No. 169:

S. F. No. 169, A bill for an act relating to motor vehicles; allowing custodial parent of handicapped minor to obtain special license plates for the handicapped; amending Minnesota Statutes 1988, section 168.021, subdivisions 1 and 3.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Mr. Frederick, Mrs. Lantry and Mr. Diessner.

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

Hartle 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. 169. The motion prevailed.

REPORT FROM THE COMMITTEE ON RULES AND
LEGISLATIVE ADMINISTRATION

Wynia, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately preceding Special Orders pending for today, Monday, May 1, 1989:

H. F. No. 13; S. F. Nos. 435 and 493; H. F. No. 1379; S. F. No. 618; H. F. Nos. 953, 1560, 1589, 513, 162 and 1221; S. F. Nos. 134, 321, 331, 1082 and 1106; and H. F. Nos. 30, 186, 759, 981, 872 and 1207.

CONSENT CALENDAR

H. F. No. 1110 was reported to the House.

Schafer moved that H. F. No. 1110 be continued on the Consent Calendar. The motion prevailed.

H. F. No. 1504 was reported to the House.

Hugoson moved that H. F. No. 1504 be continued on the Consent Calendar. The motion prevailed.

S. F. No. 628, A bill for an act relating to eminent domain; providing for relocation benefits for displaced persons; amending Minnesota Statutes 1988, section 117.52, 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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Boo	Dempsey	Haukoos	Johnson, R.
Anderson, G.	Brown	Dorn	Heap	Johnson, V.
Anderson, R.	Burger	Forsythe	Henry	Kahn
Battaglia	Carlson, D.	Frederick	Himle	Kalis
Bauerly	Carlson, L.	Frerichs	Hugoson	Kelly
Beard	Carruthers	Girard	Jacobs	Kelso
Begich	Clark	Greenfield	Janezich	Kinkel
Bennett	Conway	Gruenes	Jaros	Knickerbocker
Bertram	Cooper	Gutknecht	Jefferson	Kostohryz
Bishop	Dauner	Hartle	Jennings	Krueger
Blatz	Dawkins	Hasskamp	Johnson, A.	Lasley

Lieder	Nelson, C.	Pellow	Schafer	Tunheim
Limmer	Nelson, K.	Pelowski	Scheid	Uphus
Long	Neuenschwander	Peterson	Schreiber	Valento
Lynch	O'Connor	Poppenhagen	Seaberg	Vellenga
Macklin	Ogren	Price	Segal	Wagenius
Marsh	Olson, E.	Pugh	Simoneau	Waltman
McDonald	Olson, K.	Quinn	Skoglund	Weaver
McEachern	Omann	Redalen	Solberg	Welle
McGuire	Onnen	Reding	Sparby	Wenzel
McLaughlin	Orenstein	Rest	Stanius	Williams
McPherson	Osthoff	Rice	Steensma	Winter
Milbert	Ostrom	Richter	Syggum	Wynia
Miller	Otis	Rodosovich	Swenson	Spk. Vanasek
Morrison	Ozment	Rukavina	Tjornhom	
Munger	Pappas	Runbeck	Tompkins	
Murphy	Pauly	Sarna	Trimble	

The bill was passed and its title agreed to.

SPECIAL ORDERS

H. F. No. 13 was reported to the House.

Kelly moved to amend H. F. No. 13, the second engrossment, as follows:

Pages 8 and 9, delete section 9 from the bill

Page 9, line 12, after "enactment." delete "Section 9 is effective June 1, 1989."

The motion prevailed and the amendment was adopted.

H. F. No. 13, A bill for an act relating to courts; raising the jurisdictional limit on claims heard in conciliation court; permitting bail in civil contempt cases to be used to satisfy the judgment; establishing a conciliation court study commission; requiring a report; amending Minnesota Statutes 1988, sections 487.30, subdivisions 1 and 5; 488A.12, subdivision 3; 488A.14, subdivision 6; 488A.16, subdivision 8; 488A.29, subdivision 3; 488A.31, subdivision 6; and 488A.33, 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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Orenstein	Segal
Anderson, G.	Girard	Lasley	Osthoff	Simoneau
Anderson, R.	Greenfield	Lieder	Ostrom	Skoglund
Battaglia	Gruenes	Limmer	Otis	Solberg
Bauerly	Gutknecht	Long	Ozment	Sparby
Beard	Hartle	Lynch	Pappas	Stanias
Begich	Hasskamp	Macklin	Pauly	Steensma
Bennett	Haukoos	Marsh	Pellow	Svigguin
Bertram	Heap	McDonald	Pelowski	Swenson
Bishop	Henry	McEachern	Peterson	Tjornhom
Blatz	Himle	McGuire	Popenhagen	Tompkins
Boo	Hugoson	McLaughlin	Price	Trimble
Brown	Jacobs	McPherson	Pugh	Tunheim
Burger	Janezich	Milbert	Quinn	Uphus
Carlson, D.	Jaros	Miller	Redalen	Valento
Carlson, L.	Jefferson	Morrison	Reding	Vellenga
Carruthers	Jennings	Munger	Rest	Wagenius
Clark	Johnson, A.	Murphy	Rice	Waltman
Conway	Johnson, R.	Nelson, C.	Richter	Weaver
Cooper	Johnson, V.	Nelson, K.	Rodosovich	Welle
Dauner	Kahn	Neuenschwander	Rukavina	Wenzel
Dawkins	Kalis	O'Connor	Runbeck	Williams
Dempsey	Kelly	Ogren	Sarna	Winter
Dille	Kelso	Olson, E.	Schafer	Wynia
Dorn	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Forsythe	Knickerbocker	Omann	Schreiber	
Frederick	Kostohryz	Onnen	Seaberg	

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

S. F. No. 435, A bill for an act relating to veterans; changing admissions, discharge, and utilization review procedures for veterans homes; granting rulemaking authority to the veterans homes board; changing certain rights and presumptions; amending Minnesota Statutes 1988, sections 198.003; 198.007; 198.022; 198.03; and 198.32; proposing coding for new law in Minnesota Statutes, chapter 198.

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	Bennett	Carlson, D.	Dawkins	Girard
Anderson, G.	Bertram	Carlson, L.	Dempsey	Greenfield
Anderson, R.	Bishop	Carruthers	Dille	Gruenes
Battaglia	Blatz	Clark	Dorn	Gutknecht
Bauerly	Boo	Conway	Forsythe	Hasskamp
Beard	Brown	Cooper	Frederick	Haukoos
Begich	Burger	Dauner	Frerichs	Heap

Henry	Lieder	O'Connor	Quinn	Steensma
Himle	Limmer	Ogren	Redalen	Sviggum
Hugoson	Long	Olson, E.	Reding	Swenson
Jacobs	Lynch	Olson, K.	Rest	Tjornhom
Janezich	Macklin	Omann	Rice	Tompkins
Jaros	Marsh	Onnen	Richter	Trimble
Jefferson	McDonald	Orenstein	Rukavina	Tunheim
Jennings	McEachern	Osthoff	Runbeck	Uphus
Johnson, A.	McGuire	Ostrom	Sarna	Valento
Johnson, R.	McLaughlin	Otis	Schafer	Vellenga
Johnson, V.	McPherson	Ozment	Scheid	Wagenius
Kalis	Milbert	Pappas	Schreiber	Waltman
Kelly	Miller	Pauly	Seaberg	Weaver
Kelso	Morrison	Pellow	Segal	Welle
Kinkel	Munger	Pelowski	Simoneau	Wenzel
Knickerbocker	Murphy	Peterson	Skoglund	Williams
Kostohryz	Nelson, C.	Poppenhagen	Solberg	Winter
Krueger	Nelson, K.	Price	Sparby	Wynia
Lasley	Neuenschwander	Pugh	Stanus	Spk. Vanasek

The bill was passed and its title agreed to.

S. F. No. 493, A bill for an act relating to juvenile court; expanding the definition of child in need of protection or services; expanding the child hearsay exception to include statements regarding the abuse or neglect of another child witnessed by the child making the statement; clarifying the authority of the court to order the temporary removal of a child due to immediate endangerment; amending Minnesota Statutes 1988, sections 260.015, subdivision 2a; 260.156; and 260.172, 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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Janezich	Macklin	Onnen
Anderson, G.	Dawkins	Jaros	Marsh	Orenstein
Anderson, R.	Dempsey	Jefferson	McDonald	Osthoff
Battaglia	Dille	Jennings	McEachern	Ostrom
Bauerly	Dorn	Johnson, A.	McGuire	Otis
Beard	Forsythe	Johnson, R.	McLaughlin	Ozment
Begich	Frederick	Johnson, V.	McPherson	Pauly
Bennett	Frerichs	Kahn	Milbert	Pellow
Bertram	Girard	Kalis	Miller	Pelowski
Bishop	Greenfield	Kelly	Morrison	Peterson
Blatz	Gruenes	Kelso	Munger	Poppenhagen
Boo	Gutknecht	Kinkel	Murphy	Price
Brown	Hartle	Knickerbocker	Nelson, C.	Pugh
Burger	Hasskamp	Kostohryz	Nelson, K.	Quinn
Carlson, D.	Haukoos	Krueger	Neuenschwander	Redalen
Carlson, L.	Heap	Lasley	O'Connor	Reding
Carruthers	Henry	Lieder	Ogren	Rest
Clark	Himle	Limmer	Olson, E.	Rice
Conway	Hugoson	Long	Olson, K.	Richter
Cooper	Jacobs	Lynch	Omann	Rodosovich

Rukavina	Segal	Sviggum	Valento	Williams
Runbeck	Simoneau	Swenson	Vellenga	Winter
Sarna	Skoglund	Tjornhom	Wagenius	Wynia
Schafer	Solberg	Tompkins	Waltman	Spk. Vanasek
Scheid	Sparby	Trimble	Weaver	
Schreiber	Stanius	Tunheim	Welle	
Seaberg	Steensma	Uphus	Wenzel	

The bill was passed and its title agreed to.

H. F. No. 1379 was reported to the House.

Trimble moved that H. F. No. 1379 be continued on Special Orders. The motion prevailed.

S. F. No. 618, A bill for an act relating to education; exempting employment by a school district from certain requirements relating to employment of rehabilitated criminal offenders; amending Minnesota Statutes 1988, section 364.09.

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

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

Those who voted in the affirmative were:

Abrams	Frederick	Krueger	Onnen	Schreiber
Anderson, G.	Frerichs	Lasley	Orenstein	Seaberg
Anderson, R.	Girard	Lieder	Osthoff	Segal
Battaglia	Greenfield	Limmer	Ostrom	Simoneau
Bauerly	Gruenes	Long	Otis	Skoglund
Beard	Gutknecht	Lynch	Ozment	Solberg
Begich	Hartle	Macklin	Pappas	Stanius
Bennett	Hasskamp	Marsh	Pauly	Steensma
Bertram	Haukoos	McDonald	Pellow	Sviggum
Bishop	Heap	McEachern	Pelowski	Tjornhom
Blatz	Henry	McGuire	Peterson	Tompkins
Boo	Himle	McLaughlin	Poppenhagen	Trimble
Brown	Hugoson	McPherson	Price	Tunheim
Burger	Jacobs	Milbert	Pugh	Uphus
Carlson, D.	Janezich	Miller	Quinn	Valento
Carlson, L.	Jaros	Morrison	Redalen	Vellenga
Carruthers	Jennings	Munger	Reding	Wagenius
Clark	Johnson, A.	Murphy	Rest	Waltman
Conway	Johnson, R.	Nelson, C.	Rice	Weaver
Cooper	Johnson, V.	Nelson, K.	Richter	Welle
Dauner	Kalis	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kelly	O'Connor	Rukavina	Winter
Dempsey	Kelso	Ogren	Runbeck	Wynia
Dille	Kinkel	Olson, E.	Sarna	Spk. Vanasek
Dorn	Knickerbocker	Olson, K.	Schafer	
Forsythe	Kostohryz	Omann	Scheid	

The bill was passed and its title agreed to.

H. F. No. 953 was reported to the House.

Hasskamp moved that H. F. No. 953 be continued on Special Orders. The motion prevailed.

H. F. No. 1560, A bill for an act relating to natural resources; authorizing the Elephant Creek impoundment in St. Louis county.

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	Frerichs	Krueger	Orenstein	Simoneau
Anderson, G.	Girard	Lasley	Osthoff	Skoglund
Anderson, R.	Greenfield	Lieder	Ostrom	Solberg
Battaglia	Gruenes	Limmer	Otis	Sparby
Bauerly	Gutknecht	Long	Ozment	Stanius
Beard	Hartle	Lynch	Pauly	Steenasma
Begich	Hasskamp	Macklin	Pellow	Swiggum
Bennett	Haukoos	Marsh	Pelowski	Swenson
Bertram	Heap	McDonald	Peterson	Tjornhom
Bishop	Henry	McEachern	Poppenhagen	Tompkins
Blatz	Himle	McGuire	Price	Trimble
Boo	Hugoson	McLaughlin	Pugh	Tunheim
Brown	Jacobs	McPherson	Quinn	Uphus
Burger	Janezich	Milbert	Redalen	Valento
Carlson, D.	Jaros	Miller	Reding	Vellenga
Carlson, L.	Jefferson	Morrison	Rest	Wagenius
Carruthers	Jennings	Munger	Rice	Waltman
Clark	Johnson, A.	Murphy	Richter	Weaver
Conway	Johnson, R.	Nelson, C.	Rodosovich	Welle
Cooper	Johnson, V.	Nelson, K.	Rukavina	Wenzel
Dauner	Kahn	Neuenschwander	Rumbeck	Williams
Dawkins	Kalis	O'Connor	Sarna	Winter
Dempsey	Kelly	Ogren	Schafer	Wynia
Dille	Kelso	Olson, E.	Scheid	Spk. Vanasek
Dorn	Kinkel	Olson, K.	Schreiber	
Forsythe	Knickerbocker	Omann	Seaberg	
Frederick	Kostohryz	Onnen	Segal	

The bill was passed and its title agreed to.

H. F. No. 1589, A bill for an act relating to the city of Minneapolis; giving the city certain powers pertaining to the delivery of energy and environmental services; providing for combined hearings on improvements and assessments; amending Minnesota Statutes 1988, section 430.07, subdivision 5.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Orenstein	Segal
Anderson, G.	Girard	Lasley	Osthoff	Simoneau
Anderson, R.	Greenfield	Lieder	Ostrom	Skoglund
Battaglia	Gruenes	Limmer	Otis	Solberg
Bauerly	Gutknecht	Long	Ozment	Sparby
Beard	Hartle	Lynch	Pappas	Stanius
Begich	Hasskamp	Macklin	Pauly	Steensma
Bennett	Haukoos	Marsh	Pellow	Sviggum
Bertram	Heap	McDonald	Pelowski	Swenson
Bishop	Henry	McEachern	Peterson	Tjornhom
Blatz	Himle	McGuire	Poppenhagen	Tompkins
Boo	Hugoson	McLaughlin	Price	Trimble
Brown	Jacobs	McPherson	Pugh	Tunheim
Burger	Janezich	Milbert	Quinn	Uphus
Carlson, D.	Jaros	Miller	Redalen	Valento
Carlson, L.	Jefferson	Morrison	Reding	Vellenga
Carruthers	Jennings	Munger	Rest	Wagenius
Clark	Johnson, A.	Murphy	Rice	Waltman
Conway	Johnson, R.	Nelson, C.	Richter	Weaver
Cooper	Johnson, V.	Nelson, K.	Rodosovich	Welle
Dauner	Kahn	Neuenschwander	Rukavina	Wenzel
Dawkins	Kalis	O'Connor	Runbeck	Williams
Dempsey	Kelly	Ogren	Sarna	Winter
Dille	Kelso	Olson, E.	Schafer	Wynia
Dorn	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Forsythe	Knickerbocker	Omann	Schreiber	
Frederick	Kostohryz	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 513 was reported to the House.

Hugoson moved that H. F. No. 513 be continued on Special Orders. The motion prevailed.

H. F. No. 162, A bill for an act relating to insurance; regulating insurance information collection, use, disclosure, access, and correction practices; requiring reasons for adverse underwriting decisions; amending Minnesota Statutes 1988, section 72A.20, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 72A.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Anderson, R.	Bauerly	Begich	Bertram
Anderson, G.	Battaglia	Beard	Bennett	Bishop

Blatz	Heap	Macklin	Ozment	Skoglund
Boo	Henry	Marsh	Pappas	Solberg
Brown	Himle	McDonald	Pauly	Sparby
Burger	Hugoson	McEachern	Pellow	Stanius
Carlson, D.	Jacobs	McGuire	Pelowski	Steenma
Carlson, L.	Janezich	McLaughlin	Peterson	Sviggum
Carruthers	Jaros	McPherson	Poppenhagen	Swenson
Clark	Jefferson	Milbert	Price	Tjornhom
Conway	Jennings	Miller	Pugh	Tompkins
Cooper	Johnson, A.	Morrison	Quinn	Trimble
Dauner	Johnson, R.	Munger	Redalen	Tunheim
Dawkins	Johnson, V.	Murphy	Reding	Uphus
Dempey	Kahn	Nelson, C.	Rest	Valento
Dille	Kalis	Nelson, K.	Rice	Vellenga
Dorn	Kelly	Neuenschwander	Richter	Wagenius
Forsythe	Keiso	O'Connor	Rodosovich	Waltman
Frederick	Kinkel	Ogren	Rukavina	Weaver
Frerichs	Knickerbocker	Olson, E.	Runbeck	Welle
Girard	Kostohryz	Olson, K.	Sarna	Wenzel
Greenfield	Krueger	Omann	Schafer	Williams
Gruenes	Lasley	Onnen	Scheid	Winter
Gutknécht	Lieder	Orenstein	Schreiber	Wynia
Hartle	Limmer	Osthoff	Seaberg	Spk. Vanasek
Hasskamp	Long	Ostrom	Segal	
Haukoos	Lynch	Otis	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 1221 was reported to the House.

Olson, K., moved to amend H. F. No. 1221, the first engrossment, as follows:

Delete everything after the enacting clause and insert:

“Section 1. [124.90] [MEDICAL ASSISTANCE PAYMENTS TO SCHOOL DISTRICTS.]

Subdivision 1. [ELIGIBILITY.] A school district may enroll as a provider in the medical assistance program and receive medical assistance payments for covered special education services provided to persons eligible for medical assistance under chapter 256B. To receive medical assistance payments, the school district must comply with relevant provisions of state and federal statutes and regulations governing the medical assistance program.

Subd. 2. [FUNDING.] A school district that provides a covered service to an eligible person and complies with relevant requirements of the medical assistance program shall be entitled to receive payment for the service provided, including that portion of the payment that will subsequently be reimbursed by the federal government, in the same manner as other medical assistance providers. The school district is not required to provide matching funds or pay part of the costs of the service, as long as the rate

charged for the service does not exceed medical assistance limits that apply to all medical assistance providers.

Subd. 3. [CONTRACT FOR SERVICES.] A school district may contract for the provision of medical assistance-covered services, and may contract with a third party agency to assist in administering and billing for these services.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1989."

Delete the title and insert:

"A bill for an act relating to education; allowing school districts to be considered providers under the state medical assistance plan; proposing coding for new law in Minnesota Statutes, chapter 124."

The motion prevailed and the amendment was adopted.

H. F. No. 1221, A bill for an act relating to education; allowing school districts to be considered providers under the state medical assistance plan; proposing coding for new law in Minnesota Statutes, chapter 124.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Jennings	McGuire	Ozment
Anderson, G.	Dempsey	Johnson, A.	McLaughlin	Pappas
Anderson, R.	Dille	Johnson, R.	McPherson	Pauly
Battaglia	Dorn	Johnson, V.	Milbert	Pellow
Bauerly	Forsythe	Kahn	Miller	Pelowski
Beard	Frederick	Kalis	Morrison	Peterson
Begich	Frerichs	Kelly	Munger	Poppenhagen
Bennett	Girard	Kelso	Murphy	Pugh
Bertram	Gruenes	Kinkel	Nelson, C.	Quinn
Bishop	Gutknecht	Knickerbocker	Nelson, K.	Redalen
Blatz	Hartle	Kostohryz	Neuenschwander	Reding
Boo	Hasskamp	Krueger	O'Connor	Rest
Brown	Haukoos	Lasley	Ogren	Richter
Burger	Heap	Lieder	Olson, E.	Rodosovich
Carlson, D.	Henry	Limmer	Olson, K.	Rukavina
Carlson, L.	Himle	Long	Omann	Rumbeck
Carruthers	Hugoson	Lynch	Onnen	Sarna
Clark	Jacobs	Macklin	Orenstein	Schafer
Conway	Janezich	Marsh	Osthoff	Scheid
Cooper	Jaros	McDonald	Ostrom	Schreiber
Dauner	Jefferson	McEachern	Otis	Seaberg

Segal	Stanius	Tompkins	Wagenius	Williams
Simoneau	Steensma	Trimble	Waltman	Winter
Skoglund	Sviggum	Tunheim	Weaver	Wynia
Solberg	Swenson	Uphus	Welle	Spk. Vanasek
Sparby	Tjornhom	Valento	Wenzel	

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

S. F. No. 134, A bill for an act relating to government data practices; authorizing release of certain data to state committee of blind vendors; amending Minnesota Statutes 1988, section 13.791, subdivision 1, and 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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Orenstein	Segal
Anderson, G.	Girard	Lasley	Osthoff	Simoneau
Anderson, R.	Greenfield	Lieder	Ostrom	Skoglund
Battaglia	Gruenes	Limmer	Otis	Solberg
Bauerly	Gutknecht	Long	Ozment	Sparby
Beard	Hartle	Lynch	Pappas	Stanius
Begich	Hasskamp	Macklin	Pauly	Steensma
Bennett	Haukoos	Marsh	Pellow	Sviggum
Bertram	Heap	McDonald	Pelowski	Swenson
Bishop	Henry	McEachern	Peterson	Tjornhom
Blatz	Himle	McGuire	Poppenhagen	Tompkins
Boo	Hugoson	McLaughlin	Price	Trimble
Brown	Jacobs	McPherson	Pugh	Tunheim
Burger	Janezich	Milbert	Quinn	Uphus
Carlson, D.	Jaros	Miller	Redalen	Valento
Carlson, L.	Jefferson	Morrison	Reding	Vellenga
Carruthers	Jennings	Munger	Rest	Wagenius
Clark	Johnson, A.	Murphy	Rice	Waltman
Conway	Johnson, R.	Nelson, C.	Richter	Weaver
Cooper	Johnson, V.	Nelson, K.	Rodosovich	Welle
Dauner	Kahn	Neuenschwander	Rukavina	Wenzel
Dawkins	Kalis	O'Connor	Runbeck	Williams
Dempsey	Kelly	Ogren	Sarna	Winter
Dille	Kelso	Olson, E.	Schafer	Wynia
Dorn	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Forsythe	Knickerbocker	Omann	Schreiber	
Frederick	Kostohryz	Onnen	Seaberg	

The bill was passed and its title agreed to.

S. F. No. 321, A bill for an act relating to public nuisances; expanding the nuisance law to include prior convictions for certain drug and liquor offenses; amending Minnesota Statutes 1988, section 617.81, subdivision 2.

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

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

Those who voted in the affirmative were:

Abrams	Frerichs	Lasley	Osthoff	Simoneau
Anderson, G.	Girard	Lieder	Ostrom	Skoglund
Anderson, R.	Greenfield	Limmer	Otis	Solberg
Battaglia	Gruenes	Long	Ozment	Sparby
Bauerly	Gutknecht	Lynch	Pappas	Stanius
Beard	Hartle	Macklin	Pauly	Steensma
Begich	Hasskamp	Marsh	Pellow	Svigum
Bennett	Haukoos	McDonald	Pelowski	Swenson
Bertram	Heap	McEachern	Peterson	Tjornhom
Bishop	Henry	McGuire	Poppenhagen	Tompkins
Blatz	Himle	McLaughlin	Price	Trimble
Boo	Hugoson	McPherson	Pugh	Tunheim
Brown	Jacobs	Milbert	Quinn	Uphus
Burger	Janezich	Miller	Redalen	Valento
Carlson, D.	Jaros	Morrison	Reding	Vellenga
Carlson, L.	Jefferson	Munger	Rest	Wagenius
Carruthers	Jennings	Murphy	Rice	Waltman
Clark	Johnson, A.	Nelson, C.	Richter	Weaver
Conway	Johnson, V.	Nelson, K.	Rodosovich	Welle
Cooper	Kahn	Neuenschwander	Rukavina	Wenzel
Dauner	Kalis	O'Connor	Runbeck	Williams
Dawkins	Kelly	Ogren	Sarna	Winter
Dempsey	Kelso	Olson, E.	Schafer	Wynia
Dille	Spinkel	Olson, K.	Scheid	Spk. Vanasek
Dorn	Knickerbocker	Omann	Schreiber	
Forsythe	Kostohryz	Onnen	Seaberg	
Frederick	Krueger	Orenstein	Segal	

The bill was passed and its title agreed to.

The Speaker called Quinn to the Chair.

S. F. No. 331, A bill for an act relating to notaries public; eliminating the requirement that notaries be bonded; amending Minnesota Statutes 1988, sections 359.02 and 359.071.

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

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Bertram	Carruthers	Dorn	Hasskamp
Anderson, G.	Bishop	Clark	Frederick	Haukoos
Anderson, R.	Blatz	Conway	Frerichs	Heap
Battaglia	Boo	Cooper	Girard	Henry
Bauerly	Brown	Dauner	Greenfield	Himle
Beard	Burger	Dawkins	Gruenes	Hugoson
Begich	Carlson, D.	Dempsey	Gutknecht	Jacobs
Bennett	Carlson, L.	Dille	Hartle	Janezich

Jaros	Lynch	Olson, E.	Reding	Steensma
Jefferson	Macklin	Olson, K.	Rest	Sviggum
Jennings	Marsh	Omamm	Rice	Swenson
Johnson, A.	McDonald	Onnen	Richter	Tjornhom
Johnson, R.	McGuire	Orenstein	Rodosovich	Tompkins
Johnson, V.	McLaughlin	Ostrom	Rukavina	Trimble
Kahn	McPherson	Otis	Runbeck	Tunheim
Kalis	Milbert	Ozment	Schafer	Uphus
Kelly	Miller	Pappas	Scheid	Valento
Kelso	Morrison	Pauly	Schreiber	Vellenga
Kinkel	Munger	Pellow	Seaberg	Wagenius
Kostohryz	Murphy	Pelowski	Segal	Waltman
Krueger	Nelson, C.	Poppenhagen	Simoneau	Weaver
Lasley	Nelson, K.	Price	Skoglund	Welle
Lieder	Neuenschwander	Pugh	Solberg	Wenzel
Limmer	O'Connor	Quinn	Sparby	Williams
Long	Ogren	Redalen	Stanisus	Winter
				Spk. Vanasek

Those who voted in the negative were:

Forsythe Knickerbocker

The bill was passed and its title agreed to.

S. F. No. 1082, A bill for an act relating to administrative procedure; clarifying the applicability of the requirement that agencies consider the impact of proposed rules on small business; amending Minnesota Statutes 1988, section 14.115, 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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Jefferson	McGuire	Pappas
Anderson, G.	Dempsey	Jennings	McPherson	Pauly
Anderson, R.	Dille	Johnson, A.	Milbert	Pellow
Battaglia	Dorn	Johnson, R.	Miller	Pelowski
Bauerly	Forsythe	Johnson, V.	Morrison	Peterson
Beard	Frederick	Kahn	Munger	Poppenhagen
Begich	Frerichs	Kalis	Murphy	Price
Bennett	Girard	Kelly	Nelson, C.	Pugh
Bertram	Greenfield	Kelso	Nelson, K.	Quinn
Bishop	Gruenes	Kinkel	Neuenschwander	Redalen
Blatz	Gutknecht	Knickerbocker	O'Connor	Reding
Boo	Hartle	Kostohryz	Ogren	Rest
Brown	Hasskamp	Krueger	Olson, E.	Rice
Burger	Haukoos	Lasley	Olson, K.	Richter
Carlson, D.	Heap	Lieder	Omamm	Rodosovich
Carlson, L.	Henry	Limmer	Onnen	Rukavina
Carruthers	Humble	Long	Orenstein	Schafer
Clark	Hugoson	Lynch	Osthoff	Scheid
Conway	Jacobs	Macklin	Ostrom	Schreiber
Cooper	Janezich	Marsh	Otis	Seaberg
Dauner	Jaros	McDonald	Ozment	Segal

Simoneau	Steensma	Trimble	Wagenius	Williams
Skoglund	Sviggum	Tunheim	Waltman	Winter
Solberg	Swenson	Uphus	Weaver	Wynia
Sparby	Tjornhom	Valento	Welle	Spk. Vanasek
Stanius	Tompkins	Vellenga	Wenzel	

The bill was passed and its title agreed to.

S. F. No. 1106 was reported to the House.

There being no objection, S. F. No. 1106 was temporarily laid over on Special Orders.

H. F. No. 30, A bill for an act relating to employment; requiring breaks during the work day; proposing coding for new law in Minnesota Statutes, chapter 177.

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	Frerichs	Lasley	Osthoff	Simoneau
Anderson, G.	Girard	Lieder	Ostrom	Skoglund
Anderson, R.	Greenfield	Limmer	Otis	Solberg
Battaglia	Gruenes	Long	Ozment	Sparby
Bauerly	Gutknecht	Lynch	Pappas	Stanius
Beard	Hartle	Macklin	Pauly	Steensma
Begich	Hasskamp	Marsh	Pellow	Sviggum
Bennett	Haukoos	McDonald	Pelowski	Swenson
Bertram	Heap	McEachern	Peterson	Tjornhom
Bishop	Henry	McGuire	Poppenhagen	Tompkins
Blatz	Himle	McLaughlin	Price	Trimble
Boo	Hugoson	McPherson	Pugh	Tunheim
Brown	Jacobs	Milbert	Quinn	Uphus
Burger	Janezich	Miller	Redalen	Valento
Carlson, D.	Jaros	Morrison	Reding	Vellenga
Carlson, L.	Jefferson	Munger	Rest	Wagenius
Carruthers	Jennings	Murphy	Rice	Waltman
Clark	Johnson, A.	Nelson, C.	Richter	Weaver
Conway	Johnson, R.	Nelson, K.	Rodosovich	Welle
Cooper	Johnson, V.	Neuenschwander	Rukavina	Wenzel
Dauner	Kahn	O'Connor	Runbeck	Williams
Dawkins	Kalis	Ogren	Sarna	Winter
Dempsey	Kelly	Olson, E.	Schafer	Wynia
Dille	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Dorn	Knickerbocker	Omann	Schreiber	
Forsythe	Kostohryz	Onnen	Seaberg	
Frederick	Krueger	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 186 was reported to the House.

Carruthers moved to amend H. F. No. 186, the first engrossment, as follows:

Page 4, after line 9, insert:

"Sec. 6. Minnesota Statutes 1988, section 326.3384, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITION.] (a) No license holder or employee of a license holder shall, in a manner that implies that the person is an employee or agent of a governmental agency, display on a badge, identification card, emblem, vehicle, uniform, stationery, or in advertising for private detective or protective agent services:

(1) the words "police," "constable," "highway patrol," "sheriff," "trooper," or "law enforcement"; or

(2) the name of a municipality, county, state, or of the United States, or any governmental subdivision thereof.

(b) No license holder, in the course of providing protective agent services, shall provide armed protective personnel to labor disputes or strike locations. This section shall not apply to the use of armed security personnel services utilized in the usual course of business for the protection of persons, property and payroll."

Renumber remaining sections in sequence

Further amend the title as follows:

Page 1, line 10, after the semicolon, insert "326.3384, subdivision 1,"

The motion prevailed and the amendment was adopted.

H. F. No. 186, A bill for an act relating to employment; protective agents; prohibiting employers to hire as a protective agent a person convicted of certain crimes; disqualifying persons convicted of criminal sexual conduct from holding a license to operate a private detective or protective agent service; amending Minnesota Statutes 1988, sections 326.32, by adding subdivisions; 326.336, subdivision 1; 326.3381, subdivision 3, and by adding a subdivision; 326.3384, subdivision 1; and 364.09.

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 111 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Kostohryz	Omann	Segal
Anderson, G.	Frederick	Krueger	Onnen	Simoneau
Anderson, R.	Greenfield	Lasley	Orenstein	Skoglund
Battaglia	Gruenes	Lieder	Osthoff	Solberg
Bauerly	Hartle	Long	Ostrow	Sparby
Beard	Hasskamp	Lynch	Otis	Stanius
Begich	Heap	Macklin	Ozment	Steensma
Bennett	Henry	Marsh	Pappas	Sviggum
Bertram	Himle	McGuire	Pauly	Swenson
Blatz	Jacobs	McLaughlin	Pelowski	Tjornhom
Boo	Janezich	McPherson	Peterson	Trimble
Brown	Jaros	Milbert	Price	Tunheim
Burger	Jefferson	Morrison	Pugh	Uphus
Carlson, D.	Jennings	Munger	Quinn	Valento
Carlson, L.	Johnson, A.	Murphy	Reding	Vellenga
Carruthers	Johnson, R.	Nelson, C.	Rest	Wagenius
Clark	Kahn	Nelson, K.	Rice	Waltman
Conway	Kalis	Neuenschwander	Rodosovich	Weaver
Cooper	Kelly	O'Connor	Rukavina	Wenzel
Dawkins	Kelso	Ogren	Runbeck	Williams
Dempsey	Kinkel	Olson, E.	Sarna	Winter
Dorn	Knickerbocker	Olson, K.	Scheid	Wynia
				Spk. Vanasek

Those who voted in the negative were:

Dauner	Gutknecht	Limmer	Poppenhagen	Schreiber
Dille	Haukoos	McDonald	Redalen	Seaberg
Frerichs	Hugoson	Miller	Richter	Tompkins
Girard	Johnson, V.	Pellow	Schafer	

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

H. F. No. 759 was reported to the House.

Welle moved that H. F. No. 759 be continued on Special Orders. The motion prevailed.

H. F. No. 981 was reported to the House.

Rest moved that H. F. No. 981 be continued on Special Orders. The motion prevailed.

H. F. No. 872 was reported to the House.

Jaros moved that H. F. No. 872 be continued on Special Orders. The motion prevailed.

H. F. No. 1207, A bill for an act relating to counties; providing conditions for the disposition of county property; amending Minnesota Statutes 1988, section 373.01, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Orenstein	Segal
Anderson, G.	Girard	Lasley	Osthoff	Simoneau
Anderson, R.	Greenfield	Lieder	Ostrom	Skoglund
Battaglia	Gruenes	Limmer	Otis	Solberg
Bauerly	Gutknecht	Long	Ozment	Sparby
Beard	Hartle	Lynch	Pappas	Stanisus
Begich	Hasskamp	Macklin	Pauly	Steensma
Bennett	Haukoos	Marsh	Pellow	Sviggum
Bertram	Heap	McDonald	Pelowski	Swenson
Bishop	Henry	McEachern	Peterson	Tjornhom
Blatz	Himle	McGuire	Poppenhagen	Tompkins
Boo	Hugoson	McLaughlin	Price	Trimble
Brown	Jacobs	McPherson	Pugh	Tunheim
Burger	Janezich	Milbert	Quinn	Uphus
Carlson, D.	Jaros	Miller	Redalen	Valento
Carlson, L.	Jefferson	Morrison	Reding	Vellenga
Carruthers	Jennings	Munger	Rest	Wagenius
Clark	Johnson, A.	Murphy	Rice	Waltman
Conway	Johnson, R.	Nelson, C.	Richter	Weaver
Cooper	Johnson, V.	Nelson, K.	Rodosovich	Welle
Dauner	Kahn	Neuenschwander	Rukavina	Wenzel
Dawkins	Kalis	O'Connor	Runbeck	Williams
Dempsey	Kelly	Ogren	Sarna	Winter
Dille	Kelso	Olson, E.	Schafer	Wynia
Dorn	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Forsythe	Knickerbocker	Omann	Schreiber	
Frederick	Kostohryz	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1175 was reported to the House.

Bauerly moved that H. F. No. 1175 be continued on Special Orders. The motion prevailed.

H. F. No. 950 was reported to the House.

Orenstein moved that H. F. No. 950 be continued on Special Orders. The motion prevailed.

S. F. No. 1106 which was temporarily laid over earlier today was again reported to the House.

S. F. No. 1106, A bill for an act relating to adoption; changing the minimum age at which an adopted person may request original birth certificate information; changing time periods during which birth parents may consent to disclosure; authorizing disclosure of information on the consenting parent when only one birth parent consents; amending Minnesota Statutes 1988, section 259.49, subdivisions 1, 2, and 4.

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

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

Those who voted in the affirmative were:

Abrams	Frerichs	Krueger	Orenstein	Simoneau
Anderson, G.	Girard	Lasley	Ostrom	Skoglund
Anderson, R.	Greenfield	Lieder	Otis	Solberg
Battaglia	Gruenes	Limmer	Ozment	Sparby
Bauerly	Gutknecht	Long	Pappas	Stanius
Beard	Hartle	Lynch	Pauly	Steensma
Begich	Hasskamp	Macklin	Pellow	Sviggum
Bennett	Haukoos	Marsh	Pelowski	Swenson
Bertram	Heap	McDonald	Peterson	Tjornhom
Bishop	Henry	McEachern	Poppenhagen	Tompkins
Blatz	Himle	McGuire	Price	Trimble
Boo	Hugoson	McLaughlin	Pugh	Tunheim
Brown	Jacobs	McPherson	Quinn	Uphus
Burger	Janezich	Milbert	Redalen	Valento
Carlson, D.	Jaros	Miller	Reding	Vellenga
Carlson, L.	Jefferson	Morrison	Rest	Wagenius
Carruthers	Jennings	Munger	Rice	Waltman
Clark	Johnson, A.	Murphy	Richter	Weaver
Conway	Johnson, R.	Nelson, C.	Rodosovich	Welle
Cooper	Johnson, V.	Nelson, K.	Rukavina	Wenzel
Dauner	Kahn	Neuenschwander	Runbeck	Williams
Dawkins	Kalis	O'Connor	Sarna	Winter
Dempsey	Kelly	Ogren	Schafer	Wynia
Dille	Kelso	Olson, E.	Scheid	Spk. Vanasek
Dorn	Kinkel	Olson, K.	Schreiber	
Forsythe	Knickerbocker	Omamm	Seaberg	
Frederick	Kostohryz	Onnen	Segal	

The bill was passed and its title agreed to.

There being no objection, the House recessed subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Quinn.

REPORT FROM THE COMMITTEE ON RULES AND
LEGISLATIVE ADMINISTRATION

Wynia, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders for immediate consideration Monday, May 1, 1989:

H. F. No. 1432; S. F. Nos. 787 and 388; and H. F. Nos. 1423, 1425, 260, 1121, 1387, 1697 and 1715.

H. F. No. 1432 was reported to the House.

Steensma moved that H. F. No. 1432 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 787, A bill for an act relating to human services; establishing reporting requirements; defining the functions and responsibilities of the commissioner in supervising community social services administered by the counties; requiring the commissioner of human services to ensure compliance with applicable program laws and regulations; implementing corrective action plans; providing sanctions and establishing an incentive program; amending Minnesota Statutes 1988, sections 245.482; 245.716; 245.73, subdivision 4; 252.275, subdivision 7; 256.01, subdivision 2; 256.72; 256.736, subdivision 15; 256.871, subdivision 6; 256.935, subdivision 1; 256B.05, subdivision 1; 256B.20; 256D.04; 256D.39; 256E.05, subdivision 3, and by adding subdivisions; 256E.08, subdivisions 1 and 8; 256E.12, subdivision 3; 256F.06, subdivision 4; 256H.09, subdivision 1; and 257.3575, subdivision 2.

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

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

Those who voted in the affirmative were:

Abrams	Carruthers	Gutknecht	Johnson, V.	Marsh
Anderson, G.	Clark	Hartle	Kahn	McDonald
Anderson, R.	Conway	Hasskamp	Kalis	McEachern
Battaglia	Cooper	Haukoos	Kelly	McGuire
Bauerly	Dauner	Heap	Kelso	McLaughlin
Beard	Dawkins	Henry	Kinkel	McPherson
Begich	Dempsey	Himle	Knickerbocker	Milbert
Bennett	Dille	Hugoson	Kostohryz	Miller
Bertram	Dorn	Jacobs	Krueger	Morrison
Blatz	Forsythe	Janezich	Lasley	Munger
Boo	Frederick	Jaros	Lieder	Murphy
Brown	Frerichs	Jefferson	Limmer	Nelson, C.
Burger	Girard	Jennings	Long	Nelson, K.
Carlson, D.	Greenfield	Johnson, A.	Lynch	Neuenschwander
Carlson, L.	Gruenes	Johnson, R.	Macklin	O'Connor

Ogren	Pellow	Rodosovich	Sparby	Wagenius
Olson, E.	Pelowski	Rukavina	Stanius	Waltman
Olson, K.	Peterson	Runbeck	Steensma	Weaver
Omann	Poppenhagen	Sarna	Sviggum	Welle
Onnen	Price	Schafer	Swenson	Wenzel
Orenstein	Pugh	Scheid	Tjornhom	Williams
Osthoff	Quinn	Schreiber	Tompkins	Winter
Ostrom	Redalen	Seaberg	Trimble	Wynia
Otis	Reding	Segal	Tunheim	Spk. Vanasek
Ozment	Rest	Simoneau	Uphus	
Pappas	Rice	Skoglund	Valento	
Pauly	Richter	Solberg	Vellenga	

The bill was passed and its title agreed to.

S. F. No. 388, A resolution memorializing the President and Congress to enact legislation to allow the use of flexible highway design standards in the interstate highway 35W corridor, to make federal money available for a light rail transit system, and to make funds available for the completion and repair of federal aid highways.

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

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Knickerbocker	Omann	Scheid
Anderson, G.	Frerichs	Kostohryz	Onnen	Schreiber
Anderson, R.	Girard	Krueger	Orenstein	Seaberg
Battaglia	Greenfield	Limmer	Osthoff	Segal
Bauerly	Gruenes	Long	Ostrom	Simoneau
Beard	Gutknecht	Lynch	Otis	Skoglund
Begich	Hartle	Macklin	Ozment	Solberg
Bennett	Hasskamp	Marsh	Pappas	Sparby
Bertram	Haukoos	McDonald	Pauly	Stanius
Blatz	Heap	McEachern	Pellow	Steensma
Boo	Henry	McGuire	Pelowski	Sviggum
Brown	Himle	McLaughlin	Peterson	Swenson
Burger	Hugoson	McPherson	Poppenhagen	Tjornhom
Carlson, D.	Jacobs	Milbert	Price	Trimble
Carlson, L.	Janezich	Miller	Pugh	Tunheim
Carruthers	Jaros	Morrison	Quinn	Uphus
Clark	Jefferson	Munger	Redalen	Valento
Conway	Jennings	Murphy	Reding	Vellenga
Cooper	Johnson, A.	Nelson, C.	Rest	Wagenius
Dauner	Johnson, V.	Nelson, K.	Rice	Waltman
Dawkins	Kahn	Neuenschwander	Richter	Weaver
Dempsey	Kalis	O'Connor	Rukavina	Welle
Dille	Kelly	Ogren	Runbeck	Wenzel
Dorn	Kelso	Olson, E.	Sarna	Williams
Forsythe	Kinkel	Olson, K.	Schafer	Winter
				Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1423, A bill for an act relating to nursing home admission agreements; prohibiting use of blanket waivers of liability by continuing care facilities and nursing homes; requiring nursing home admission agreements to be available to the public and clarifying that such agreements are consumer contracts; prohibiting nursing homes from requiring third party guarantors; requiring nursing homes to identify their status as public benefits providers; prohibiting use of blanket consents for treatment; requiring written acknowledgment that residents have received a copy of the patients' bill of rights; providing penalties; requiring a facility fee payment to enrolled hospitals for certain emergency room or clinic visits; amending Minnesota Statutes 1988, section 80D.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 144; and 256B.

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	Frerichs	Krueger	Osthoff	Simoneau
Anderson, G.	Girard	Lasley	Ostrom	Skoglund
Anderson, R.	Greenfield	Lieder	Otis	Solberg
Battaglia	Gruenes	Limmer	Ozment	Sparby
Bauerly	Gutknecht	Long	Pappas	Stanias
Beard	Hartle	Lynch	Pauly	Steensma
Begich	Hasskamp	Macklin	Pellow	Swiggum
Bennett	Haukoos	Marsh	Pelowski	Swenson
Bertram	Heap	McDonald	Peterson	Tjornhom
Bishop	Henry	McEachern	Poppenhagen	Tompkins
Blatz	Himle	McGuire	Price	Trimble
Boo	Hugoson	McLaughlin	Pugh	Tunheim
Brown	Jacobs	McPherson	Quinn	Uphus
Burger	Janezich	Milbert	Redalen	Valento
Carlson, D.	Jaros	Miller	Reding	Vellenga
Carlson, L.	Jefferson	Munger	Rest	Wagenius
Carruthers	Jennings	Murphy	Rice	Waltman
Clark	Johnson, A.	Nelson, C.	Richter	Weaver
Conway	Johnson, R.	Nelson, K.	Rodosovich	Welle
Cooper	Johnson, V.	Neuenschwander	Rukavina	Wenzel
Dauner	Kahn	O'Connor	Runbeck	Williams
Dawkins	Kalis	Ogren	Sarna	Winter
Dempsey	Kelly	Olson, E.	Schafer	Wynia
Dille	Kelso	Olson, K.	Scheid	Spk. Vanasek
Dorn	Kinkel	Omann	Schreiber	
Forsythe	Knickerbocker	Onnen	Seaberg	
Frederick	Kostohryz	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 1425, A bill for an act relating to privacy of communications; modifying standards for disclosure of communications by electronic communications services; limiting use of contract person-

nél; modifying reporting requirements; modifying procedures for the use of pen registers and trap and trace devices; requiring orders for the use of mobile tracking devices; providing for a civil cause of action; removing the sunset on the privacy of communications act; authorizing the attorney general and county attorneys to issue administrative subpoenas; creating crimes that prohibit warning subjects of investigations, electronic surveillance, or search warrants; imposing penalties; amending Minnesota Statutes 1988, sections 626A.02, subdivision 3; 626A.04; 626A.06, subdivisions 1 and 4a; 626A.11, subdivisions 1 and 2; 626A.12, subdivision 1; 626A.17; 626A.35; 626A.36; 626A.37; 626A.38, subdivision 1; 626A.39, by adding a subdivision; and 626A.40; Laws 1988, chapter 577, section 63; proposing coding for new law in Minnesota Statutes, chapters 8, 388, 609, and 626A; repealing Minnesota Statutes 1988, sections 626A.12, subdivision 1a; 626A.22; 626A.23; 626A.24; and 626A.38, subdivision 5; Laws 1988, chapter 577, section 62.

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	Girard	Lasley	Osthoff	Simoneau
Anderson, G.	Greenfield	Lieder	Ostrom	Skoglund
Anderson, R.	Gruenes	Limmer	Otis	Solberg
Battaglia	Gutknecht	Long	Ozment	Sparby
Bauerly	Hartle	Lynch	Pappas	Stanius
Beard	Hasskamp	Macklin	Pauly	Steenasma
Begich	Haukoos	Marsh	Pellow	Swiggum
Bennett	Heap	McDonald	Pelowski	Swenson
Bertram	Henry	McEachern	Peterson	Tjornhom
Bishop	Himle	McGuire	Poppenhagen	Tompkins
Blatz	Hugoson	McLaughlin	Price	Trimble
Boo	Jacobs	McPherson	Pugh	Tunheim
Brown	Janezich	Milbert	Quinn	Uphus
Burger	Jaros	Miller	Redalen	Valento
Carlson, D.	Jefferson	Morrison	Reding	Vellenga
Carlson, L.	Jennings	Munger	Rest	Wagenius
Carruthers	Johnson, A.	Murphy	Rice	Waltman
Clark	Johnson, R.	Nelson, C.	Richter	Weaver
Conway	Johnson, V.	Nelson, K.	Rodosovich	Welle
Cooper	Kahn	Neuenschwander	Rukavina	Wenzel
Dauner	Kalis	O'Connor	Runbeck	Williams
Dawkins	Kelly	Ogren	Sarna	Winter
Dempsey	Kelso	Olson, E.	Schafer	Wynia
Dille	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Dorn	Knickerbocker	Ormann	Schreiber	
Forsythe	Kostohryz	Ornen	Seaberg	
Frederick	Krueger	Orenstein	Segal	

The bill was passed and its title agreed to.

Knickerbocker was excused for the remainder of today's session.

H. F. No. 260 was reported to the House.

Trimble moved that H. F. No. 260 be temporarily laid over on Special Orders. The motion prevailed.

H. F. No. 1121, A bill for an act relating to animals; regulating using animals for certain purposes; providing a penalty; amending Minnesota Statutes 1988, section 343.33.

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

The question was taken on the passage of the bill and the roll was called. There were 115 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Abrams	Dorn	Kelly	Ogren	Schreiber
Anderson, G.	Forsythe	Kelso	Olson, E.	Seaberg
Anderson, R.	Frederick	Kinkel	Olson, K.	Segal
Battaglia	Greenfield	Kostohryz	Omann	Simoneau
Bauerly	Gruenes	Krueger	Orenstein	Skoglund
Beard	Gutknecht	Lasley	Ostrom	Solberg
Begich	Hartle	Lieder	Otis	Steensma
Bennett	Hasskamp	Limmer	Ozment	Swiggun
Bertram	Haukoos	Long	Pappas	Swenson
Bishop	Heap	Lynch	Pauly	Tjornhom
Blatz	Henry	Macklin	Pellow	Tompkins
Boo	Himle	McEachern	Pelowski	Trimble
Brown	Hugoson	McGuire	Peterson	Tunheim
Carlson, D.	Jacobs	McLaughlin	Price	Uphus
Carlson, L.	Janezich	McPherson	Pugh	Valento
Carruthers	Jaros	Milbert	Quinn	Vellenga
Clark	Jefferson	Morrison	Reding	Wagenius
Conway	Jennings	Munger	Rest	Waltman
Cooper	Johnson, A.	Murphy	Rice	Weaver
Dauner	Johnson, R.	Nelson, C.	Rodosovich	Williams
Dawkins	Johnson, V.	Nelson, K.	Rukavina	Winter
Dempsey	Kahn	Neuenschwander	Sarna	Wynia
Dille	Kalis	O'Connor	Scheid	Spk. Vanasek

Those who voted in the negative were:

Burger	Marsh	Onnen	Richter	Stanius
Frerichs	McDonald	Poppenhagen	Runbeck	Welle
Girard	Miller	Redalen	Schafer	Wenzel

The bill was passed and its title agreed to.

H. F. No. 1432 which was temporarily laid over earlier today was again reported to the House.

H. F. No. 1432, A bill for an act relating to transportation; requiring nonrailroad lessors to comply with certain procedures

before sale of property interests; amending Minnesota Statutes 1988, sections 222.631, by adding a subdivision; 222.632; and 222.633.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kostohryz	Omann	Scheid
Anderson, G.	Frerichs	Krueger	Onnen	Schreiber
Anderson, R.	Girard	Lasley	Orenstein	Seaberg
Battaglia	Greenfield	Lieder	Osthoff	Segal
Bauerly	Gruenes	Limmer	Ostrom	Simoneau
Beard	Gutknecht	Long	Otis	Skoglund
Begich	Hartle	Lynch	Ozment	Sparby
Bennett	Hasskamp	Macklin	Pappas	Stanius
Bertram	Haukoos	Marsh	Pauly	Steenma
Bishop	Heap	McDonald	Pellow	Swiggum
Blatz	Henry	McEachern	Pelowski	Swenson
Boo	Himle	McGuire	Peterson	Tjornhom
Brown	Hugoson	McLaughlin	Poppenhagen	Tompkins
Burger	Jacobs	McPherson	Price	Trimble
Carlson, D.	Janezich	Milbert	Pugh	Tunheim
Carlson, L.	Jaros	Miller	Quinn	Uphus
Carruthers	Jefferson	Morrison	Redalen	Valento
Clark	Jennings	Munger	Reding	Vellenga
Conway	Johnson, A.	Murphy	Rest	Wagenius
Cooper	Johnson, R.	Nelson, C.	Rice	Waltman
Dauner	Johnson, V.	Nelson, K.	Richter	Weaver
Dawkins	Kahn	Neuenschwander	Rodosovich	Welle
Dempsey	Kalis	O'Connor	Rukavina	Wenzel
Dille	Kelly	Ogren	Rumbeck	Williams
Dorn	Kelso	Olson, E.	Sarna	Winter
Forsythe	Kinkel	Olson, K.	Schafer	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1387, A bill for an act relating to education; prohibiting certain punishment in schools; proposing coding for new law in Minnesota Statutes, chapter 127.

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 78 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Abrams	Beard	Brown	Cooper	Girard
Anderson, G.	Bennett	Carlson, D.	Dauner	Greenfield
Battaglia	Bishop	Carlson, L.	Dawkins	Hartle
Bauerly	Blatz	Clark	Forsythe	Hasskamp

Jacobs	Lynch	Osthoff	Rice	Tunheim
Janezich	Macklin	Ostrom	Rodosovich	Uphus
Jefferson	McEachern	Otis	Runbeck	Vellenga
Jennings	McGuire	Ozment	Sarna	Wagenius
Johnson, A.	McLaughlin	Pappas	Scheid	Weaver
Kahn	Murphy	Pelowski	Segal	Welle
Kelso	Nelson, C.	Peterson	Simoneau	Williams
Kinkel	Nelson, K.	Price	Skoglund	Winter
Krueger	Neuenschwander	Pugh	Stanisus	Wynia
Lasley	Ogren	Quinn	Steensma	Spk. Vanasek
Lieder	Olson, K.	Reding	Swenson	
Long	Orenstein	Rest	Trimble	

Those who voted in the negative were:

Anderson, R.	Frederick	Johnson, V.	O'Connor	Schreiber
Begich	Frerichs	Kalis	Olson, E.	Seaberg
Bertram	Gruenes	Kostohryz	Omann	Solberg
Boo	Gutknecht	Limmer	Onnen	Sviggum
Burger	Haukoos	Marsh	Pauly	Tjornhom
Carruthers	Heap	McDonald	Pellow	Tompkins
Conway	Henry	McPherson	Poppenhagen	Valento
Dempsey	Himle	Milbert	Redalen	Waltman
Dille	Hugoson	Miller	Richter	Wenzel
Dorn	Johnson, R.	Morrison	Schafer	

The bill was passed and its title agreed to.

H. F. No. 1697 was reported to the House.

Carruthers moved to amend H. F. No. 1697, the first engrossment, as follows:

Page 1, line 13, delete the colon

Page 1, line 14, delete "(1)"

Page 1, line 16, delete "; and" and insert a period

Page 1, delete lines 17 to 21

Page 1, line 26, delete "A towing"

Page 1, delete line 27

Page 2, delete lines 1 to 3

Page 3, line 12, after "tabs" insert "that have been expired for less than 90 days"

The motion prevailed and the amendment was adopted.

Carruthers moved to amend H. F. No. 1697, the first engrossment, as amended, as follows:

Page 2, line 9, delete everything after "area"

Page 2, line 10, delete everything before the semicolon

The motion prevailed and the amendment was adopted.

Bennett moved to amend H. F. No. 1697, the first engrossment, as amended, as follows:

Page 3, after line 32, insert:

"Sec. 3. [169.042] [TOWING REGULATION.]

A motor vehicle may not be towed unless a peace officer or parking enforcement officer has, in addition to issuing a parking citation, prepared a written towing report describing the motor vehicle and the reasons for towing. The report must be signed by the tow driver and officer."

The motion prevailed and the amendment was adopted.

Morrison moved to amend H. F. No. 1697, the first engrossment, as amended, as follows:

Page 1, line 15, delete "local authority" and insert "city of the first class"

The motion did not prevail and the amendment was not adopted.

H. F. No. 1697, A bill for an act relating to traffic regulations; prohibiting the towing of motor vehicles for traffic violations for a period of four hours except under certain circumstances; providing a mechanic's lien for those who tow a vehicle at the direction of a law enforcement officer; amending Minnesota Statutes, 1988, section 514.18, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 169.

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 129 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abrams	Battaglia	Begich	Bishop	Brown
Anderson, G.	Bauerly	Bennett	Blatz	Burger
Anderson, R.	Beard	Bertram	Boo	Carlson, D.

Carlson, L.	Janezich	McLaughlin	Pauly	Skoglund
Carruthers	Jaros	McPherson	Pellow	Solberg
Clark	Jefferson	Milbert	Pelowski	Sparby
Conway	Jennings	Miller	Peterson	Stanius
Cooper	Johnson, A.	Morrison	Poppenhagen	Steensma
Dauner	Johnson, R.	Munger	Price	Swiggum
Dawkins	Johnson, V.	Murphy	Pugh	Swenson
Dempsey	Kahn	Nelson, C.	Quinn	Tjornhom
Dille	Kelly	Nelson, K.	Redalen	Trimble
Dorn	Kelso	Neuenschwander	Reding	Tunheim
Forsythe	Kinkel	O'Connor	Rest	Uphus
Girard	Kostohryz	Ogren	Rice	Valento
Greenfield	Krueger	Olsen, S.	Richter	Vellenga
Gruenes	Lasley	Olson, E.	Rodosovich	Wagenius
Gutknecht	Lieder	Olson, K.	Rukavina	Waltman
Hartle	Limmer	Omann	Runbeck	Weaver
Hasskamp	Long	Onnen	Sarna	Welle
Haukoos	Lynch	Orenstein	Schafer	Wenzel
Heap	Macklin	Osthoff	Scheid	Williams
Henry	Marsh	Ostrom	Schreiber	Winter
Himle	McDonald	Otis	Seaberg	Wynia
Hugoson	McEachern	Ozment	Segal	Spk. Vanasek
Jacobs	McGuire	Pappas	Simoneau	

Those who voted in the negative were:

Frederick Kalis Tompkins

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

H. F. No. 260 which was temporarily laid over earlier today was again reported to the House.

Seaberg moved to amend H. F. No. 260, the second engrossment, as follows:

Page 4, delete lines 1 and 2 and insert:

"Subd. 3. [DEFAMATION ACTION PROHIBITED.] No communication of information contained in an employee's personnel record that is disputed pursuant to subdivision 1 may be made the subject of any action for libel, slander, or defamation, unless an agreement is not reached between the employer and the employee to remove or revise the disputed information and the employer refuses or negligently fails to include the employee's position statement along with the disputed information or thereafter provide a copy of the statement to other persons as required under subdivision 1."

A roll call was requested and properly seconded.

The question was taken on the Seaberg amendment and the roll was called. There were 76 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Johnson, R.	Neuenschwander	Schafer
Anderson, G.	Frederick	Johnson, V.	Olsen, S.	Schreiber
Anderson, R.	Frerichs	Kalis	Olson, E.	Seaberg
Bennett	Girard	Kelso	Omann	Sparby
Bertram	Gruenes	Lieder	Omnen	Stanius
Blatz	Gutknecht	Limmer	Ostrom	Steensma
Boo	Hartle	Lynch	Ozment	Sviggum
Brown	Hasskamp	Macklin	Pauly	Swenson
Burger	Haukoos	Marsh	Pellow	Tjornhom
Carlson, D.	Heap	McDonald	Pelowski	Tompkins
Carruthers	Henry	McGuire	Poppenhagen	Uphus
Dauner	Himle	McPherson	Redalen	Valento
Dempsey	Hugoson	Miller	Richter	Waltman
Dille	Jennings	Morrison	Rodosovich	Wenzel
Dorn	Johnson, A.	Munger	Runbeck	Williams
				Winter

Those who voted in the negative were:

Battaglia	Jaros	McEachern	Osthoff	Sarna
Beard	Jefferson	Milbert	Otis	Skoglund
Begich	Kahn	Murphy	Peterson	Trimble
Clark	Kelly	Nelson, C.	Price	Tunheim
Cooper	Kinkel	Nelson, K.	Quinn	Vellenga
Dawkins	Kostohryz	O'Connor	Reding	Weaver
Greenfield	Krueger	Ogren	Rest	Welle
Jacobs	Lasley	Olson, K.	Rice	Wynia
Janezich	Long	Orenstein	Rukavina	Spk. Vanasek

The motion prevailed and the amendment was adopted.

Sviggum moved to amend H. F. No. 260, the second engrossment, as amended, as follows:

Page 2, line 26; delete “and”

Page 2, line 29, delete the period and insert “; and

(7) any portion of a written statement by a co-worker of the employee that concerns the job performance or job-related misconduct of the employee that discloses the identity of the co-worker by name, inference, or otherwise.”

A roll call was requested and properly seconded.

The question was taken on the Sviggum amendment and the roll was called. There were 60 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Abrams	Bertram	Boo	Cooper	Dorn
Anderson, R.	Bishop	Burger	Dempsey	Forsythe
Bennett	Blatz	Carruthers	Dille	Frederick

Frerichs	Himle	McPherson	Pellow	Sviggum
Girard	Hugoson	Morrison	Poppenhagen	Swenson
Gruenes	Johnson, V.	Neuenschwander	Redalen	Tjornhom
Gutknecht	Lieder	Olsen, S.	Richter	Tompkins
Hartle	Limmer	Olsen, E.	Schafer	Uphus
Hasskamp	Lynch	Omann	Schreiber	Valento
Haukoos	Macklin	Onnen	Seaberg	Waitman
Heap	Marsh	Ostrom	Sparby	Weaver
Henry	McDonald	Pauly	Stanius	Wenzel

Those who voted in the negative were:

Anderson, G.	Jefferson	McLaughlin	Pappas	Simoneau
Battaglia	Jennings	Milbert	Pelowski	Skoglund
Beard	Johnson, A.	Munger	Peterson	Solberg
Begich	Johnson, R.	Murphy	Price	Steensma
Brown	Kahn	Nelson, C.	Quinn	Trimble
Carlson, D.	Kelly	Nelson, K.	Reding	Tunheim
Carlson, L.	Kelso	O'Connor	Rest	Vellenga
Clark	Kostohryz	Ogren	Rice	Wagenius
Conway	Krueger	Olsen, K.	Rodosovich	Welle
Dawkins	Lasley	Orenstein	Rukavina	Williams
Greenfield	Long	Osthoff	Runbeck	Winter
Jacobs	McEachern	Otis	Sarna	Wynia
Jaros	McGuire	Ozment	Scheid	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Sviggum moved to amend H. F. No. 260, the second engrossment, as amended, as follows:

Page 2, line 26, delete "and"

Page 2, line 29, delete the period and insert ", and

(7) privileged information or information that is not discoverable in a workers' compensation, grievance arbitration, administrative, judicial, or quasi-judicial proceeding."

A roll call was requested and properly seconded.

The question was taken on the Sviggum amendment and the roll was called. There were 72 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abrams	Carruthers	Girard	Jennings	McDonald
Anderson, G.	Conway	Gruenes	Johnson, V.	McGuire
Bauerly	Cooper	Gutknecht	Kalis	McPherson
Bennett	Dauner	Hartle	Kelso	Miller
Bertram	Dempsey	Hasskamp	Krueger	Morrison
Bishop	Dille	Haukoos	Lieder	Neuenschwander
Blatz	Dorn	Heap	Limmer	Olsen, S.
Boo	Forsythe	Henry	Lynch	Olson, E.
Burger	Frederick	Himle	Macklin	Omann
Carlson, D.	Frerichs	Hugoson	Marsh	Onnen

Ostrom	Poppenhagen	Schreiber	Swenson	Waltman
Ozment	Redalen	Seaberg	Tjornhom	Weaver
Pauly	Richter	Stanius	Tompkins	
Pellow	Runbeck	Steensma	Uphus	
Pelowski	Schafer	Sviggum	Valento	

Those who voted in the negative were:

Anderson, R.	Jefferson	Munger	Price	Skoglund
Battaglia	Johnson, A.	Murphy	Pugh	Solberg
Beard	Johnson, R.	Nelson, C.	Quinn	Sparby
Begich	Kahn	Nelson, K.	Reding	Trimble
Brown	Kelly	O'Connor	Rest	Tunheim
Carlson, L.	Kinkel	Ogren	Rice	Vellenga
Clark	Kostohryz	Olson, K.	Rodosovich	Wagenius
Dawkins	Lasley	Orenstein	Rukavina	Welle
Greenfield	Long	Osthoff	Sarna	Wenzel
Jacobs	McEachern	Otis	Scheid	Williams
Janezich	McLaughlin	Pappas	Segal	Winter
Jaros	Milbert	Peterson	Simoneau	Wynia
				Spk. Vanasek

The motion prevailed and the amendment was adopted.

Sviggum moved to amend H. F. No. 260, the second engrossment, as amended, as follows:

Page 3, after line 17, insert:

"Subd. 3. [GOOD FAITH.] The employer may deny access to an employee record if the request is not made in good faith."

A roll call was requested and properly seconded.

The question was taken on the Sviggum amendment and the roll was called. There were 28 yeas and 100 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Hugoson	Miller	Sviggum
Bertram	Gruenes	Kalis	Omann	Tompkins
Boo	Gutknecht	Kelso	Onnen	Uphus
Conway	Haukoos	Limmer	Redalen	Waltman
Frederick	Heap	Marsh	Richter	
Frerichs	Henry	McPherson	Schafer	

Those who voted in the negative were:

Anderson, G.	Brown	Dawkins	Jacobs	Kelly
Anderson, R.	Burger	Dempsey	Janezich	Kinkel
Battaglia	Carlson, D.	Dille	Jaros	Kostohryz
Bauerly	Carlson, L.	Dorn	Jefferson	Krueger
Beard	Carruthers	Forsythe	Johnson, A.	Lasley
Begich	Clark	Greenfield	Johnson, R.	Long
Bennett	Cooper	Hasskamp	Johnson, V.	Lynch
Blatz	Dauner	Himle	Kahn	Macklin

McDonald	Ogren	Pelowski	Sarna	Trimble
McEachern	Olsen, S.	Peterson	Scheid	Tunheim
McGuire	Olson, E.	Poppenhagen	Seaberg	Valento
McLaughlin	Olson, K.	Price	Segal	Vellenga
Milbert	Orenstein	Pugh	Simoneau	Wagenius
Morrison	Osthoff	Quinn	Skoglund	Weaver
Munger	Ostrom	Reding	Solberg	Welle
Murphy	Otis	Rest	Sparby	Wenzel
Nelson, C.	Ozment	Rice	Stanius	Williams
Nelson, K.	Pappas	Rodosovich	Steenmsa	Winter
Neuenschwander	Pauly	Rukavina	Swenson	Wynia
O'Connor	Pellow	Runbeck	Tjornhom	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Dawkins moved to amend H. F. No. 260, the second engrossment, as amended, as follows:

Page 3, line 32, after "submitted" delete the period and insert "and any person who received a copy of the disputed information from the employer before the position statement was submitted."

The motion prevailed and the amendment was adopted.

H. F. No. 260, A bill for an act relating to employment; providing for review of an employee's personnel record; providing for removal or revision of disputed information contained in an employee's personnel record; regulating use of omitted information; proposing coding for new law in Minnesota Statutes, chapter 181.

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	Conway	Henry	Lasley	Nelson, K.
Anderson, G.	Cooper	Himle	Lieder	Neuenschwander
Anderson, R.	Dauner	Hugoson	Limmer	O'Connor
Battaglia	Dawkins	Jacobs	Long	Ogren
Bauerly	Dempsey	Janezich	Lynch	Olsen, S.
Beard	Dille	Jaros	Macklin	Olson, E.
Begich	Dorn	Jefferson	Marsh	Olson, K.
Bennett	Forsythe	Jennings	McDonald	Omamm
Bertram	Frederick	Johnson, A.	McEachern	Onnen
Bishop	Frerichs	Johnson, R.	McGuire	Orenstein
Blatz	Girard	Johnson, V.	McLaughlin	Osthoff
Boo	Greenfield	Kahn	McPherson	Ostrom
Brown	Gruenes	Kalis	Milbert	Otis
Burger	Gutknecht	Kelly	Miller	Ozment
Carlson, D.	Hartle	Kelso	Morrison	Pappas
Carlson, L.	Hasskamp	Kinkel	Munger	Pauly
Carruthers	Haukoos	Kostohryz	Murphy	Pellow
Clark	Heap	Krueger	Nelson, C.	Pelowski

Peterson	Richter	Segal	Tjornhom	Welle
Poppenhagen	Rodosovich	Simoneau	Tompkins	Wenzel
Price	Rukavina	Skoglund	Trimble	Williams
Pugh	Runbeck	Solberg	Uphus	Winter
Quinn	Sarna	Sparby	Valento	Wynia
Redalen	Schafer	Stanius	Vellenga	Spk. Vanasek
Reding	Scheid	Steensma	Wagenius	
Rest	Schreiber	Sviggum	Waltman	
Rice	Seaberg	Swenson	Weaver	

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

The Speaker resumed the Chair.

Wynia moved that the remaining bill on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued. The motion prevailed.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 206:

S. F. No. 206, A bill for an act relating to state government; administrative procedures; regulating exempt rules; making certain technical changes; amending Minnesota Statutes 1988, sections 14.40; and 97A.051, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 3; repealing Minnesota Statutes 1988, sections 97A.051, subdivision 3; 144A.10, subdivision 6a; 174.031, subdivision 2; 254B.03, subdivision 6; 254B.04, subdivision 2; 257.357; and 574.262, subdivision 3; Laws 1985, chapter 4, section 8; and Laws 1987, chapter 337, section 128.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Belanger, Waldorf and Kroening.

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

Rodosovich 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. 206. The motion prevailed.

MOTIONS AND RESOLUTIONS

Rodosovich moved that his name be stricken as an author on H. F. No. 192. The motion prevailed.

Rodosovich moved that his name be stricken as an author on H. F. No. 1006. The motion prevailed.

Olson, E., moved that the name of Ostrom be added as an author on H. F. No. 1040. The motion prevailed.

McLaughlin moved that the name of Dorn be added as an author on H. F. No. 1272. The motion prevailed.

Rodosovich moved that his name be stricken as an author on H. F. No. 1462. The motion prevailed.

Rodosovich moved that his name be stricken as an author on H. F. No. 1576. The motion prevailed.

Jefferson moved that H. F. No. 357, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Haukoos moved that H. F. No. 1500 be returned to its author. The motion prevailed.

Sviggum, Henry, Redalen, Schreiber and Girard introduced:

House Resolution No. 9, A house resolution requiring that all legislation affecting property taxes have its own "truth in taxation" policy.

SUSPENSION OF RULES

Swiggum moved that the rules be so far suspended that House Resolution No. 9 be now considered and be placed upon its adoption.

A roll call was requested and properly seconded.

The question was taken on the Swiggum motion and the roll was called. There were 59 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Johnson, R.	Neuenschwander	Schreiber
Bennett	Frerichs	Johnson, V.	Olsen, S.	Seaberg
Bishop	Girard	Limmer	Omann	Stanius
Blatz	Gruenes	Lynch	Onnen	Swiggum
Boo	Gutknecht	Macklin	Ozment	Swenson
Burger	Hartle	Marsh	Pauly	Tjornhom
Carlson, D.	Hasskamp	McDonald	Pellow	Tompkins
Conway	Haukoos	McGuire	Poppenhagen	Uphus
Dauner	Heap	McPherson	Redalen	Valento
Dempsey	Henry	Miller	Richter	Waltman
Dille	Himle	Morrison	Runbeck	Weaver
Forsythe	Hugoson	Nelson, C.	Schafer	

Those who voted in the negative were:

Anderson, G.	Janezich	McLaughlin	Peterson	Sparby
Battaglia	Jaros	Milbert	Price	Steensma
Bauerly	Jefferson	Munger	Pugh	Trimble
Beard	Johnson, A.	Murphy	Quinn	Tunheim
Begich	Kahn	Nelson, K.	Reding	Vellenga
Bertram	Kalis	O'Connor	Rest	Wagenius
Brown	Kelly	Ogren	Rice	Welle
Carlson, L.	Kelso	Olson, E.	Rodosovich	Wenzel
Carruthers	Kinkel	Olson, K.	Rukavina	Williams
Clark	Kostohryz	Orenstein	Sarna	Winter
Cooper	Krueger	Osthoff	Scheid	Wynia
Dawkins	Lasley	Ostrom	Segal	Spk. Vanasek
Dorn	Lieder	Otis	Simoneau	
Greenfield	Long	Pappas	Skoglund	
Jacobs	McEachern	Pelowski	Solberg	

The motion did not prevail.

The resolution was referred to the Committee on Taxes.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 206:

Rodosovich, Pappas and Blatz.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 12:00 noon, Tuesday, May 2, 1989. The motion prevailed.

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Tuesday, May 2, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

FORTY-THIRD DAY

SAINT PAUL, MINNESOTA, TUESDAY, MAY 2, 1989

The House of Representatives convened at 12:00 noon and was called to order by Robert E. Vanasek, Speaker of the House.

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

The roll was called and the following members were present:

Abrams	Frerichs	Krueger	Orenstein	Segal
Anderson, G.	Girard	Lasley	Osthoff	Simoneau
Anderson, R.	Greenfield	Lieder	Ostrom	Skoglund
Battaglia	Gruenes	Limmer	Otis	Solberg
Bauerly	Gutknecht	Long	Ozment	Sparby
Beard	Hartle	Lynch	Pappas	Stanius
Begich	Hasskamp	Macklin	Pauly	Steenasma
Bennett	Haukoos	Marsh	Pellow	Sviggum
Bertram	Heap	McDonald	Pelowski	Swenson
Bishop	Henry	McEachern	Peterson	Tjornhom
Blatz	Himle	McGuire	Poppenhagen	Tompkins
Boo	Hugoson	McLaughlin	Price	Trimble
Brown	Jacobs	McPherson	Pugh	Tunheim
Burger	Janezich	Milbert	Quinn	Valento
Carlson, D.	Jaros	Miller	Redalen	Vellenga
Carlson, L.	Jefferson	Morrison	Reding	Wagenius
Carruthers	Jennings	Munger	Rest	Waltman
Clark	Johnson, A.	Murphy	Rice	Weaver
Conway	Johnson, R.	Nelson, C.	Richter	Welle
Cooper	Johnson, V.	Nelson, K.	Rodosovich	Wenzel
Dauner	Kahn	Neuenschwander	Rukavina	Williams
Dawkins	Kalis	O'Connor	Runbeck	Winter
Dempsey	Kelly	Ogren	Sarna	Wynia
Dille	Kelso	Olson, E.	Schafer	Spk. Vanasek
Dorn	Kinkel	Olson, K.	Scheid	
Forsythe	Knickerbocker	Ormann	Schreiber	
Frederick	Kostohryz	Onnen	Seaberg	

A quorum was present.

Uphus was excused.

Olsen, S., was excused until 5:50 p.m.

The Chief Clerk proceeded to read the Journal of the preceding

day. McDonald moved that further reading of the Journal be dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 579, 604, 1407, 1548, 1668, 13, 1221, 186, 1697, 260 and 1734 and S. F. Nos. 200, 218, 391 and 829 have been placed in the members' files.

REPORTS OF STANDING COMMITTEES

Osthoff from the Committee on Financial Institutions and Housing to which was referred:

H. F. No. 1161, A bill for an act relating to housing; authorizing the Minnesota housing finance agency to establish a neighborhood preservation program and to issue revenue bonds for city housing rehabilitation loan and grant programs; appropriating money; amending Minnesota Statutes 1988, sections 462A.03, by adding a subdivision; and 462A.08, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 462A.

Reported the same back with the following amendments:

Page 1, line 22, delete "neighborhood" and insert "housing"

Page 1, line 23, delete "neighborhood" and insert "housing"

Page 1, line 25, delete "and commercial"

Page 1, line 26, delete "eligible neighborhoods" and insert "housing"

Page 2, line 2, delete "neighborhood" and insert "area"

Page 2, line 5, delete "a neighborhood" and insert "an area"

Page 2, line 7, delete "neighborhood" and insert "housing"

Page 2, line 8, delete everything after the period

Page 2, delete line 9

Page 2, line 10, delete "NEIGHBORHOOD" and insert "AREA"

Page 2, line 11, delete "neighborhood" and insert "housing"

Page 2, line 12, delete "neighborhood" and insert "area"

Page 2, lines 13 and 16, delete "neighborhood" and insert "area"

Page 2, line 22, delete "neighborhood's" and insert "area's"

Page 3, lines 6, 14, 17, 19, 21, 24, and 27, delete "neighborhood" and insert "housing"

Page 3, line 10, delete "neighborhood" and insert "area"

Page 3, line 23, after the first "bonds" insert "of the agency"

Amend the title as follows:

Page 1, line 3, delete "neighborhood" and insert "housing"

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

The report was adopted.

Pursuant to House Rule 9.3, H. F. No. 1161 was re-referred to the Committee on Rules and Legislative Administration.

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

H. F. No. 1689, A resolution memorializing the President and Congress of the United States to take action to review and revise the statutory framework of the laws of the United States with respect to hostile takovers and stock accumulations having certain adverse effects and to permit certain state regulation.

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 1689 was read for the second time.

**INTRODUCTION AND FIRST READING
OF HOUSE BILLS**

The following House Files were introduced:

Boo, Kalis, Kelso, Sviggum and O'Connor introduced:

H. F. No. 1755, A bill for an act relating to transportation; establishing port improvement assistance program; proposing coding for new law as Minnesota Statutes, chapter 457A.

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

Blatz, McEachern, Beard, O'Connor and Pellow introduced:

H. F. No. 1756, A bill for an act relating to commerce; requiring persons selling wire and cable to provide identification and sign a receipt; amending Minnesota Statutes 1988, section 325E.21, subdivision 1.

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

Limmer, Uphus, Henry, Tjornhom and Macklin introduced:

H. F. No. 1757, A resolution memorializing Congress of ratification of a proposed amendment to the Constitution of the United States to provide for a delay in an increase in compensation to members of Congress until an intervening election of representatives has occurred.

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

HOUSE ADVISORIES

The following House Advisories were introduced:

Frerichs, Poppenhagen, Pellow, Hugoson and Girard introduced:

H. A. No. 10, A proposal to study and evaluate the economic development related programs in the state.

The advisory was referred to the Committee on Economic Development.

Trimble; Johnson, V., and Battaglia introduced:

H. A. No. 11, A proposal to study the Indian Affairs Council, its duties and membership.

The advisory was referred to the Committee on Local Government and Metropolitan Affairs.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 819, A bill for an act relating to Hennepin county; providing for the number of commissioners of the county housing and redevelopment authority; amending Minnesota Statutes 1988, section 383B.77, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1438, A resolution memorializing the Board of Governors of the Federal Reserve Board to reject amendments to its rules that would govern permissible activities of state-chartered banks.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 483, A bill for an act relating to crime; including controlled substance offenses in the evidentiary provision of the disorderly house crime; amending Minnesota Statutes 1988, section 609.33, subdivision 4.

H. F. No. 895, A bill for an act relating to state lands; authorizing the commissioner of transportation to convey certain surplus property to Stevens county for other than public purposes; authorizing

the county to sell the property for other than public purposes through a public sale.

H. F. No. 989, A bill for an act relating to trade practices; providing for payment to farm implement retailer by the manufacturer, wholesaler, or distributor who repurchases stock and inventory; amending Minnesota Statutes 1988, section 325E.06, subdivisions 1, 4, and 5.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1056, A bill for an act relating to utilities; regulating noncompetitive and competitive telephone services; amending Minnesota Statutes 1988, sections 237.07; 237.081; 237.295, subdivisions 1 and 2; 237.57, subdivision 1; 237.58, subdivision 1; 237.59, subdivisions 1, 2, 3, and 6; 237.60, subdivisions 1 and 2; 237.62, subdivisions 1 and 2, and by adding a subdivision; 237.63, subdivision 1, and by adding subdivisions; and 237.64, subdivisions 1 and 2; Laws 1987, chapter 340, section 26; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1988, sections 237.075, subdivision 1a; and 237.081, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1351, A bill for an act relating to local government; permitting the Dakota and Washington county housing and redevelopment authorities to waive performance bonds for single family housing construction; amending Laws 1971, chapter 333; and Laws 1974, chapter 475.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 100, A bill for an act relating to state government; regulating part-time employees and employment policies; amending Minnesota Statutes 1988, sections 16A.11, subdivision 3; and

43A.24, subdivision 1, and by adding a subdivision; repealing Minnesota Statutes 1988, section 43A.25.

H. F. No. 1517, A bill for an act relating to local government; authorizing the city of St. Louis Park to change the name of the housing and redevelopment authority; permitting the recording of certain deeds.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 227.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 227

A bill for an act relating to health; enacting the uniform determination of death act; proposing coding for new law in Minnesota Statutes, chapter 145.

April 18, 1989

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 227, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 227 be further amended as follows:

Page 1, line 14, after "with" insert "generally"

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

Senate Conferees: GREGORY L. DAHL, ALLAN H. SPEAR AND FRITZ KNAAK.

House Conferees: JOE QUINN, PHIL CARRUTHERS AND TERRY DEMPSEY.

Quinn moved that the report of the Conference Committee on S. F. No. 227 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 227, A bill for an act relating to health; enacting the uniform determination of death act; proposing coding for new law in Minnesota Statutes, chapter 145.

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

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Knickerbocker	Onnen	Seaberg
Anderson, G.	Frerichs	Kostohryz	Orenstein	Segal
Battaglia	Girard	Lasley	Ostrom	Simoneau
Bauerly	Greenfield	Lieder	Otis	Skoglund
Beard	Gruenes	Limmer	Ozment	Solberg
Begich	Gutknecht	Long	Pappas	Sparby
Bennett	Hartle	Macklin	Pauly	Stanius
Bertram	Hasskamp	Marsh	Pellow	Steensma
Bishop	Haukoos	McDonald	Pelowski	Swiggum
Blatz	Heap	McEachern	Peterson	Swenson
Boo	Henry	McGuire	Poppenhagen	Tjornhom
Brown	Hugoson	McPherson	Price	Tompkins
Burger	Jacobs	Milbert	Pugh	Trimble
Carlson, D.	Janezich	Miller	Quinn	Tunheim
Carlson, L.	Jaros	Morrison	Redalen	Valento
Carruthers	Jefferson	Munger	Reding	Vellenga
Clark	Jennings	Murphy	Rest	Wagenius
Conway	Johnson, A.	Nelson, C.	Rice	Waltman
Cooper	Johnson, R.	Nelson, K.	Richter	Weaver
Dauner	Johnson, V.	Neuenschwander	Rodosovich	Welle
Dawkins	Kahn	O'Connor	Rukavina	Wenzel
Dempsey	Kalis	Ogren	Sarna	Williams
Dille	Kelly	Olson, E.	Schafer	Winter
Dorn	Kelso	Olson, K.	Scheid	Wynia
Forsythe	Kinkel	Omam	Schreiber	Spk. Vanasek

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 490, 840, 1139, 786, 922, 1027, 459, 1083, 164 and 723.

PATRICK E. FLAHAVER, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 49, 476, 572, 583, 598, 1042, 783, 1009, 1258, 486, 834, 1191, 243, 590, 1031 and 1401.

PATRICK E. FLAHAVER, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 281, 180, 847, 1070, 809, 858, 1269, 886 and 1039.

PATRICK E. FLAHAVER, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 490, A bill for an act relating to human services; requiring county community social service plans to address the development of supported employment services; amending Minnesota Statutes 1988, section 256E.09, subdivision 3.

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

S. F. No. 840, A bill for an act relating to human services; defining persons with related conditions to include persons with prader-willi syndrome; amending Minnesota Statutes 1988, section 252.27, subdivision 1.

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

S. F. No. 1139, A bill for an act relating to occupations and professions; providing that psychologists licensed by the board of psychology and competent in marriage and family therapy may present themselves to the public as marriage and family therapists without being licensed by the board of marriage and family therapy

examiners; amending Minnesota Statutes 1988, section 148B.32, subdivision 2.

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

S. F. No. 786, A bill for an act relating to sheriffs; allowing county boards to set sheriffs' fees; amending Minnesota Statutes 1988, section 357.09.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 922, A bill for an act relating to education; limiting the number of and altering petition procedures for school district levy referendums; amending Minnesota Statutes 1988, section 124A.03, subdivision 2.

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

S. F. No. 1027, A bill for an act relating to housing; making provisions for manufactured home park security deposits; amending Minnesota Statutes 1988, section 327C.02, subdivision 2.

The bill was read for the first time and referred to the Committee on Financial Institutions and Housing.

S. F. No. 459, A bill for an act relating to local government; granting certain water and sewer powers to towns; amending Minnesota Statutes 1988, sections 444.075, subdivision 1; 444.16; 444.17; 444.18; 444.19; and 444.20.

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

S. F. No. 1083, A bill for an act relating to the environment; providing an exemption process from the power plant siting requirements for certain generating plants; appropriating money; amending Minnesota Statutes 1988, section 116C.57, by adding a subdivision.

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

S. F. No. 164, A bill for an act relating to workers' compensation; providing for certified questions to the workers' compensation court of appeals; proposing coding for new law in Minnesota Statutes, chapter 176.

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

S. F. No. 723, A bill for an act relating to occupations and professions; regulating nursing; proposing the Minnesota nurse practice act; providing penalties; amending Minnesota Statutes 1988, sections 144A.43, subdivision 3; 145A.02, subdivision 18; 148.171; 148.181; 148.191; 148.211; 148.231; 148.241; 148.251; 148.261; 148.271; 148.281; 148.283; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1988, sections 145A.06, subdivision 3; 148.191, subdivision 3; 148.221; 148.251, subdivision 2; 148.261, subdivision 3; 148.272; 148.281, subdivision 1a; 148.286; 148.29; 148.291; 148.292; 148.293; 148.294; 148.295; 148.296; 148.297; 148.298; and 148.299.

The bill was read for the first time.

Segal moved that S. F. No. 723 and H. F. No. 728, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 49, A bill for an act relating to agriculture; authorizing grazing or haying of certain land under conservation easements with the approval of the governor; amending Minnesota Statutes 1988, section 40.43, subdivision 4.

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

S. F. No. 476, A bill for an act relating to game and fish; prohibiting harassment of persons taking wild animals; proposing coding for new law in Minnesota Statutes, chapter 97A.

The bill was read for the first time.

Miller moved that S. F. No. 476 and H. F. No. 187, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 572, A bill for an act relating to crimes; increasing the

penalty for falsely reporting child abuse to influence child custody hearing; amending Minnesota Statutes 1988, section 609.507.

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

S. F. No. 583, A bill for an act relating to agriculture; regulating the manufacture of cultured dairy food; requiring pasteurization for certain dairy products; amending Minnesota Statutes 1988, section 32.486, subdivision 1, and by adding a subdivision.

The bill was read for the first time.

Bauerly moved that S. F. No. 583 and H. F. No. 1175, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 598, A bill for an act relating to natural resources; changing certain provisions relating to the acquisition, disposition, and exchange of state lands; amending Minnesota Statutes 1988, sections 84.0272; 84.0274, by adding a subdivision; 92.19; 94.09, subdivision 2; 94.342, subdivision 3; 94.343, subdivision 3; and 94.344, subdivision 3.

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

S. F. No. 1042, A bill for an act relating to agriculture; requiring the use of soy-based ink for some printing operations; proposing coding for new law in Minnesota Statutes, chapter 16B.

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

S. F. No. 783, A bill for an act relating to education; proposing a fifth year incentive plan for teachers in the Duluth school district.

The bill was read for the first time.

Jaros moved that S. F. No. 783 and H. F. No. 872, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1009, A bill for an act relating to Carver and Scott counties; providing for the location of offices for the county attorney,

court administrator, and sheriff, and for the location of the district court and the county jail.

The bill was read for the first time.

McDonald moved that S. F. No. 1009 and H. F. No. 1179, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1258, A bill for an act relating to Martin county; permitting the county board to assign certain duties to the county recorder.

The bill was read for the first time.

Hugoson moved that S. F. No. 1258 and H. F. No. 1504, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 486, A bill for an act relating to juvenile justice; requiring reasonable efforts to prevent placement of children in need of protection or services proceedings; amending duty of juvenile court to ensure placement prevention and family reunification; defining reasonable efforts; clarifying definitions, jurisdiction, and services for Indian children; requiring preference for racial or ethnic heritage for appointment of guardian ad litem; requiring consideration of reasonable efforts in factors determining neglect; requiring that a child be in imminent danger for detention; permitting social services to release for detention; requiring finding of reasonable efforts at detention; and imposing requirements for disposition case plans; amending Minnesota Statutes 1988, sections 260.012; 260.015, subdivisions 11, 13, 14, and by adding subdivisions; 260.111, by adding a subdivision; 260.135, subdivision 2; 260.141; 260.155, subdivisions 4 and 7; 260.165, subdivision 1; 260.171, subdivision 1; 260.172, subdivisions 1 and 4; 260.173, subdivision 2; 260.181, subdivision 2; and 260.191, subdivisions 1a and 1e.

The bill was read for the first time.

Rest moved that S. F. No. 486 and H. F. No. 981, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 834, A bill for an act relating to consumer protection; requiring motor vehicle damage disclosures and branding certificates of title; amending Minnesota Statutes 1988, sections 168A.04, subdivisions 1 and 4; and 168A.05, subdivisions 3 and 5; proposing coding for new law in Minnesota Statutes, chapter 325F.

The bill was read for the first time.

Sarna moved that S. F. No. 834 and H. F. No. 1118, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1191, A bill for an act relating to political subdivisions; permitting participation in risk retention groups; amending Minnesota Statutes 1988, section 471.981, by adding a subdivision.

The bill was read for the first time.

Carruthers moved that S. F. No. 1191 and H. F. No. 1407, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 243, A bill for an act relating to insurance; regulating access to certain insurance and medical data; amending Minnesota Statutes 1988, section 176.138.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

S. F. No. 590, A bill for an act relating to veterans; requiring corrections officials to consider the fact that a veteran inmate suffers from posttraumatic stress disorder in the preparation of the inmate's corrections plan; proposing coding for new law in Minnesota Statutes, chapter 243.

The bill was read for the first time.

Welle moved that S. F. No. 590 and H. F. No. 759, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1031, A bill for an act relating to health; establishing notice requirements for emergency medical services personnel who are first responders; providing safeguards for first responders against exposure to infectious diseases; proposing coding for new law in Minnesota Statutes, chapter 144.

The bill was read for the first time.

Trimble moved that S. F. No. 1031 and H. F. No. 1379, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1401, A bill for an act relating to economic development; changing the requirements for loans to Indians; amending Minnesota Statutes 1988, section 116J.64, subdivision 7.

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

S. F. No. 281, A bill for an act relating to agriculture; allowing nuisance free, pollution free, aesthetic disposal of solid waste on agricultural land by a person engaged in farming; requiring planning and providing technical and financial assistance for land application of certain solid wastes; requiring the pollution control agency to notify the commissioner of agriculture and hold public hearings on rules affecting farming operations; amending Minnesota Statutes 1988, sections 14.115, subdivision 1; 115A.46, subdivision 2; 115A.48, subdivisions 1, 2, and by adding a subdivision; and 116.07, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 17.

The bill was read for the first time.

Olson, E., moved that S. F. No. 281 and H. F. No. 1040, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 180, A bill for an act relating to the office of the secretary of state; establishing a procedure for contesting the registration of a corporation, limited partnership, or assumed name, or a trade or service mark with the secretary of state; providing that the office of the secretary of state is not liable for registrations; amending Minnesota Statutes 1988, sections 300.025; 302A.115, by adding a subdivision; 303.05, by adding a subdivision; 308.06, by adding a subdivision; 317.09, by adding a subdivision; 322A.02; 322A.72; 1989 S.F. No. 525, section 12, by adding a subdivision; S.F. No. 848, article 1, section 8, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 5.

The bill was read for the first time.

Hugoson moved that S. F. No. 180 and H. F. No. 513, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 847, A bill for an act relating to transportation; deregulating persons who provide transportation service under contract to and with assistance from the department of transportation; amending Minnesota Statutes 1988, sections 221.022; 221.025; and 221.031, by adding a subdivision.

The bill was read for the first time.

Hasskamp moved that S. F. No. 847 and H. F. No. 953, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1070, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited land that borders public water in Chisago county.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 809, A bill for an act relating to juveniles; including emotionally abused children among children in need of protection or services; amending Minnesota Statutes 1988, section 260.015, subdivision 2a, and by adding a subdivision.

The bill was read for the first time.

Stanius moved that S. F. No. 809 and H. F. No. 604, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 858, A bill for an act relating to health; authorizing community health boards to establish community-based health promotion teams; prescribing duties; amending Minnesota Statutes 1988, section 145A.10, by adding a subdivision.

The bill was read for the first time.

Schafer moved that S. F. No. 858 and H. F. No. 1110, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1269, A bill for an act relating to gambling; video games of chance; requiring notice to the public and to employees of the consequences of participating in cash awards; amending Minnesota Statutes 1988, sections 349.51, subdivision 2; 349.53; and 349.56; proposing coding for new law in Minnesota Statutes, chapter 349.

The bill was read for the first time.

Price moved that S. F. No. 1269 and H. F. No. 1648, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 886, A bill for an act relating to insurance; township mutuals; permitting the directors to choose a manager who need not be a member of the board; expanding the permissible duties of the treasurer and manager; permitting township mutual fire insurance companies to cover certain secondary property; permitting township mutual insurance companies to insure secondary property outside the companies' territory under certain circumstances; setting forth a director's personal liability; amending Minnesota Statutes 1988, sections 67A.09, subdivision 1; 67A.12, subdivision 1; 67A.14, subdivisions 1 and 5; and 67A.17, subdivisions 2 and 3.

The bill was read for the first time.

Cooper moved that S. F. No. 886 and H. F. No. 780, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1039, A bill for an act relating to charitable gambling; permitting organizations to treat legal expenses as an allowable expense; amending Minnesota Statutes 1988, section 349.15.

The bill was read for the first time.

Jacobs moved that S. F. No. 1039 and H. F. No. 1358, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Long requested immediate consideration of H. F. No. 1734.

H. F. No. 1734 was reported to the House.

Waltman moved to amend H. F. No. 1734, the first engrossment, as follows:

Page 40, after line 4, insert:

"Sec. 3. Minnesota Statutes 1988, section 270.16, subdivision 1, is amended to read:

Subdivision 1. ~~When it shall be made to appear to~~ The commissioner of revenue, ~~by shall examine any complaint or by the any finding of a court or of the legislature, or either body of the legislature, or any committee of the legislature, or any city council or county board, that any considerable amount of property has been improperly omitted from the tax list or assessment roll of any~~

district or county for any year, or, if assessed, that ~~the same~~ it has been undervalued or overvalued, as compared with like property in the same county or in the state so that the assessment for such year in such district or county is grossly unfair and inequitable. A complaint or finding may be made whether or not the same property has been equalized by the county board of equalization or the commissioner of revenue. The commissioner of revenue shall examine into the facts in the matter ~~and~~. If satisfied ~~therefrom~~ that it would be for the best interests of the state that a reassessment of such the property be made, the commissioner shall appoint a special assessor and ~~such~~ deputy assessors as ~~may~~ be necessary and cause a reassessment to be made of all or any of the real and personal property, or either, ~~in any such district or county as the commissioner may deem best~~, to the end that all property in ~~such~~ the district or county shall be assessed equitably as compared with ~~like~~ property in ~~such~~ the district or county. At the request of the governing body of the district or county, a contested case hearing shall be held under chapter 14 to determine whether there is a need for a reassessment under this subdivision.

Sec. 4. Minnesota Statutes 1988, section 270.18, is amended to read:

270.18 [REASSESSMENT; COMPENSATION; REIMBURSEMENT BY COUNTIES.]

The compensation of each special assessor and deputies, appointed under the provisions of sections 270.11, subdivision 3, and 270.16, and ~~the~~ their expenses as such, shall be fixed by the commissioner of revenue and paid out of money appropriated for operation of the department of revenue. The commissioner of revenue on ~~October~~ June 1 shall notify the auditor of each affected county of the amount thereof paid on behalf of such county since October 1, 1988, or in years subsequent to 1989, since June 1 of the preceding year, ~~whereupon~~. At the request of the governing body of the assessment district, a contested case hearing shall be held under chapter 14 to determine whether the amount charged by the commissioner of revenue is fair and equitable. The county auditor shall levy a tax upon the taxable property in the assessment district or districts ~~wherein~~ such in which the reassessment was made sufficient to pay the ~~same~~ amount due. One-half of ~~such~~ the tax shall be levied in the year in which the commissioner of revenue so notifies the county auditor and the remaining one-half shall be levied in the following year. The respective counties shall reimburse the state by paying one-half of the tax so assessed on or before July 1 and the remaining one-half on or before December 1 in the year in which the tax is payable by owner, whether or not the tax was collected by the county. The reimbursement shall be credited to the general fund. If any county fails to reimburse the state within the time specified ~~herein~~ in this section, the commissioner of revenue is ~~empowered to~~ may

order withholding of state aids or distributions to such the county equal to the amount delinquent.”

Page 43, after line 31, insert:

“Sec. 10. Minnesota Statutes 1988, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 6, 8, and 9 or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under \$100 is rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, ~~or for~~ a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the gross tax capacity of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.”

Page 48, after line 4, insert:

“Sec. 16. Minnesota Statutes 1988, section 273.12, is amended to read:

273.12 [ASSESSMENT OF REAL PROPERTY.]

It shall be the duty of every assessor and board, in estimating and

determining the value of lands for the purpose of taxation, to consider and give due weight to every element and factor affecting the market value thereof, including its location with reference to roads and streets and the location of roads and streets thereon or over the same, and to take into consideration a reduction in the acreage of each tract or lot sufficient to cover the amount of land actually used for any improved public highway and the reduction in area of land caused thereby, provided, that in determining the market value of vacant land, the fact that such land is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the gross tax capacity of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to lands which are comparable in character, quality, and location, to the end that all lands similarly located and improved will be assessed upon a uniform basis and without discrimination and, for agricultural lands, to consider and give recognition to its earning potential as measured by its free market rental rate.

Notwithstanding the provisions of this or any other section, no additional value shall be assessed for unmined mineral value except for iron ore or taconite."

Page 78, after line 26, insert:

"Section 3 is effective for complaints or findings received by the commissioner after the date of enactment of this act. Section 4 is effective for notices from the commissioner to county auditors after the date of enactment of this act."

Renumber the sections in article 5 in sequence

Correct internal references

Amend the title as follows:

Page 1, line 33, after "subdivision," insert "270.16, subdivision 1; 270.18;"

Page 1, line 36, after "273.11," insert "subdivision 1, and"

Page 1, line 39, after "2," insert "273.12;"

POINT OF ORDER

Long raised a point of order pursuant to rule 3.10 that the Waltman amendment was not in order. The Speaker ruled the point of order not well taken and the amendment in order.

The question recurred on the Waltman amendment to H. F. No. 1734, the first engrossment. The motion did not prevail and the amendment was not adopted.

Dempsey moved to amend H. F. No. 1734, the first engrossment, as follows:

Page 24, after line 9, insert:

“Sec. 8. Minnesota Statutes 1988, section 297A.275, is amended to read:

297A.275 [ACCELERATED PAYMENT OF JUNE LIABILITY.]

(a) Every vendor having a liability of \$1,500 or more in May 1988 or 1989, in May of each subsequent year 1990, or in May 1991, shall remit the June liability in the manner required by this section paragraph.

On or before June 20, 1988 1989, or June 20 of each subsequent year, 1990, or June 20, 1991, the vendor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(b) Every vendor having a liability of \$5,000 or more in May 1992 and May 1993, shall remit the June liability in the manner required by this paragraph.

On or before June 20, 1992, and June 20, 1993, the vendor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(c) Every vendor having a liability of \$15,000 or more in May 1994 and May 1995, shall remit the June liability in the manner required by this paragraph.

On or before June 20, 1994, and June 20, 1995, the vendor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(d) Every vendor having a liability of \$50,000 or more in May 1996 and May 1997, shall remit the June liability in the manner required by this paragraph.

On or before June 20, 1996, and June 20, 1997, the vendor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(e) On or before August 20, 1988 1989, or August 20 of each subsequent year, the vendor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is hereby imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) 45 percent of the actual June liability, or (b) 50 percent of the preceding May's liability."

Page 25, after line 11, insert:

"Sec. 10. [REPEALER.]

Minnesota Statutes 1988, section 297A.275, is repealed."

Page 25, line 15, delete "8" and insert "9"

Page 25, line 17, after the period insert "Section 10 is effective January 1, 1998."

Renumber the sections in article 2 in sequence

Correct internal references

Amend the title as follows:

Page 2, after line 21, insert "297A.275;"

Page 2, after line 47, insert "297A.275;"

A roll call was requested and properly seconded.

The question was taken on the Dempsey amendment and the roll was called. There were 57 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Abrams
Anderson, R.

Bennett
Blatz

Boo
Burger

Carlson, D.
Cooper

Dempsey
Dille

Forsythe	Himle	McDonald	Pellow	Swenson
Frederick	Hugoson	McPherson	Poppenhagen	Tjornhom
Frerichs	Jennings	Miller	Redalen	Tompkins
Girard	Johnson, R.	Morrison	Richter	Valento
Gruenes	Johnson, V.	Olson, K.	Runbeck	Waltman
Gutknecht	Knickerbocker	Omamm	Schafer	Weaver
Hartle	Limmer	Onnen	Schreiber	Williams
Haukoos	Lynch	Osthoff	Seaberg	
Heap	Macklin	Ozment	Stanisus	
Henry	Marsh	Pauly	Sviggum	

Those who voted in the negative were:

Anderson, G.	Greenfield	Lieder	Otis	Segal
Battaglia	Hasskamp	Long	Pappas	Simoneau
Bauerly	Jacobs	McEachern	Pelowski	Skoglund
Beard	Janezich	McGuire	Peterson	Solberg
Begich	Jaros	McLaughlin	Price	Steensma
Bertram	Jefferson	Milbert	Pugh	Trimble
Brown	Johnson, A.	Murphy	Quinn	Tunheim
Carlson, L.	Kalis	Nelson, C.	Reding	Vellenga
Carruthers	Kelly	Nelson, K.	Rest	Wagenius
Clark	Kelso	O'Connor	Rice	Welle
Conway	Kinkel	Ogren	Rodosovich	Wenzel
Dauner	Kostohryz	Olson, E.	Rukavina	Winter
Dawkins	Krueger	Orenstein	Sarna	Wynia
Dorn	Lasley	Ostrom	Scheid	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Knickerbocker moved to amend H. F. No. 1734, the first engrossment, as follows:

Page 50, line 35, delete "3.0" and insert "2.5"

A roll call was requested and properly seconded.

The question was taken on the Knickerbocker amendment and the roll was called. There were 49 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Knickerbocker	Nelson, K.	Segal
Bennett	Gruenes	Limmer	Onnen	Stanisus
Bishop	Gutknecht	Lynch	Orenstein	Sviggum
Blatz	Hartle	Macklin	Pauly	Swenson
Boo	Haukoos	Marsh	Pellow	Tjornhom
Burger	Heap	McDonald	Poppenhagen	Tompkins
Dempsey	Henry	McPherson	Runbeck	Valento
Dille	Himle	Miller	Schafer	Waltman
Forsythe	Kalis	Morrison	Schreiber	Weaver
Frederick	Kelso	Munger	Seaberg	

Those who voted in the negative were:

Anderson, G.	Battaglia	Beard	Bertram	Carlson, D.
Anderson, R.	Bauerly	Begich	Brown	Carlson, L.

Carruthers	Johnson, A.	Murphy	Peterson	Steensma
Clark	Johnson, R.	Nelson, C.	Price	Trimble
Conway	Johnson, V.	Neuenschwander	Pugh	Tunheim
Cooper	Kahn	O'Connor	Quinn	Vellenga
Dauner	Kelly	Ogren	Reding	Wagenius
Dawkins	Kinkel	Olson, E.	Rest	Welle
Dorn	Kostohryz	Olson, K.	Rice	Wenzel
Girard	Krueger	Omann	Rodosovich	Williams
Greenfield	Lasley	Osthoff	Sarna	Winter
Hasskamp	Lieder	Ostrom	Scheid	Wynia
Hugoson	McEachern	Otis	Simoneau	Spk. Vanasek
Jacobs	McGuire	Ozment	Skoglund	
Jefferson	McLaughlin	Pappas	Solberg	
Jennings	Milbert	Pelowski	Sparby	

The motion did not prevail and the amendment was not adopted.

CALL OF THE HOUSE

On the motion of Schreiber and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abrams	Frederick	Krueger	Orenstein	Segal
Anderson, G.	Frerichs	Lasley	Osthoff	Simoneau
Anderson, R.	Girard	Lieder	Ostrom	Skoglund
Battaglia	Greenfield	Long	Ozment	Solberg
Bauerly	Gruenes	Lynch	Pappas	Sparby
Beard	Gutknecht	Macklin	Pellow	Stanius
Begich	Hartle	Marsh	Pelowski	Steensma
Bennett	Hasskamp	McDonald	Peterson	Sviggum
Bertram	Haukoos	McEachern	Poppenhagen	Swenson
Bishop	Heap	McGuire	Price	Tjornhom
Blatz	Henry	McLaughlin	Pugh	Tompkins
Boo	Himle	McPherson	Quinn	Trimble
Brown	Hugoson	Milbert	Redalen	Tunheim
Burger	Jacobs	Miller	Reding	Valento
Carlson, D.	Janezich	Morrison	Rest	Vellenga
Carlson, L.	Jaros	Murphy	Rice	Wagenius
Carruthers	Jefferson	Nelson, C.	Richter	Waltman
Clark	Johnson, A.	Nelson, K.	Rodosovich	Weaver
Conway	Johnson, R.	Neuenschwander	Rukavina	Welle
Cooper	Johnson, V.	O'Connor	Runbeck	Wenzel
Dauner	Kelly	Ogren	Sarna	Williams
Dawkins	Kelso	Olson, E.	Schafer	Winter
Dempsey	Kinkel	Olson, K.	Scheid	Spk. Vanasek
Dorn	Knickerbocker	Omann	Schreiber	
Forsythe	Kostohryz	Onnen	Seaberg	

Schreiber moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Johnson, V.; Schafer; McDonald; Richter; Swenson; Henry; Boo; Heap; Pauly; Frederick; Stanius; Waltman; Hugoson; Tjornhom; Sviggum; Poppenhagen; Knickerbocker; McPherson; Marsh; Haukoos; Valento; Weaver; Girard; Miller; Runbeck; Macklin; Tompkins; Gruenes; Beard; Anderson, R.; Frerichs; Dempsey; Onnen; Himle and Dille moved to amend H. F. No. 1734, the first engrossment, as follows:

Pages 172 to 176 delete Article 11

Renumber remaining articles

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Johnson, V., et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 65 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Abrams	Dille	Hugoson	Miller	Runbeck
Anderson, R.	Forsythe	Jacobs	Morrison	Schafer
Beard	Frederick	Johnson, A.	Nelson, C.	Schreiber
Bennett	Frerichs	Johnson, R.	Omman	Seaberg
Bertram	Girard	Johnson, V.	Onnen	Stanius
Bishop	Gruenes	Knickerbocker	Ostrom	Sviggum
Blatz	Gutknecht	Kostohryz	Ozment	Swenson
Boo	Hartle	Limmer	Pauly	Tjornhom
Burger	Hasskamp	Lynch	Pellow	Tompkins
Carlson, D.	Haukoos	Macklin	Poppenhagen	Valento
Conway	Heap	Marsh	Pugh	Waltman
Dauner	Henry	McDonald	Redalen	Weaver
Dempsey	Himle	McPherson	Richter	Williams

Those who voted in the negative were:

Anderson, G.	Jaros	McLaughlin	Pappas	Simoneau
Battaglia	Jefferson	Milbert	Pelowski	Skoglund
Bauerly	Jennings	Munger	Peterson	Solberg
Begich	Kahn	Murphy	Price	Sparby
Brown	Kalis	Nelson, K.	Quinn	Steensma
Carlson, L.	Kelly	Neuenschwander	Reding	Trimble
Carruthers	Kelso	O'Connor	Rest	Tunheim
Clark	Kinkel	Ogren	Rice	Vellenga
Cooper	Krueger	Olson, E.	Rodosovich	Wagenius
Dawkins	Lasley	Olson, K.	Rukavina	Welle
Dorn	Lieder	Orenstein	Sarna	Wenzel
Greenfield	Long	Osthoff	Scheid	Winter
Janezich	McGuire	Otis	Segal	Wynia
				Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Haukoos, McDonald and Sviggum moved to amend H. F. No. 1734, the first engrossment, as follows:

Page 25, after line 11, insert:

“Sec. 9. [REFUND.]

Notwithstanding the time limitations of Minnesota Statutes, section 297A.35, an organization that paid taxes before June 1, 1986, under Minnesota Statutes, chapter 297A, on the gross receipts from the conduct of lawful gambling received between March 1, 1982, and June 30, 1985, shall receive a refund from the commissioner of 50 percent of the taxes paid upon the filing of a claim for refund. The claim must be filed before January 1, 1990. No interest is payable on the refund.

Sec. 10. [APPROPRIATION.]

The amount necessary to pay the refunds in section 9 is appropriated from the general fund to the commissioner of revenue for fiscal years 1989 and 1990.

Page 25, line 17, after the period insert “Sections 9 and 10 are effective the day following final enactment.”

Renumber the remaining sections in article 2 in sequence

A roll call was requested and properly seconded.

The question was taken on the Haukoos et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 51 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Himle	Miller	Runbeck
Anderson, R.	Frederick	Hugoson	Morrison	Schafer
Bennett	Frerichs	Johnson, V.	Omann	Schreiber
Bishop	Girard	Knickerbocker	Onnen	Seaberg
Blatz	Gruenes	Limmer	Ozment	Stanius
Boo	Gutknecht	Lynch	Pauly	Sviggum
Burger	Hartle	Macklin	Pellow	Swenson
Carlson, D.	Haukoos	Marsh	Poppenhagen	Tjornhom
Conway	Heap	McDonald	Redalen	Tompkins
Dempsey	Henry	McPherson	Richter	Valento
				Waltman

Those who voted in the negative were:

Anderson, G.	Bertram	Cooper	Greenfield	Jefferson
Battaglia	Brown	Dauner	Hasskamp	Jennings
Bauerly	Carlson, L.	Dawkins	Jacobs	Johnson, A.
Beard	Carruthers	Dille	Janezich	Johnson, R.
Beigh	Clark	Dorn	Jaros	Kahn

Kalis	Milbert	Ostrom	Rukavina	Wagenius
Kelly	Munger	Otis	Sarna	Weaver
Kelso	Murphy	Pappas	Scheid	Welle
Kinkel	Nelson, C.	Pelowski	Segal	Wenzel
Kostohryz	Nelson, K.	Peterson	Simoneau	Williams
Krueger	Neuenschwander	Price	Skoglund	Winter
Lasley	O'Connor	Pugh	Solberg	Wynia
Lieder	Ogren	Quinn	Sparby	Spk. Vanasek
Long	Olson, E.	Reding	Steensma	
McEachern	Olson, K.	Rest	Trimble	
McGuire	Orenstein	Rice	Tunheim	
McLaughlin	Osthoff	Rodosovich	Vellenga	

The motion did not prevail and the amendment was not adopted.

Bauerly moved to amend H. F. No. 1734, the first engrossment, as follows:

Page 175, after line 15, insert a section to read:

"Sec. 7. Minnesota Statutes 1988, section 349.212, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) There is imposed a tax on the sale of each deal of pull-tabs and tipboards sold by a licensed distributor to a licensed organization, or to an organization holding an exemption identification number. The rate of the tax is ten percent of the ideal net of the pull-tab and tipboard deal. The tax is payable to the commissioner of revenue in the manner prescribed in section 349.2121 and the rules of the commissioner. The commissioner shall pay the proceeds of the tax to the state treasurer for deposit in the general fund. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor to an organization is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A if the tax imposed by this subdivision has been paid and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 4.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the licensed or exempt organization, to a common or contract carrier for delivery to the organization, or when received by the organization's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

(c) The exemptions contained in section 349.214, subdivision 2, paragraph (b), do not apply to the tax imposed in this subdivision. A distributor must require an exempt organization purchasing pull-tabs and tipboards to show proof of its exempt status, including its exemption identification number, before making a tax-exempt sale

to the organization. Each distributor must identify each such tax-exempt sale on reports required under section 349.2121, subdivision 4."

Page 176, after line 18, insert a section to read:

"Sec. 9. Minnesota Statutes 1988, section 349.214, subdivision 4, is amended to read:

Subd. 4. [TAXATION.] An organization's receipts from lawful gambling that is exempt from licensing under this section is not subject to the tax imposed by section 297A.02 or 349.212. The sale of pull-tabs and tipboards to an organization exempt from licensing under this section is exempt from the tax imposed by section 349.212, subdivision 4."

Renumber the remaining sections

Amend the title:

Page 2, line 24, after "349.212," insert "subdivision 4, and"

Page 2, line 25, after the semicolon insert "349.214, subdivision 4,"

The motion prevailed and the amendment was adopted.

Morrison, Forsythe, Blatz, Heap, Himle, Pauly, Knickerbocker, Frerichs and Seaberg moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 195, line 6, delete "and" and insert a comma

Page 195, line 6, before "are" insert "473F.01, 473F.02, 473F.03, 473F.05, 473F.06, 473F.07, 473F.08, 473F.09, 473F.10, 473F.11, 473F.12, and 473F.13"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Morrison et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 22 yeas and 106 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Heap	McPherson	Seaberg
Bishop	Frederick	Henry	Miller	Tompkins
Blatz	Frerichs	Himle	Morrison	
Boo	Gruenes	Kelso	Pauly	
Dempsey	Haukoos	Knickerbocker	Poppenhagen	

Those who voted in the negative were:

Anderson, G.	Gutknecht	Long	Ostrom	Segal
Anderson, R.	Hartle	Lynch	Otis	Simoneau
Battaglia	Hasskamp	Macklin	Ozment	Skoglund
Bauerly	Hugoson	Marsh	Pappas	Solberg
Beard	Jacobs	McDonald	Pellow	Sparby
Begich	Janezich	McEachern	Pelowski	Stanius
Bennett	Jaros	McGuire	Peterson	Steensma
Bertram	Jefferson	McLaughlin	Price	Swenson
Burger	Jennings	Milbert	Pugh	Tjornhom
Carlson, D.	Johnson, A.	Munger	Quinn	Trimble
Carlson, L.	Johnson, R.	Murphy	Reding	Tunheim
Carruthers	Johnson, V.	Nelson, C.	Rest	Valento
Clark	Kahn	Neuenschwander	Rice	Vellenga
Conway	Kalis	O'Connor	Richter	Wagenius
Cooper	Kelly	Ogren	Rodosovich	Waitman
Dauner	Kinkel	Olson, E.	Rukavina	Weaver
Dawkins	Kostohryz	Olson, K.	Runbeck	Welle
Dille	Krueger	Omann	Sarna	Wenzel
Dorn	Lasley	Onnen	Schafer	Williams
Girard	Lieder	Orenstein	Scheid	Winter
Greenfield	Limmer	Osthoff	Schreiber	Wynia
				Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Sviggum and Schafer moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 88, line 18, strike "three" and insert "the percentage growth in the implicit price deflator or six" and after "percent" insert "whichever is greater,"

A roll call was requested and properly seconded.

The question was taken on the Sviggum and Schafer amendment and the roll was called.

McLaughlin moved that those not voting be excused from voting. The motion prevailed.

There were 24 yeas and 105 nays as follows:

Those who voted in the affirmative were:

Bennett	Dille	Hugoson	Onnen	Swiggum
Burger	Forsythe	McPherson	Redalen	Tompkins
Conway	Frerichs	Miller	Schafer	Valento
Dauner	Girard	Morrison	Schreiber	Waltman
Dempsey	Haukoos	Olson, K.	Seaberg	

Those who voted in the negative were:

Abrams	Gruenes	Kostohryz	Orenstein	Scheid
Anderson, G.	Gutknecht	Krueger	Osthoff	Segal
Anderson, R.	Hartle	Lasley	Ostrom	Simoneau
Battaglia	Hasskamp	Lieder	Otis	Skoglund
Bauerly	Heap	Limmer	Ozment	Solberg
Beard	Henry	Long	Pappas	Sparby
Begich	Himle	Lynch	Pauly	Stanius
Bertram	Jacobs	Macklin	Pellow	Steensma
Bishop	Janezich	Marsh	Pelowski	Swenson
Blatz	Jaros	McEachern	Peterson	Tjornhom
Boo	Jefferson	McGuire	Poppenhagen	Trimble
Brown	Jennings	McLaughlin	Price	Tunheim
Carlson, D.	Johnson, A.	Milbert	Pugh	Vellenga
Carlson, L.	Johnson, R.	Munger	Quinn	Wagenius
Carruthers	Johnson, V.	Nelson, C.	Reding	Weaver
Clark	Kahn	Nelson, K.	Rest	Welle
Cooper	Kahs	Neuenschwander	Rice	Wenzel
Dawkins	Kelly	O'Connor	Rodosovich	Williams
Dorn	Kelso	Ogren	Rukavina	Winter
Frederick	Kinkel	Olson, E.	Runbeck	Wynia
Greenfield	Knickerbocker	Omann	Sarna	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Tompkins, Frerichs and Seaberg moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 86, delete lines 20 to 36

Delete page 87

Page 88, delete lines 1 to 10

Page 89, delete lines 7 to 11

Page 89, line 15, delete "greater of the"

Page 89, delete line 16

Page 89, line 17, delete "subdivision 3g or the"

Renumber sections in the article in sequence

Amend the title as follows:

Page 2, line 2, delete "3g,"

A roll call was requested and properly seconded.

The question was taken on the Tompkins et al amendment and the roll was called.

McLaughlin moved that those not voting be excused from voting. The motion prevailed.

There were 50 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Johnson, V.	Onnen	Schafer
Beard	Frerichs	Knickerbocker	Ozment	Schreiber
Bennett	Girard	Limmer	Pauly	Seaberg
Blatz	Gruenes	Lynch	Pellow	Stanius
Boo	Gutknecht	Marsh	Pelowski	Sviggum
Burger	Hasskamp	McDonald	Poppenhagen	Swenson
Carlson, D.	Haukoos	McPherson	Pugh	Tjornhom
Conway	Henry	Miller	Redalen	Tompkins
Dempsey	Himle	Morrison	Richter	Valento
Dille	Hugoson	Omann	Runbeck	Waltman

Those who voted in the negative were:

Anderson, G.	Greenfield	Krueger	Olson, E.	Simoneau
Anderson, R.	Hartle	Lasley	Olson, K.	Skoglund
Battaglia	Heap	Lieder	Orenstein	Solberg
Bauerly	Jacobs	Long	Osthoff	Sparby
Begich	Janezich	Macklin	Ostrom	Steensma
Bertram	Jaros	McEachern	Otis	Trimble
Bishop	Jefferson	McGuire	Pappas	Tunheim
Brown	Jennings	McLaughlin	Peterson	Vellenga
Carlson, L.	Johnson, A.	Milbert	Price	Wagenius
Carruthers	Johnson, R.	Munger	Quinn	Weaver
Clark	Kahn	Murphy	Reding	Welle
Cooper	Kalis	Nelson, C.	Rest	Wenzel
Dauner	Kelly	Nelson, K.	Rodosovich	Williams
Dawkins	Kelso	Neuenschwander	Rukavina	Winter
Dorn	Kinkel	O'Connor	Sarna	Wynia
Forsythe	Kostohryz	Ogren	Scheid	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Sparby moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 48, after line 4, insert:

"Sec. 13. Minnesota Statutes 1988, section 273.124, subdivision 8, is amended to read:

Subd. 8. [HOMESTEAD OWNED BY FAMILY FARM CORPORATION OR PARTNERSHIP.] (a) Each family farm corporation and each partnership operating a family farm is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment for one homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. Homestead treatment applies even if legal title to the property is in the name of the corporation or partnership and not in the name of the person residing on it. "Family farm corporation" and "family farm" have the meanings given in section 500.24, except that the number of allowable shareholders or partners under this subdivision shall not exceed 12.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership must also be assessed as class 2a property or as class 1b property under section 273.13, subdivision 22, paragraph (b), but the property eligible is limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and does not include any other structures that may be located on it."

Renumber sections in sequence

Correct internal cross references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Kinkel; Hasskamp; Johnson, R., and Nelson, C., moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 52, line 23, strike "days" and insert "nights"

Page 52, line 25, after the period insert "For purposes of this paragraph, property is devoted to commercial use on a specific night if it is used and a fee is charged for the use."

The motion prevailed and the amendment was adopted.

The Speaker called Quinn to the Chair.

Himle, Macklin and Blatz moved to amend H. F. No. 1734, the first

engrossment, as amended, as follows:

Pages 47 and 48, delete section 12 and insert:

"Sec. 12. [273.1196] [STATE COMMERCIAL-INDUSTRIAL EFFECTIVE TAX RATE CREDIT.]

For property taxes payable in 1990 and thereafter, class 3a commercial-industrial property is eligible for a state commercial-industrial effective tax rate credit if taxes exceed the following percentages of market value:

- (1) for taxes payable in 1990, 4.95 percent;
- (2) for taxes payable in 1991, 4.65 percent;
- (3) for taxes payable in 1992, 4.35 percent;
- (4) for taxes payable in 1993, 4.05 percent; and
- (5) for taxes payable in 1994 and subsequent years, 3.75 percent.

The state reduction is equal to 100 percent of the property tax amount that is in excess of the percent of market value applicable for that year's credit. Only the market value and property tax attributable to the part of the parcel that is class 3a must be used in computing the reduction provided in this section.

The amount of the reduction must be reported to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29.

There is annually appropriated from the general fund to the commissioners of revenue and education the amount necessary to replace the revenue lost to local units of government and school districts as a result of the reduction in property taxes provided in this section. The payment amounts must be determined and the installments paid under the provisions of sections 477A.015 and 273.1392."

A roll call was requested and properly seconded.

The question was taken on the Himle et al amendment and the roll was called.

Schreiber moved that those not voting be excused from voting. The motion prevailed.

There were 66 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Johnson, R.	Neuenschwander	Schafer
Anderson, R.	Frederick	Johnson, V.	Olson, K.	Scheid
Bauerly	Frerichs	Knickerbocker	Omamm	Schreiber
Bennett	Girard	Limmer	Onnen	Seaberg
Bishop	Gruenes	Lynch	Ostrom	Stanisus
Blatz	Gutknecht	Macklin	Ozment	Sviggum
Boo	Hartle	Marsh	Pauly	Swenson
Burger	Haukoos	McDonald	Pellow	Tjornhom
Carlson, D.	Heap	McPherson	Poppenhagen	Tompkins
Conway	Henry	Miller	Pugh	Valento
Dempsey	Himle	Morrison	Redalen	Vellenga
Dille	Hugoson	Nelson, C.	Richter	Waltman
Dorn	Jennings	Nelson, K.	Runbeck	Weaver
				Williams

Those who voted in the negative were:

Anderson, G.	Hasskamp	Lasley	Osthoff	Segal
Battaglia	Jacobs	Lieder	Otis	Simoneau
Beard	Janezich	Long	Pappas	Skoglund
Begich	Jaros	McEachern	Pelowski	Solberg
Bertram	Jefferson	McGuire	Peterson	Sparby
Brown	Johnson, A.	McLaughlin	Price	Steensma
Carlson, L.	Kahn	Milbert	Quinn	Trimble
Carruthers	Kalis	Munger	Reding	Tunheim
Clark	Kelly	Murphy	Rest	Wagenius
Cooper	Kelso	O'Connor	Rice	Welle
Dauner	Kinkel	Ogren	Rodosovich	Wenzel
Dawkins	Kostohryz	Olson, E.	Rukavina	Winter
Greenfield	Krueger	Orenstein	Sarna	Wynia
				Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Schreiber, Macklin and Richter moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 55, line 9, strike "5.25" and insert "4.95"

Page 55, line 11, strike "5.25" and insert "4.95"

Page 55, line 11, strike "5.2" and insert "4.75"

Page 55, line 12, strike "5.15" and insert "4.55"

Page 61, line 23, strike "5.25" and insert "4.95"

Page 61, line 28, strike "5.25" and insert "4.95"

A roll call was requested and properly seconded.

The question was taken on the Schreiber et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 64 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Johnson, V.	Morrison	Schafer
Anderson, R.	Frerichs	Kalis	Olson, K.	Schreiber
Bennett	Girard	Kelso	Omann	Seaberg
Bertram	Gruenes	Knickerbocker	Onnen	Stanius
Bishop	Gutknecht	Kostohryz	Ostrom	Svigum
Blatz	Hartle	Limmer	Ozment	Swenson
Boo	Hasskamp	Lynch	Pauly	Tjornhom
Burger	Haukoos	Macklin	Pellow	Tompkins
Carlson, D.	Heap	Marsh	Poppenhagen	Valento
Dauner	Henry	McDonald	Pugh	Waltman
Dempsey	Himle	McGuire	Redalen	Weaver
Dille	Hugoson	McPherson	Richter	Wenzel
Forsythe	Johnson, R.	Miller	Runbeck	

Those who voted in the negative were:

Anderson, G.	Janezich	Milbert	Pelowski	Skoglund
Battaglia	Jefferson	Munger	Peterson	Solberg
Bauerly	Jennings	Murphy	Price	Sparby
Beard	Johnson, A.	Nelson, C.	Quinn	Steensma
Begich	Kahn	Nelson, K.	Reding	Trimble
Carlson, L.	Kelly	Neuenschwander	Rest	Tunheim
Carruthers	Kinkel	O'Connor	Rice	Vellenga
Clark	Krueger	Ogren	Rodosovich	Wagenius
Cooper	Lasley	Olson, E.	Rukavina	Welle
Dawkins	Lieder	Orenstein	Sarna	Williams
Dorn	Long	Osthoff	Scheid	Winter
Greenfield	McEachern	Otis	Segal	Wynia
Jacobs	McLaughlin	Pappas	Simoneau	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

The Speaker resumed the Chair.

Bennett; Swenson; Stanius; Frerichs; Gutknecht; Valento; Frederick; Haukoos; Heap; Dempsey; Seaberg; Schreiber; Hartle; Knickerbocker; Forsythe; Lynch; Blatz; Dille; Tompkins; Anderson, R.; Poppenhagen; Tjornhom; Pellow; Abrams; Runbeck and Macklin moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 23, after line 3, insert:

"Sec. 4. Minnesota Statutes 1988, section 297A.25, subdivision 9, is amended to read:

Subd. 9. [MATERIALS CONSUMED IN PRODUCTION.] (a) The gross receipts from the sale of and the storage, use, or consumption

of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced are exempt. Chemicals used for cleaning food processing machinery and equipment are included in this exemption. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants, and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein. Electricity used to make snow for outdoor use for ski hills, ski slopes, or ski trails is included in this exemption.

(b) The gross receipts from the sale of and the storage, use, or consumption of all materials including electricity, gas, water, and steam used or consumed in providing services taxable under section 297A.01, subdivision 3, paragraph (j) are exempt. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture, and fixtures, used in such production and fuel, electricity, gas, or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment, and other short-lived items, which are separate detachable units directly used in producing services taxable under section 297A.01, subdivision 3, paragraph (j), where such items have an ordinary useful life of less than 12 months, are included within the exemption provided in this paragraph.

Page 25, line 13, delete "4" and insert "5"

Page 25, line 14, delete "5, and 6" and insert "4, 6, and 7"

Page 25, line 15, delete "8" and insert "9"

Renumber the sections in sequence

Amend the title as follows:

Page 2, line 20, delete "subdivision 3" and insert "subdivisions 3, 9"

A roll call was requested and properly seconded.

The question was taken on the Bennett et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 56 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Abrams	Dille	Hugoson	Morrison	Schafer
Anderson, R.	Forsythe	Johnson, V.	Omann	Scheid
Bennett	Frederick	Knickerbocker	Onnen	Schreiber
Bishop	Frerichs	Limmer	Ozment	Seaberg
Blatz	Girard	Lynch	Pauly	Stanius
Boo	Gutknecht	Macklin	Pellow	Sviggum
Brown	Hartle	Marsh	Poppenhagen	Swenson
Burger	Haukoos	McDonald	Pugh	Tjornhom
Carlson, D.	Heap	McPherson	Redalen	Tompkins
Dauner	Henry	Milbert	Richter	Valento
Dempsey	Himle	Miller	Runbeck	Waltman
				Weaver

Those who voted in the negative were:

Anderson, G.	Hasskamp	Long	Ostrom	Skoglund
Battaglia	Jacobs	McEachern	Otis	Solberg
Bauerly	Janezich	McGuire	Pappas	Sparby
Beard	Jefferson	McLaughlin	Pelowski	Steensma
Begich	Johnson, A.	Munger	Peterson	Trimble
Bertram	Johnson, R.	Murphy	Price	Tunheim
Carlson, L.	Kahn	Nelson, C.	Quinn	Vellenga
Carruthers	Kalis	Nelson, K.	Reding	Wagenius
Clark	Kelly	Neuenschwander	Rest	Welle
Conway	Kelso	O'Connor	Rice	Wenzel
Cooper	Kinkel	Ogren	Rodosovich	Williams
Dawkins	Kostohryz	Olson, E.	Rukavina	Winter
Dorn	Krueger	Olson, K.	Sarna	Wynia
Greenfield	Lasley	Orenstein	Segal	Spk. Vanasek
Gruenes	Lieder	Osthoff	Simoneau	

The motion did not prevail and the amendment was not adopted.

Schreiber, Forsythe, Abrams, McPherson, Boo and Knickerbocker moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 38, after line 18, insert:

"Sec. 4. Minnesota Statutes 1988, section 290A.04, is amended by

adding a subdivision to read:

Subd. 2g. A claimant who is a homeowner is allowed a refund equal to the excess of the claimant's net property taxes, over the greater of (1) six percent of the claimant's household income or (2) 1.25 percent of the market value of the homestead. In order to qualify for a refund under this subdivision, the claimant must have owned and occupied the homestead for a period of at least ten years (ending on December 31 of the year in which the taxes are payable). The commissioner of revenue may require claimants to certify ownership and occupancy of the homestead for the requisite period in a form the commissioner prescribes. The definition of "net property taxes" under subdivision 2h applies to this subdivision.

Page 38, line 19, delete "4" and insert "5"

Page 38, line 20, delete "Section 1 is" and insert "Sections 1 and 2 are"

A roll call was requested and properly seconded.

The question was taken on the Schreiber et al amendment and the roll was called.

McLaughlin moved that those not voting be excused from voting. The motion prevailed.

There were 58 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kelso	Omann	Schreiber
Anderson, R.	Girard	Knickerbocker	Onnen	Seaberg
Bennett	Gruenes	Limmer	Orenstein	Stanius
Bishop	Gutknecht	Long	Ozment	Sviggum
Blatz	Hartle	Lynch	Pauly	Swenson
Boo	Hasskamp	Macklin	Pellow	Tjornhom
Burger	Haukoos	Marsh	Poppenhagen	Tompkins
Carlson, D.	Heap	McDonald	Pugh	Valento
Dempsey	Henry	McPherson	Redalen	Waltman
Dille	Himle	Milbert	Richter	Weaver
Forsythe	Hugoson	Miller	Rumbeck	
Frederick	Johnson, V.	Morrison	Schafer	

Those who voted in the negative were:

Anderson, G.	Carruthers	Jacobs	Kalis	McGuire
Battaglia	Clark	Janezich	Kelly	McLaughlin
Bauerly	Conway	Jaros	Kinkel	Munger
Beard	Cooper	Jefferson	Kostohryz	Murphy
Begich	Dauner	Jennings	Krueger	Nelson, K.
Bertram	Dawkins	Johnson, A.	Lasley	Neuenschwander
Brown	Dorn	Johnson, R.	Lieder	O'Connor
Carlson, L.	Greenfield	Kahn	McEachern	Ogren

Olson, E.	Peterson	Rukavina	Sparby	Wenzel
Olson, K.	Price	Sarna	Steensma	Williams
Osthoff	Quinn	Scheid	Trimble	Winter
Ostrom	Reding	Segal	Tunheim	Wynia
Otis	Rest	Simoneau	Vellenga	Spk. Vanasek
Pappas	Rice	Skoglund	Wagenius	
Pelowski	Rodosovich	Solberg	Welle	

The motion did not prevail and the amendment was not adopted.

Schreiber and Sviggum moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 71, line 9, after the period insert "HOWEVER, ON A STATEWIDE AVERAGE, 69 PERCENT OF YOUR PROPERTY TAX INCREASE OCCURRED BECAUSE THE LEGISLATURE CHANGED FUNDING FORMULAS OR REQUIRED LOCAL UNITS OF GOVERNMENT TO PROVIDE SPECIFIC PROGRAMS AND SERVICES."

A roll call was requested and properly seconded.

The question was taken on the Schreiber and Sviggum amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 50 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Hugoson	Miller	Runbeck
Bennett	Frerichs	Jennings	Morrison	Schafer
Bishop	Girard	Johnson, V.	Omann	Schreiber
Blatz	Gruenes	Knickerbocker	Ommen	Stanisus
Boo	Gutknecht	Limmer	Ozment	Sviggum
Burger	Hartle	Lynch	Pauly	Swenson
Carlson, D.	Haukoos	Macklin	Pellow	Tjornhom
Dempsey	Heap	Marsh	Poppenhagen	Tompkins
Dille	Henry	McDonald	Redalen	Valento
Forsythe	Himle	McPherson	Richter	Waltman

Those who voted in the negative were:

Anderson, G.	Clark	Jaros	Krueger	Nelson, K.
Anderson, R.	Conway	Jefferson	Lasley	Neuenschwander
Battaglia	Cooper	Johnson, A.	Lieder	O'Connor
Bauerly	Dauner	Johnson, R.	Long	Ogren
Beard	Dawkins	Kahn	McEachern	Olson, E.
Begich	Dorn	Kalis	McGuire	Olson, K.
Bertram	Greenfield	Kelly	McLaughlin	Orenstein
Brown	Hasskamp	Kelso	Milbert	Osthoff
Carlson, L.	Jacobs	Kinkel	Munger	Ostrom
Carruthers	Janezich	Kostohryz	Murphy	Otis

Pappas	Rest	Segal	Tunheim	Winter
Pelowski	Rice	Simoneau	Vellenga	Wynia
Peterson	Rodosovich	Skoglund	Wagenius	Spk. Vanasek
Price	Rukavina	Solberg	Weaver	
Pugh	Sarna	Sparby	Welle	
Quinn	Scheid	Steensma	Wenzel	
Reding	Seaberg	Trimble	Williams	

The motion did not prevail and the amendment was not adopted.

Schreiber moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 66, line 32, delete "1.03" and insert "1.01"

Page 69, delete lines 20 to 36

Page 70, delete lines 1 to 9

Page 76, line 33, delete "three" and insert "one"

Page 78, after line 21, insert:

"Sec. 50. [REPEALER.]

Minnesota Statutes 1988, section 273.1398, subdivision 3, is repealed."

Page 79, after line 15, insert "Section 50 is effective for taxes payable in 1990 and subsequent years."

Renumber the sections in the article in sequence

Correct internal references

Amend the title as follows:

Page 1, line 25, after "towns," insert "repealing the disparity aid;"

Page 1, line 44, delete "3,"

Page 2, line 44, after "271.061;" insert "273.1398, subdivision 3;"

A roll call was requested and properly seconded.

The question was taken on the Schreiber amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 48 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Johnson, V.	Morrison	Stanius
Bennett	Gruenes	Kelso	Omenn	Sviggum
Blatz	Gutknecht	Knickerbocker	Onnen	Swenson
Boo	Hartle	Limmer	Ozment	Tjornhom
Burger	Hasskamp	Lynch	Pauly	Tompkins
Carlson, D.	Haukoos	Macklin	Pellow	Valento
Dempsey	Heap	Marsh	Runbeck	Waltman
Dille	Henry	McDonald	Schaefer	Weaver
Forsythe	Himle	McPherson	Schreiber	
Frederick	Hugoson	Miller	Seaberg	

Those who voted in the negative were:

Anderson, G.	Greenfield	McEachern	Pappas	Skoglund
Anderson, R.	Jacobs	McGuire	Pelowski	Solberg
Battaglia	Janezich	McLaughlin	Peterson	Sparby
Bauerly	Jaros	Milbert	Poppenhagen	Steensma
Beard	Jefferson	Munger	Price	Trimble
Begich	Jennings	Murphy	Pugh	Tunheim
Bertram	Johnson, A.	Nelson, C.	Quinn	Vellenga
Brown	Johnson, R.	Nelson, K.	Redalen	Wagenius
Carlson, L.	Kahn	Neuenschwander	Reding	Welle
Carruthers	Kalis	O'Connor	Rest	Wenzel
Clark	Kelly	Ogren	Rice	Williams
Conway	Kinkel	Olson, E.	Rodosovich	Winter
Cooper	Kostohryz	Olson, K.	Rukavina	Wynia
Dauner	Krueger	Orenstein	Sarna	Spk. Vanasek
Dawkins	Lasley	Osthoff	Scheid	
Dorn	Lieder	Ostrom	Segal	
Girard	Long	Otis	Simoneau	

The motion did not prevail and the amendment was not adopted.

Gutknecht, Osthoff, Gruenes, Marsh, Boo, Seaberg, Tjornhom and Frederick moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 176, after line 22, insert:

“Section 1. Minnesota Statutes 1988, section 290.01, subdivision 19b, is amended to read:

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

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

state income tax under the laws of the United States;

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

(3) the amount paid to others not to exceed \$650 for each dependent in grades kindergarten to 6 and \$1,000 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. ~~In order to qualify for the subtraction under this clause the taxpayer must elect to itemize deductions under section 63(c) of the Internal Revenue Code of 1986, as amended through December 31, 1987;~~

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

(5) income as provided under section 290.0802; and

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

Page 181, line 12, delete "and 3" and insert ", 2 and 4"

Page 181, line 14, delete "2" and insert "3"

Page 181, line 16, delete "4 and 5" and insert "5 and 6"

Page 181, line 18, delete "6" and insert "7"

Page 181, line 20, delete "7" and insert "8"

Renumber the sections in article 12 in sequence

Amend the title as follows:

Page 2, line 5, after "7;" insert "290.01, subdivision 19b;"

A roll call was requested and properly seconded.

The question was taken on the Gutknecht et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 65 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Onnen	Schafer
Anderson, R.	Frerichs	Knickerbocker	Orenstein	Schreiber
Bauerly	Girard	Limmer	Osthoff	Seaberg
Bennett	Gruenes	Lynch	Ozment	Stanius
Bertram	Gutknecht	Macklin	Pauly	Steensma
Bishop	Hartle	Marsh	Pellow	Sviggum
Blatz	Hasskamp	McDonald	Pelowski	Swenson
Boo	Haukoos	McPherson	Poppenhagen	Tjornhom
Burger	Heap	Miller	Pugh	Tompkins
Conway	Henry	Morrison	Redalen	Valento
Dempsey	Himle	Murphy	Richter	Waltman
Dille	Hugoson	O'Connor	Runbeck	Weaver
Forsythe	Johnson, V.	Omann	Sarna	Wenzel

Those who voted in the negative were:

Anderson, G.	Greenfield	Lasley	Ostrom	Simoneau
Battaglia	Jacobs	Lieder	Otis	Skoglund
Beard	Janezich	Long	Pappas	Solberg
Begich	Jaros	McEachern	Peterson	Sparby
Brown	Jefferson	McGuire	Price	Trimble
Carlson, D.	Jennings	McLaughlin	Quinn	Tunheim
Carlson, L.	Johnson, A.	Munger	Reding	Vellenga
Carruthers	Johnson, R.	Nelson, C.	Rest	Wagenius
Clark	Kahn	Nelson, K.	Rice	Welle
Cooper	Kalis	Neuenschwander	Rodosovich	Williams
Dauner	Kinkel	Ogren	Rukavina	Winter
Dawkins	Kostohryz	Olson, E.	Scheid	Wynia
Dorn	Krueger	Olson, K.	Segal	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

McDonald moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 167, line 1, delete "directly or"

Page 167, line 2, delete "indirectly"

The motion prevailed and the amendment was adopted.

Onnen, McDonald, Tjornhom, Sviggum and Dempsey moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 157, delete section 1

Page 164, delete section 6

Pages 166 to 168, delete sections 8 and 9

Page 172, line 22, delete "1, 3, 6, 7, 9, and 10" and insert "2, 5, and 6"

Page 172, line 23, delete "2, 5, and 11 to 13" and insert "1, 4, and 7 to 9"

Page 172, line 24, delete everything after the period

Page 172, delete line 25

Page 172, line 26, delete "15" and insert "11"

Renumber the sections in sequence

Amend the title as follows:

Page 2, line 30, delete "subdivision 10, and"

Page 2, line 32, delete "subdivisions 1," and insert "subdivision"

Page 2, line 33, delete "6,"

Page 2, line 41, after "297A;" insert "and" and delete "and 469;"

A roll call was requested and properly seconded.

The question was taken on the Onnen et al amendment and the roll was called.

McLaughlin moved that those not voting be excused from voting. The motion prevailed.

There were 39 yeas and 89 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frerichs	Lynch	Ostrom	Steensma
Brown	Girard	Macklin	Otis	Sviggum
Carlson, D.	Gutknecht	McDonald	Ozment	Tjornhom
Conway	Hartle	Miller	Pellow	Tunheim
Cooper	Hugoson	Neuenschwander	Redalen	Waltman
Dauner	Jennings	Olson, E.	Runbeck	Williams
Dempsey	Johnson, R.	Olson, K.	Schafer	Winter
Dille	Johnson, V.	Onnen	Solberg	

Those who voted in the negative were:

Abrams	Greenfield	Kostohryz	Orenstein	Seaberg
Anderson, G.	Gruenes	Krueger	Osthoff	Segal
Battaglia	Hasskamp	Lasley	Pappas	Simoneau
Bauerly	Haukoos	Lieder	Pauly	Skoglund
Beard	Heap	Limmer	Peterson	Sparby
Begich	Henry	Long	Poppenhagen	Stanius
Bennett	Himle	Marsh	Price	Swenson
Bertram	Jacobs	McEachern	Pugh	Tompkins
Bishop	Janezich	McGuire	Quinn	Trimble
Blatz	Jaros	McLaughlin	Reding	Valento
Boo	Jefferson	Milbert	Rest	Vellenga
Burger	Johnson, A.	Munger	Rice	Wagenius
Carlson, L.	Kahn	Murphy	Richter	Weaver
Carruthers	Kalis	Nelson, C.	Rodosovich	Welle
Dawkins	Kelly	Nelson, K.	Rukavina	Wenzel
Dorn	Kelso	O'Connor	Sarna	Wynia
Forsythe	Kinkel	Ogren	Scheid	Spk. Vanasek
Frederick	Knickerbocker	Omann	Schreiber	

The motion did not prevail and the amendment was not adopted.

Knickerbocker, Olson, K., and Weaver moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 99, lines 15 to 17, delete the new language

A roll call was requested and properly seconded.

The question was taken on the Knickerbocker et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 70 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Limmer	Onnen	Stanis
Anderson, R.	Gruenes	Lynch	Ozment	Steenma
Bauerly	Gutknecht	Macklin	Pauly	Swiggum
Bennett	Hartle	Marsh	Pellow	Swenson
Blatz	Hasskamp	McDonald	Poppenhagen	Tjornhom
Boo	Haukoos	McGuire	Pugh	Tompkins
Burger	Heap	McLaughlin	Quinn	Tunheim
Carlson, D.	Henry	McPherson	Redalen	Valento
Dauner	Himle	Miller	Richter	Vellenga
Dempsey	Hugoson	Morrison	Runbeck	Waltman
Dille	Jennings	Nelson, K.	Schafer	Weaver
Forsythe	Johnson, V.	Neuenschwander	Schreiber	Welle
Frederick	Kelso	Olson, K.	Seaberg	Williams
Frerichs	Knickerbocker	Omann	Segal	Winter

Those who voted in the negative were:

Anderson, G.	Dawkins	Kostohryz	Osthoff	Scheid
Battaglia	Dorn	Krueger	Ostrom	Simoneau
Beard	Greenfield	Lasley	Pappas	Skoglund
Begich	Jacobs	Lieder	Pelowski	Solberg
Bertram	Janezich	Long	Peterson	Sparby
Bishop	Jaros	McEachern	Price	Trimble
Brown	Jefferson	Murphy	Reding	Wagenius
Carlson, L.	Johnson, A.	Nelson, C.	Rest	Wenzel
Carruthers	Johnson, R.	O'Connor	Rice	Wynia
Clark	Kahn	Ogren	Rodosovich	Spk. Vanasek
Conway	Kelly	Olson, E.	Rukavina	
Cooper	Kinkel	Orenstein	Sarna	

The motion prevailed and the amendment was adopted.

Bishop, Osthoff and Dempsey moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 83, line 13, delete “and”

Page 83, line 16, before the period insert:

“(q) pay the costs of complying with any law enacted by the Legislature in 1989 or 1990 that specifically and directly requires a new or altered activity but only to the extent of the increased cost for such activity”

A roll call was requested and properly seconded.

The question was taken on the Bishop et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 63 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kinkel	Omann	Seaberg
Bennett	Girard	Knickerbocker	Onnen	Stanisus
Bertram	Gruenes	Limmer	Osthoff	Steensma
Bishop	Gutknecht	Macklin	Ostrom	Sviggum
Boo	Hartle	Marsh	Ozment	Swenson
Burger	Hasskamp	McDonald	Pauly	Tompkins
Carlson, D.	Haukoos	McGuire	Pellow	Valento
Cooper	Heap	McPherson	Poppenhagen	Waltman
Dauner	Hugoson	Milbert	Redalen	Weaver
Dempsey	Jennings	Miller	Richter	Williams
Dille	Johnson, R.	Morrison	Rumbeck	Winter
Forsythe	Johnson, V.	Neuenschwander	Schafer	
Frederick	Kelly	Olson, K.	Schreiber	

Those who voted in the negative were:

Anderson, G.	Greenfield	Long	Pelowski	Skoglund
Anderson, R.	Henry	Lynch	Peterson	Solberg
Battaglia	Himle	McEachern	Price	Sparby
Bauerly	Jacobs	McLaughlin	Pugh	Tjornhom
Beard	Janezich	Munger	Quinn	Trimble
Begich	Jaros	Murphy	Reding	Tunheim
Blatz	Jefferson	Nelson, C.	Rest	Vellenga
Brown	Johnson, A.	Nelson, K.	Rice	Wagenius
Carlson, L.	Kahn	O'Connor	Rodosovich	Welle
Carruthers	Kalis	Ogren	Rukavina	Wenzel
Clark	Kelso	Olson, E.	Sarna	Wynia
Conway	Kostohryz	Orenstein	Scheid	Spk. Vanasek
Dawkins	Krueger	Otis	Segal	
Dorn	Lasley	Pappas	Simoneau	

The motion did not prevail and the amendment was not adopted.

Valento moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 48, after line 4, insert:

“Sec. 13. [273.1197] [STATE APARTMENT EFFECTIVE TAX RATE CREDIT.]

For property taxes payable in 1990 and thereafter, class 4a apartment property is eligible for a state apartment effective tax rate credit if taxes exceed the following percentages of market value:

(1) for taxes payable in 1990, 3.7 percent;

(2) for taxes payable in 1991, 3.35 percent;

(3) for taxes payable in 1992 and subsequent years, 3.0 percent.

The state reduction is equal to 100 percent of the property tax amount that is in excess of the percent of market value applicable for that year's credit. Only the market value and property tax

attributable to the part of the parcel that is class 4a must be used in computing the reduction provided in this section.

The amount of the reduction must be reported to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29.

There is annually appropriated from the general fund to the commissioners of revenue and education the amount necessary to replace the revenue lost to local units of government and school districts as a result of the reduction in property taxes provided in this section. The payment amounts must be determined and the installments paid under the provisions of sections 273.1398, subdivision 6, and 273.1392."

Renumber remaining sections in article 5

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Valento amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 60 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Limmer	Onnen	Schreiber
Anderson, R.	Girard	Lynch	Orenstein	Seaberg
Bennett	Gruenes	Macklin	Osthoff	Segal
Bishop	Gutknecht	Marsh	Ozment	Sparby
Blatz	Hartle	McDonald	Pauly	Stanius
Boo	Haukoos	McGuire	Pellow	Sviggun
Burger	Heap	McPherson	Poppenhagen	Swenson
Conway	Henry	Miller	Pugh	Tjornhom
Dempsey	Himle	Morrison	Richter	Tompkins
Dille	Hugoson	Nelson, C.	Runbeck	Valento
Forsythe	Johnson, R.	Olson, K.	Schafer	Waltman
Frederick	Knickerbocker	Omann	Scheid	Weaver

Those who voted in the negative were:

Anderson, G.	Bertram	Dauner	Jacobs	Johnson, A.
Battaglia	Brown	Dawkins	Janezich	Johnson, V.
Bauerly	Carlson, D.	Dorn	Jaros	Kahn
Beard	Carlson, L.	Greenfield	Jefferson	Kalis
Begich	Cooper	Hasskamp	Jennings	Kelly

Kelso	Milbert	Pappas	Sarna	Welle
Kinkel	Munger	Pelowski	Simoneau	Wenzel
Kostohryz	Murphy	Peterson	Skoglund	Williams
Krueger	Nelson, K.	Quinn	Solberg	Winter
Lasley	Neuenschwander	Reding	Steensma	Wynia
Lieder	O'Connor	Rest	Trimble	Spk. Vanasek
Long	Ogren	Rice	Tunheim	
McEachern	Olson, E.	Rodosovich	Vellenga	
McLaughlin	Ostrom	Rukavina	Wagenius	

The motion did not prevail and the amendment was not adopted.

Schreiber, Macklin, Weaver, Henry, Swenson, Pellow, Lynch, McPherson, Valento, Frederick, Girard, Limmer and Runbeck moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 50, lines 29, 34, and 35, delete the new language and reinstate the old language

Page 50, line 32, delete the new language and reinstate "\$100,000" and after the stricken "2.5", insert "2.4"

Page 53, after line 5, insert:

"The tax to be paid on class 1a or class 1b property must be reduced by a homestead credit in an amount equal to 1.2 percent of market value on the first \$70,000 plus .5 percent of market value over \$70,000."

Page 53, line 20, strike "net" and insert "gross"

Page 53, line 21, delete ".3" and insert "1.75"

Page 53, line 26, strike "that does not"

Page 53, line 27, strike "exceed 320 acres"

Page 53, line 27, delete "net" and insert "gross" and strike "1.44" and insert "2.25"

Page 53, line 29, after the period, delete the new language and strike the old language

Page 53, strike lines 30 and 31

Page 54, after line 15, insert:

"The tax to be paid on class 2a or 1b property consisting of the house, garage, and one acre of land must be reduced by a homestead credit in an amount equal to 1.2 percent of market value on the first \$70,000 plus .5 percent of market value over \$70,000."

Pages 65 to 70, delete sections 23, 24, and 25

Page 70, after line 9, insert:

“Sec. 23. Minnesota Statutes 1988, section 275.08, subdivision 1b, is amended to read:

Subd. 1b. The amounts certified under section 275.07 after adjustment under section 275.07, subdivision 3, by an individual local government unit shall be divided by the total gross tax capacity of all taxable properties within the local government unit's taxing jurisdiction ~~for tax payable in 1989 and by the total net tax capacity of all taxable properties within the local government unit's taxing jurisdiction, for taxes payable in 1990 and thereafter.~~ The resulting ratio, the local government's tax capacity rate, multiplied by each property's gross tax capacity ~~for taxes payable in 1989 and net tax capacity for taxes payable in 1990 and subsequent years~~ shall be each property's total tax for that local government unit before reduction by any credits.”

Page 71, line 14, strike everything after “(c)”

Page 71, strike lines 15 to 32

Page 71, line 33, reinstate everything after the comma

Page 71, reinstate lines 34 to 36

Page 72, reinstate lines 1 to 10

Page 78, delete lines 16 to 21 and insert:

“Sec. 47. [REPEALER.]

Minnesota Statutes 1988, section 273.1398, subdivisions 2 and 5, and 275.07, subdivision 3, are repealed.

Sec. 48. [REENACTMENT.]

Notwithstanding Minnesota Statutes, section 645.36, Minnesota Statutes, sections 273.13, subdivision 15a, and 273.132, are reenacted and are effective for taxes levied in 1989 and thereafter, payable in 1990 and thereafter.”

Renumber the sections in article 5 in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Schreiber et al amendment and the roll was called.

Krueger moved that those not voting be excused from voting. The motion prevailed.

There were 60 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Abrams	Frichs	Knickerbocker	Olsen, S.	Runbeck
Anderson, R.	Girard	Limmer	Olson, K.	Schafer
Bennett	Gruenes	Lynch	Omann	Schreiber
Bertram	Gutknecht	Macklin	Onnen	Seaberg
Bishop	Hartle	Marsh	Osthoff	Stanius
Blatz	Haukoos	McDonald	Ozment	Sviggum
Boo	Heap	McGuire	Pauly	Swenson
Burger	Henry	McPherson	Pellow	Tjornhom
Carlson, D.	Himle	Milbert	Poppenhagen	Tompkins
Dempsey	Hugoson	Miller	Pugh	Valento
Forsythe	Jennings	Morrison	Redalen	Waltman
Frederick	Johnson, V.	Nelson, C.	Richter	Weaver

Those who voted in the negative were:

Anderson, G.	Hasskamp	Lieder	Pelowski	Sparby
Battaglia	Jacobs	Long	Peterson	Steensma
Bauerly	Janezich	McEachern	Price	Trimble
Beard	Jaros	McLaughlin	Quinn	Tunheim
Begich	Jefferson	Munger	Reding	Vellenga
Brown	Johnson, A.	Murphy	Rest	Wagenius
Carlson, L.	Johnson, R.	Nelson, K.	Rice	Welle
Carruthers	Kahn	Neuenschwander	Rodosovich	Wenzel
Clark	Kalis	O'Connor	Rukavina	Williams
Conway	Kelly	Ogren	Sarna	Winter
Cooper	Kelso	Olson, E.	Scheid	Wynia
Dauner	Kinkel	Orenstein	Segal	Spk. Vanasek
Dawkins	Kostohryz	Ostrom	Simoneau	
Dorn	Krueger	Otis	Skoglund	
Greenfield	Lasley	Pappas	Solberg	

The motion did not prevail and the amendment was not adopted.

Knickerbocker moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 43, after line 36, insert "For taxes assessed in 1989, payable in 1990, the market value may not exceed the market value determined for taxes assessed in 1988, payable in 1989. Thereafter"

A roll call was requested and properly seconded.

The question was taken on the Knickerbocker amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 52 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Limmer	Olsen, S.	Stanius
Anderson, R.	Gruenes	Lynch	Omann	Sviggm
Bennett	Gutknecht	Macklin	Onnen	Swenson
Blatz	Hartle	Marsh	Pauly	Tjornhom
Boo	Haukoos	McDonald	Pellow	Tompkins
Burger	Heap	McGuire	Poppenhagen	Valento
Dempsey	Henry	McPherson	Pugh	Waltman
Dille	Himle	Milbert	Redalen	Weaver
Forsythe	Hugoson	Miller	Richter	
Frederick	Kelso	Morrison	Runbeck	
Frerichs	Knickerbocker	Ogren	Seaberg	

Those who voted in the negative were:

Anderson, G.	Greenfield	Lasley	Pappas	Solberg
Battaglia	Hasskamp	Lieder	Pelowski	Sparby
Bauerly	Jacobs	Long	Peterson	Steensma
Beard	Janezich	McEachern	Price	Trimble
Begich	Jaros	McLaughlin	Quinn	Tunheim
Bertram	Jefferson	Munger	Reding	Vellenga
Brown	Jennings	Nelson, C.	Rest	Wagenius
Carlson, D.	Johnson, A.	Nelson, K.	Rice	Welle
Carlson, L.	Johnson, R.	Neuenschwander	Rodosovich	Wenzel
Carruthers	Johnson, V.	O'Connor	Rukavina	Williams
Clark	Kahn	Olson, E.	Sarna	Winter
Conway	Kalis	Olson, K.	Schafer	Wynia
Cooper	Kelly	Orenstein	Scheid	Spk. Vanasek
Dauner	Kinkel	Osthoff	Segal	
Dawkins	Kostohryz	Ostrom	Simoneau	
Dorn	Krueger	Otis	Skoglund	

The motion did not prevail and the amendment was not adopted.

Frerichs, Tjornhom, McDonald, Ozment and Dempsey moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 176, after line 22, insert:

"Section 1. Minnesota Statutes 1988, section 290.06, is amended by adding a subdivision to read:

Subd. 23. [CREDIT FOR SERVICE IN ARMED FORCES.] A resident individual may take as a credit against the tax due under this chapter an amount equal to eight percent of the first \$3,000 earned as compensation for service in the armed forces of the United States or the United Nations plus eight percent of the next \$2,000

earned as compensation for service in the armed forces of the United States or the United Nations wholly performed outside of Minnesota."

Page 181, line 12, delete "and 3" and insert ", 2, and 4"

Page 181, line 14, delete "2" and insert "3"

Page 181, line 16, delete "4 and 5" and insert "5 and 6"

Page 181, line 18, delete "6" and insert "7"

Page 181, line 20, delete "7" and insert "8"

Renumber the sections in sequence

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Frerichs et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 60 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Hugoson	Nelson, C.	Schreiber
Anderson, R.	Frederick	Johnson, V.	Olsen, S.	Seaberg
Beard	Frerichs	Kelso	Omman	Stanisus
Bennett	Girard	Knickerbocker	Onnen	Steensma
Bishop	Gruenes	Limmer	Ozment	Swiggum
Blatz	Gutknecht	Lynch	Pauly	Swenson
Boo	Hartle	Macklin	Pellow	Tjornhom
Burger	Hasskamp	Marsh	Poppenhagen	Tompkins
Carlson, D.	Haukoos	McPherson	Redalen	Valento
Cooper	Heap	Milbert	Richter	Waltman
Dempsey	Henry	Miller	Runbeck	Weaver
Dille	Himle	Morrison	Schafer	Wenzel

Those who voted in the negative were:

Anderson, G.	Conway	Johnson, A.	Lieder	O'Connor
Battaglia	Dauner	Johnson, R.	Long	Ogren
Bauerly	Dawkins	Kahn	McDonald	Olson, E.
Begich	Dorn	Kalis	McEachern	Olson, K.
Bertram	Greenfield	Kelly	McGuire	Orenstein
Brown	Janezich	Kinkel	McLaughlin	Osthoff
Carlson, L.	Jaros	Kostohryz	Munger	Ostrom
Carruthers	Jefferson	Krueger	Nelson, K.	Otis
Clark	Jennings	Lasley	Neuenschwander	Pappas

Pelowski	Rest	Scheid	Sparby	Welle
Peterson	Rice	Segal	Trimble	Williams
Price	Rodosovich	Simoneau	Tunheim	Winter
Pugh	Rukavina	Skoglund	Vellenga	Wynia
Reding	Sarna	Solberg	Wagenius	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Johnson, R., and Sparby moved to amend H. F. No. 1734, the first engrossment, as amended, as follows:

Page 176, after line 18, insert:

“(g) The tax imposed by this subdivision does not apply to the gross receipts from lawful gambling conducted at a location which is within 27 miles of the Red Lake Indian Reservation, or which is located in a city any part of which is within 27 miles of the Red Lake Indian Reservation.”

A roll call was requested and properly seconded.

Miller moved to amend the Johnson, R., and Sparby amendment to H. F. No. 1734, the first engrossment, as amended, as follows:

Page 1, line 5, delete “the Red Lake” and insert “an”

Page 1, line 7, delete “the Red Lake” and insert “an”

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 55 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Johnson, V.	Olsen, S.	Schreiber
Anderson, R.	Girard	Kelso	Omnn	Seaberg
Bennett	Gruenes	Knickerbocker	Onnen	Stanius
Bishop	Gutknecht	Limmer	Ozment	Sviggum
Blatz	Hartle	Lynch	Pauly	Swenson
Boo	Haukoos	Macklin	Pellow	Tjornhom
Burger	Heap	Marsh	Poppenhagen	Tompkins
Carlson, D.	Henry	McDonald	Redalen	Valento
Dempsey	Himle	McPherson	Richter	Waltman
Forsythe	Hugoson	Miller	Runbeck	Weaver
Frederick	Jennings	Morrison	Schafer	Winter

Those who voted in the negative were:

Anderson, G.	Greenfield	Long	Otis	Skoglund
Battaglia	Hasskamp	McEachern	Pappas	Solberg
Bauerly	Jacobs	McGuire	Pelowski	Sparby
Beard	Janezich	McLaughlin	Peterson	Steensma
Begich	Jaros	Milbert	Price	Trimble
Bertram	Jefferson	Munger	Pugh	Tunheim
Brown	Johnson, A.	Murphy	Quinn	Vellenga
Carlson, L.	Johnson, R.	Nelson, C.	Reding	Wagenius
Carruthers	Kahn	Nelson, K.	Rest	Welle
Clark	Kalis	Neuenschwander	Rice	Wenzel
Conway	Kelly	O'Connor	Rodosovich	Williams
Cooper	Kinkel	Ogren	Rukavina	Wynia
Dauner	Kostohryz	Olson, K.	Sarna	Spk. Vanasek
Dawkins	Krueger	Orenstein	Scheid	
Dille	Lasley	Osthoff	Segal	
Dorn	Lieder	Ostrom	Simoneau	

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Johnson, R., and Sparby amendment and the roll was called. There were 50 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Beard	Jefferson	McLaughlin	Pappas	Solberg
Brown	Johnson, R.	Munger	Pelowski	Sparby
Carruthers	Kelly	Murphy	Price	Trimble
Clark	Kinkel	Nelson, C.	Quinn	Tunheim
Conway	Krueger	Neuenschwander	Reding	Welle
Dawkins	Lasley	O'Connor	Rice	Wenzel
Hasskamp	Lieder	Ogren	Rukavina	Williams
Jacobs	Long	Olson, K.	Sarna	Wynia
Janezich	McEachern	Osthoff	Segal	Wynia
Jaros	McGuire	Otis	Simoneau	Spk. Vanasek

Those who voted in the negative were:

Abrams	Dille	Johnson, A.	Omann	Scheid
Anderson, G.	Dorn	Johnson, V.	Onnen	Schreiber
Anderson, R.	Forsythe	Kahn	Orenstein	Seaberg
Battaglia	Frederick	Kalis	Ostrom	Skoglund
Bauerly	Frerichs	Kelso	Ozment	Stanius
Begich	Girard	Knickerbocker	Pauly	Steensma
Bennett	Greenfield	Kostohryz	Pellow	Svigum
Bertram	Gruenes	Limmer	Peterson	Swenson
Bishop	Gutknecht	Lynch	Poppenhagen	Tjornhom
Blatz	Hartle	Macklin	Pugh	Tompkins
Burger	Haukoos	Marsh	Redalen	Valento
Carlson, D.	Heap	McDonald	Rest	Vellenga
Carlson, L.	Henry	McPherson	Richter	Wagenius
Cooper	Himle	Miller	Rodosovich	Waltman
Dauner	Hugoson	Morrison	Runbeck	Weaver
Dempsey	Jennings	Olsen, S.	Schafer	

The motion did not prevail and the amendment was not adopted.

H. F. No. 1734, A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; creating tax exemptions; changing the computation, administration, and payment of aids, credits, and refunds; providing new aids and credits; making technical corrections and clarifications; changing proposed property tax notice provisions; changing levy limits and other local government powers and duties; providing for subordinate service districts; providing for accreditation of assessors; changing tax increment financing provisions; providing for payment of deferred taxes on sale of railroad operating property; extending valuation and deferment of agricultural property taxes in certain instances; authorizing the cities of Mankato and Hopkins to establish special service districts; authorizing establishment of an economic development authority in the city of Otsego and in Kandiyohi county; exempting Itasca county from a levy limit penalty; providing for payment of certain aid to the cities of Falcon Heights and Lauderdale; extending the duration of a tax increment financing district in the city of Moorhead; granting certain powers to towns; appropriating money; amending Minnesota Statutes 1988, sections 38.27, subdivision 1; 60A.15, subdivision 1; 93.55, subdivision 4; 124A.03, subdivision 2; 256.018; 256.82, subdivision 1; 256.871, subdivision 6; 256B.041, subdivision 5; 270.052; 270.067, subdivisions 1 and 2; 270.071, subdivision 6; 270.072, subdivisions 2 and 3; 270.075, subdivision 2; 270.12, subdivision 2, and by adding a subdivision; 270.485; 270.80, subdivision 1; 272.01, subdivision 2; 272.02, subdivision 1, and by adding a subdivision; 273.01; 273.061, subdivisions 1 and 2; 273.11, by adding a subdivision; 273.111, subdivision 3; 273.112, subdivision 3, and by adding a subdivision; 273.119, subdivision 2; 273.123, subdivisions 4 and 5; 273.124, subdivisions 6, 8, 9, 12, 13, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.135, subdivisions 2 and 2a; 273.1391, subdivisions 2 and 2a; 273.1392; 273.1393; 273.1398, subdivisions 1, 2, 3, 4, and by adding a subdivision; 275.07, subdivision 1; 275.08, subdivision 1c; 275.28, subdivision 1; 275.50, subdivisions 2, 5, and by adding a subdivision; 275.51, subdivisions 3f, 3g, 3h, 3i, 3j, 4, and 6; 275.58, subdivision 1; 276.04; 278.03; 278.05, subdivisions 4 and 5; 279.01, subdivisions 1 and 3; 279.37, subdivision 7; 290.015, subdivisions 3 and 4; 290.05, subdivision 3; 290.06, subdivisions 1 and 21; 290.067, subdivision 2, and by adding a subdivision; 290.0802, subdivision 1; 290.091, subdivision 2; and by adding a subdivision; 290.17, by adding a subdivision; 290.21, subdivision 4; 290.37, subdivision 1; 290.38; 290.92, subdivision 4b, as added; 290.934, subdivision 3a; 290A.03, subdivision 12; 290A.04, subdivisions 2, 2h, and by adding a subdivision; 295.34, subdivision 1; 297.01, subdivision 13, and by adding a subdivision; 297.03, subdivision 6; 297.04, subdivisions 4, 5, and 6; 297.041, subdivision 1; 297.08, subdivision 1; 297.31, by adding a subdivision; 297.33, subdivisions 4, 5, 6, 7, and 8; 297A.01, subdivision 3; 297A.15, by adding a subdivision; 297A.25, subdivision 3, and by adding subdivisions; 297A.257, by adding a subdivision; 297B.03; 297C.03, subdivision 1; 297C.09; 349.12, subdivisions

11, 13, and by adding subdivisions; 349.15; 349.16, by adding a subdivision; 349.212, subdivision 4, and by adding a subdivision; 349.214, subdivision 4; 373.40, subdivisions 1, 2, 4, and 6; 375.192, subdivision 2; 444.075, subdivision 1; 444.16; 444.17; 444.18; 444.19; 444.20; 459.14, by adding a subdivision; 469.012, by adding a subdivision; 469.040, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivision 10, and by adding a subdivision; 469.175, subdivisions 3, 7, and by adding a subdivision; 469.176, subdivisions 1, 4c, 6, and by adding a subdivision; 469.177, subdivision 10; 473.167, subdivisions 3 and 5; 473.249, subdivision 1; 473F.08, subdivision 3; 473H.10, subdivision 3; 477A.011, subdivisions 1a and 15; and 477A.013, subdivisions 1, 3, and 4; Laws 1988, chapter 719, articles 1, section 22; 7, section 9; 8, section 37; and 12, sections 29 and 30, as amended; proposing coding for new law in Minnesota Statutes, chapters 273; 275; 276; 297A; 365B; and 469; proposing coding for new law as Minnesota Statutes, chapter 365B; repealing Minnesota Statutes 1988, sections 38.17; 38.27, subdivision 3; 38.28; 60A.151; 271.061; 275.065; 275.57; 275.58, subdivision 4; 276.13; 276.14; 297.01, subdivision 15; 297.03, subdivision 12; 297.04, subdivision 10; 297.33, subdivision 13; 297C.03, subdivisions 4 and 4a; and 473.249, subdivision 3; Laws 1988, chapter 719, article 8, section 35; and Laws 1989, chapter 27, article 2, sections 2 and 3.

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.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 83 yeas and 50 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Lasley	Orenstein	Segal
Anderson, R.	Greenfield	Lieder	Osthoff	Simoneau
Battaglia	Gruenes	Long	Ostrom	Skoglund
Bauerly	Gutknecht	Macklin	Otis	Solberg
Beard	Hasskamp	Marsh	Pappas	Sparby
Begich	Jacobs	McEachern	Pelowski	Steensma
Bertram	Janezich	McGuire	Peterson	Trimble
Bishop	Jaros	McLaughlin	Price	Tunheim
Brown	Jefferson	Milbert	Pugh	Vellenga
Carlson, L.	Johnson, A.	Munger	Quinn	Wagenius
Carruthers	Kahn	Murphy	Reding	Welle
Clark	Kalis	Nelson, K.	Rest	Wenzel
Conway	Kelly	Neuenschwander	Rice	Winter
Cooper	Kelso	O'Connor	Rodosovich	Wynia
Dauner	Kinkel	Ogren	Rukavina	Spk. Vanasek
Dawkins	Kostohryz	Olson, E.	Sarna	
Dorn	Krueger	Omann	Scheid	

Those who voted in the negative were:

Abrams	Girard	Knickerbocker	Onnen	Seaberg
Bennett	Hartle	Limmer	Ozment	Stanius
Blatz	Haukoos	Lynch	Pauly	Sviggum
Boo	Heap	McDonald	Fellow	Swenson
Burger	Henry	McPherson	Poppenhagen	Tjornhom
Carlson, D.	Himle	Miller	Redalen	Tompkins
Dempsey	Hugoson	Morrison	Richter	Valento
Dille	Jennings	Nelson, C.	Runbeck	Waltman
Forsythe	Johnson, R.	Olsen, S.	Schafer	Weaver
Frerichs	Johnson, V.	Olson, K.	Schreiber	Williams

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

SPECIAL ORDERS

Wynia moved that the bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued. The motion prevailed.

There being no objection, the order of business reverted to Introduction and First Reading of House Bills.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Anderson, G., for the Committee on Appropriations, introduced:

H. F. No. 1758, A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; providing for regulation of certain activities and practices; providing for disposition of state highways and land; requiring studies and reports; fixing and limiting accounts and fees; amending Minnesota Statutes 1988, sections 12.14; 43A.08, subdivision 1; 44A.023, subdivision 2, and by adding a subdivision; 116J.966, subdivision 1; 168.33, subdivisions 2 and 7; 173.25; 237.30; 326.165, subdivision 2; 341.10; 373.35, subdivision 1; and 505.1792, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 299C.

The bill was read for the first time and laid over one day.

Anderson, G., for the Committee on Appropriations, introduced:

H. F. No. 1759, A bill for an act relating to the organization and operation of state government; appropriating money for human services, jobs and training, corrections, health, veterans nursing homes, and other purposes with certain conditions; amending Minnesota Statutes 1988, sections 13.46, subdivision 2; 62A.045; 62A.046; 62D.041, subdivision 1, and by adding a subdivision; 62D.042, subdivision 1; 62D.05, subdivision 6; 144.50, subdivision 6; 144.562, subdivisions 2 and 3; 144.651, subdivision 2; 144.698, subdivision 1; 144.701; 144.702, subdivision 2, and by adding subdivisions; 144A.01, subdivision 5, and by adding subdivisions; 144A.04, subdivision 7, and by adding subdivisions; 144A.071, subdivision 3; 144A.073, subdivision 1; 144A.10, subdivisions 5, 6a, and by adding subdivisions; 144A.11, subdivision 3, and by adding a subdivision; 144A.12, subdivision 1; 144A.15, subdivision 1, and by adding subdivisions; 144A.45, subdivision 2; 144A.46; 144A.61; 144A.611; 145.38, subdivision 1; 145.39, subdivision 1; 145.61, subdivision 5; 145.63; 145.882, subdivisions 1, 3, and 7; 146.13; 147.02, subdivision 1; 148B.23, subdivision 1; 148B.27, subdivision 2; 148B.32, subdivision 2; 148B.40, subdivision 3; 148B.42, by adding a subdivision; 149.02; 149.06; 150A.06, subdivision 2a; 153A.13, subdivision 4; 153A.15, subdivision 3; 153A.16; 176.136, subdivisions 1 and 5; 214.04, subdivision 3; 214.06, subdivision 1; 237.70, subdivision 7; 237.701, subdivision 1; 245.461; 245.462; 245.463, subdivision 2, and by adding subdivisions; 245.464; 245.465; 245.466, subdivisions 1, 2, 5, and 6; 245.467, subdivisions 3, 4, and 5; 245.468; 245.469; 245.470, subdivision 1; 245.472, subdivision 1, and by adding a subdivision; 245.473, subdivision 1; 245.474; 245.476, subdivisions 1, 3, and by adding subdivisions; 245.477; 245.478, subdivisions 2 and 3; 245.479; 245.48; 245.482; 245.483; 245.484; 245.485; 245.486; 245.62, subdivision 3; 245.696, subdivision 2; 245.697, subdivisions 1, 2, and 2a; 245.713, subdivision 2; 245.73; subdivision 4; 245.73, subdivisions 1 and 2; 245.771, subdivision 3; 245.91, by adding a subdivision; 245.94, subdivision 1, and by adding a subdivision; 245A.02, subdivisions 3, 9, 10, 14, and by adding a subdivision; 245A.03, subdivisions 1, 2, and 3; 245A.04, subdivisions 1, 3, 5, 6, 7, and by adding subdivisions; 245A.06, subdivisions 1, 5, and by adding a subdivision; 245A.07, subdivision 2; 245A.08, subdivision 5; 245A.095; 245A.12; 245A.13; 245A.14, subdivision 3, and by adding subdivisions; 245A.16, subdivision 1; 246.015; 246.18, subdivision 4; 246.36; 246.50, subdivisions 3, 4, and 5; 246.54; 246.57, subdivision 1; 251.011, subdivision 4, and by adding a subdivision; 252.27, subdivision 1; 252.31; 252.41, subdivision 9; 252.46, subdivisions 1, 2, 3, 4, 6, and 12; 252.47; 252.50; 253.015; 254A.08, subdivision 2; 254B.02, subdivision 1; 254B.03, subdivisions 1 and 4; 254B.04, subdivision 2; 254B.06, subdivision 1; 254B.09, subdivisions 1, 4, and 5; 256.01, subdivision 2, and by adding a subdivision; 256.014, subdivision 1; 256.045, subdivisions 1, 3, 4, 4a, 5, 6, 7, 10, and by adding a subdivision; 256.12, subdivision 14; 256.73, subdivision 3a; 256.736,

subdivisions 3, 3b, 4, 10, 11, 14, 16, and by adding subdivisions; 256.737; 256.74, subdivisions 1, 1a, and by adding a subdivision; 256.85; 256.87, subdivision 1a; 256.936, subdivisions 1, 2, and 4; 256.969; 256.974; 256.9741, subdivisions 3, 5, and by adding a subdivision; 256.9742; 256.9744, subdivision 1; 256.975, subdivision 2; 256B.031, subdivision 5; 256B.04, subdivision 14, and by adding a subdivision; 256B.055, subdivisions 7 and 8; 256B.056, subdivisions 3, 4, and 5; 256B.062; 256B.0625, subdivisions 2, 13, and by adding subdivisions; 256B.091, subdivision 3; 256B.092, subdivision 7; 256B.14; 256B.25, by adding a subdivision; 256B.421, subdivision 14; 256B.431, subdivisions 2b, 2e, 2i, 3a, 3f, 3g, 4, and by adding subdivisions; 256B.47, subdivision 3; 256B.48, subdivisions 1, 6, and 8; 256B.501, subdivisions 3, 3g, and by adding subdivisions; 256B.69, subdivisions 4, 5, 11, and by adding a subdivision; 256C.28, subdivision 3, and by adding subdivisions; 256D.01, subdivisions 1, 1a, 1b, and 1c; 256D.02, subdivisions 1 and 4; 256D.03, subdivisions 2, 3, 4; 256D.05, subdivision 1, and by adding a subdivision; 256D.051, subdivisions 1, 2, 3, 6, 8, 13, and by adding subdivisions; 256D.052, subdivisions 1, 2, 3, and 4; 256D.101; 256D.111, subdivision 5; 256D.35, subdivisions 1, 7, and by adding subdivisions; 256D.36, subdivision 1, and by adding a subdivision; 256D.37, subdivision 1; 256E.03, subdivision 2; 256E.05, subdivision 3; 256E.08, subdivision 5; 256E.09, subdivisions 1 and 3; 256F.05, subdivisions 2, 3, and 4; 256F.07, subdivision 3a; 256H.01, subdivisions 1, 2, 7, 8, 11, and 12; 256H.02; 256H.03; 256H.05; 256H.08; 256H.09; 256H.10, subdivisions 2, 3, and by adding a subdivision; 256H.11; 256H.12; 256H.15; 256H.18; 256H.20, subdivision 3; 257.071, subdivision 7; 257.55, subdivision 1; 257.57, subdivision 1; 257.62, subdivision 5; 259.47, subdivision 5; 259.49, subdivision 2; 260.251, subdivision 1; 268.0111, subdivision 4, and by adding a subdivision; 268.0122, subdivisions 2 and 3; 268.08, subdivision 1; 268.31; 268.37, by adding a subdivision; 268.86, subdivision 2; 268.871, subdivision 5; 268.88; 287.12; 297.13, subdivision 1; 326.78, subdivision 2; 327.20, subdivision 1; 327C.02, subdivision 2; 357.021, subdivisions 2 and 2a; 517.08, subdivisions 1b and 1c; 518.54, subdivision 6; 518.551, subdivision 10; 518.611, subdivision 4; 518.613, subdivisions 1, 2, 4, and by adding a subdivision; 609.378; 626.556, subdivisions 2 and 10e; and 626.558; Laws 1984, chapter 654, article 5, section 57, subdivision 1, as amended; Laws 1987, chapter 403, article 3, section 98; Laws 1988, chapter 689, article 2, sections 248 and 269, subdivision 2; repealing Minnesota Statutes 1988, sections 144A.10, subdivision 4a; 150A.06, subdivision 7; 245.462, subdivision 25; 245.471; 245.475; 245.64; 245.698; 245.775; 245.83; 245.84; 245.85; 245.871; 245.872; 245.873; 245A.095, subdivision 3; 245A.11; 246.50, subdivisions 3a, 4a, and 9; 254B.09, subdivision 3; 254B.10; 256.87, subdivision 4; 256.969, subdivisions 2a, 3, 4, 5, and 6; 256B.0625, subdivision 21; 256B.17, subdivisions 1, 2, 3, 4, 5, 6, 7, and 8; 256B.69, subdivisions 12, 13, 14, and 15; 256D.01, subdivision 1c; 256D.051, subdivision 6a; 256D.052, subdivisions 5, 6, and 7; 256D.06, subdivisions 3, 4, and 6; 256D.35, subdivisions 2, 3, 4, and 8; 256D.36, subdivision 2; 256D.37, subdivisions 2, 4, 6, 7, 8, 9, 10, 11, 12, 13, and 14; 256D.38;

256D.39; 256D.41; 256D.42; 256D.43; 256E.08, subdivision 9; 256F.05, subdivision 1; 256H.04; 256H.05, subdivision 4; 256H.06; 256H.07, subdivision 4; 256H.13; 268.86, subdivision 7; 462.357, subdivisions 6a, 7, and 8; 518.613, subdivision 5; Laws 1987, chapter 403, article 5, section 1; proposing coding for new law in Minnesota Statutes, chapters 144; 144A; 145; 157; 196; 245; 245A; 246; 251; 252; 253; 254A; 256; 256B; 256D; 256E; 256F; 256H; 259; 268; 462; and 626; proposing coding for new law as Minnesota Statutes, chapter 256L.

The bill was read for the first time and laid over one day.

MOTIONS AND RESOLUTIONS

Pugh moved that the names of Milbert and Pappas be added as authors on H. F. No. 1587. The motion prevailed.

Carruthers moved that the name of Bennett be added as an author on H. F. No. 1697. The motion prevailed.

Jefferson moved that the names of Otis and McLaughlin be added as authors on H. F. No. 1715. The motion prevailed.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 12:00 noon, Wednesday, May 3, 1989. The motion prevailed.

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Wednesday, May 3, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

FORTY-FOURTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MAY 3, 1989

The House of Representatives convened at 12:00 noon and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by Pastor John Strohschein of Messiah Lutheran Church, Forest Lake, Minnesota.

The roll was called and the following members were present:

Abrams	Frerichs	Krueger	Onnen	Seaberg
Anderson, G.	Girard	Lasley	Orenstein	Segal
Anderson, R.	Greenfield	Lieder	Osthoff	Simoneau
Battaglia	Gruenes	Limmer	Ostrom	Skoglund
Bauerly	Gutknecht	Long	Otis	Solberg
Beard	Hartle	Lynch	Ozment	Sparby
Begich	Hasskamp	Macklin	Pappas	Stanius
Bennett	Haukoos	Marsh	Pauly	Steensma
Bertram	Heap	McDonald	Pellow	Sviggum
Bishop	Henry	McEachern	Pelowski	Swenson
Blatz	Himle	McGuire	Peterson	Tjornhom
Boo	Hugoson	McLaughlin	Poppenhagen	Tompkins
Brown	Jacobs	McPherson	Price	Trimble
Burger	Janezich	Milbert	Pugh	Tunheim
Carlson, D.	Jaros	Miller	Quinn	Valento
Carlson, L.	Jefferson	Morrison	Redalen	Vellenga
Carruthers	Jennings	Munger	Reding	Wagenius
Clark	Johnson, A.	Murphy	Rest	Waltman
Conway	Johnson, R.	Nelson, C.	Rice	Weaver
Cooper	Johnson, V.	Nelson, K.	Richter	Welle
Dauner	Kahn	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kalis	O'Connor	Rukavina	Williams
Dempsey	Kelly	Ogren	Runbeck	Winter
Dille	Kelso	Olsen, S.	Sarna	Wynia
Dorn	Kinkel	Olson, E.	Schafer	Spk. Vanasek
Forsythe	Knickerbocker	Olson, K.	Scheid	
Frederick	Kostohryz	Omann	Schreiber	

A quorum was present.

Uphus was excused.

Wynia moved that the House recess subject to the call of the Chair to meet with the Senate in Joint Convention. The motion prevailed.

RECESS

RECONVENED

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

The Sergeant at Arms announced the arrival of the members of the Senate and they were escorted to the seats reserved for them at the front of the Chamber.

JOINT CONVENTION

The Speaker of the House as President of the Joint Convention called the Joint Convention to order.

Prayer was offered by Pastor John Strohschein of Messiah Lutheran Church, Forest Lake, Minnesota.

The roll being called, the following Senators answered to their names: Adkins, Anderson and Beckman.

Senator Moe, R. D., moved that further proceedings of the roll call be dispensed with. The motion prevailed and a quorum was declared present.

REPORT FROM THE HOUSE COMMITTEE ON
EDUCATION, THE EDUCATION DIVISION OF THE HOUSE
COMMITTEE ON APPROPRIATIONS, THE SENATE COMMITTEE ON
EDUCATION, AND THE EDUCATION DIVISION OF
THE SENATE COMMITTEE ON FINANCE

To the Honorable Robert E. Vanasek, Speaker of the House of Representatives, as President of the Joint Convention of the Senate and House of Representatives meeting to elect Regents of the University of Minnesota:

The House Committee on Education, the Education Division of the House Committee on Appropriations, the Senate Committee on Education, and the Education Division of the Senate Committee on Finance make the following report:

We have selected the following named persons as a slate of nominees for Regents of the University of Minnesota, to hold office for the term specified for each from the first Monday of February, 1989:

Darrin M. Roshka, At-Large Student Member, Six Years
Mary J. Page, At-Large, Six Years
Alan C. Page, At-Large, Six Years
Jean B. Keffeler, Fifth Congressional District, Six Years

We hereby submit the recommendation and the names of said persons in nomination for the offices and terms hereinbefore designated.

Respectfully submitted,

BOB MCEACHERN, Chairman
House Education Committee
and Co-Chair of the Joint Committee

JAMES C. PEHLER, Chairman
Senate Education Committee
and Co-Chair of the Joint Committee

McEachern and Pehler moved that the report of the Joint Committee be adopted.

The motion prevailed and the report was adopted.

ELECTION OF BOARD OF REGENTS

Pursuant to the Joint Rules of the Senate and House of Representatives the Joint Convention proceeded to elect a Regent from the Fifth Congressional District.

Jean B. Keffeler was nominated by the Joint Committee for a term of six years.

Osthoff nominated Alan C. Page.

There being no further nominations, the President declared nominations closed.

The Secretary called the roll.

190 members voted for Jean B. Keffeler, Fifth Congressional District Regent, for a six year term, as follows:

SENATE ROLL CALL

Adkins	Cohen	D. R.	Lessard	Olson
Anderson	Dahl	Freeman	Luther	Pariseau
Beckman	Davis	Gustafson	Marty	Pehler
Belanger	Decker	Hughes	McGowan	Peterson, D. C.
Benson	DeCramer	Johnson, D. E.	McQuaid	Peterson, R. W.
Berg	Dicklich	Johnson, D. J.	Mehrkens	Piper
Berglin	Diessner	Knaak	Merriam	Pogemiller
Bernhagen	Frank	Knutson	Metzen	Purfeerst
Bertram	Frederick	Kroening	Moe, D. M.	Ramstad
Brandl	Frederickson,	Langseth	Moe, R. D.	Reichgott
Brataas	D. J.	Lantry	Morse	Renneke
Chmielewski	Frederickson,	Larson	Novak	Samuelson

Schmitz Solon	Spear Storm	Stumpf Taylor	Vickerman Waldorf
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HOUSE OF REPRESENTATIVES ROLL CALL

Abrams	Greenfield	Krueger	Omann	Schreiber
Anderson, G.	Gruenes	Lasley	Onnen	Seaberg
Anderson, R.	Gutknecht	Lieder	Orenstein	Simoneau
Bauerly	Hartle	Limmer	Ostrom	Skoglund
Beard	Hasskamp	Long	Otis	Sparby
Bennett	Haukoos	Lynch	Ozment	Stanius
Bertram	Heap	Macklin	Pappas	Steensma
Bishop	Henry	Marsh	Pauly	Sviggum
Blatz	Himle	McDonald	Pellow	Swenson
Boo	Hugoson	McEachern	Pelowski	Tjornhom
Brown	Jacobs	McGuire	Peterson	Tompkins
Burger	Janezich	McLaughlin	Poppenhagen	Trimble
Carlson, D.	Jaros	McPherson	Price	Tunheim
Carlson, L.	Jefferson	Milbert	Pugh	Valento
Carruthers	Jennings	Miller	Quinn	Vellenga
Clark	Johnson, A.	Morrison	Redalen	Wagenius
Conway	Johnson, R.	Munger	Reding	Waltman
Cooper	Johnson, V.	Nelson, C.	Rest	Weaver
Dauner	Kahn	Nelson, K.	Rice	Welle
Dempsey	Kalis	Neuenschwander	Richter	Wenzel
Dille	Kelly	O'Connor	Rodosovich	Williams
Dorn	Kelso	Ogren	Rukavina	Winter
Forsythe	Kinkel	Olsen, S.	Runbeck	Wynia
Frerichs	Knickerbocker	Olson, E.	Sarna	Pres. Vanasek
Girard	Kostohryz	Olson, K.	Schafer	

10 members voted for Alan C. Page, Fifth Congressional District Regent, for a six year term, as follows:

SENATE ROLL CALL

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HOUSE OF REPRESENTATIVES ROLL CALL

Battaglia	Dawkins	Murphy	Scheid	Solberg
Begich	Frederick	Osthoff	Segal	

Jean B. Keffeler, having received a majority of the votes cast, was declared elected Fifth Congressional District Regent, for a six year term.

Pursuant to the Joint Rules of the Senate and House of Representatives the Joint Convention proceeded to elect an At-Large Student Regent.

Darrin M. Rosha was nominated by the Joint Committee for a term of six years.

Ogren nominated David Minkkinen.

Lynch nominated Randall Peterson.

There being no further nominations, the President declared nominations closed.

The Secretary called the roll.

124 members voted for Darrin M. Rosha, At-Large Student Regent, for a six year term, as follows:

SENATE ROLL CALL

Adkins	Brataas	Hughes	Metzen	Renneke
Anderson	Davis	Knaak	Moe, D. M.	Samuelson
Beckman	Decker	Knutson	Morse	Spear
Belanger	Diessner	Langseth	Olson	Storm
Benson	Frederick	McGowan	Pariseau	Stumpf
Bertram	Frederickson,	McQuaid	Pehler	Taylor
Brandl	D. R.	Mehrtens	Ramstad	Vickerman

HOUSE OF REPRESENTATIVES ROLL CALL

Abrams	Forsythe	Johnson, V.	Neuenschwander	Scheid
Anderson, G.	Frederick	Kahn	Olson, E.	Schreiber
Bauerly	Frerichs	Kalis	Omman	Simoneau
Bennett	Girard	Kelly	Onnen	Skoglund
Bertram	Greenfield	Knickerbocker	Ostrom	Swiggum
Bishop	Gruenes	Kostohryz	Otis	Swenson
Blatz	Gutknecht	Lieder	Ozment	Tjornhom
Brown	Hartle	Limmer	Pauly	Tompkins
Burger	Hasskamp	Long	Pellow	Tunheim
Carlson, L.	Haukoos	Macklin	Pelowski	Valento
Carruthers	Heap	Marsh	Peterson	Vellenga
Clark	Henry	McDonald	Poppenhagen	Wagenius
Conway	Himle	McEachern	Redalen	Waltman
Cooper	Hugoson	McGuire	Reding	Weaver
Dauner	Jacobs	McPherson	Rest	Welle
Dempsey	Jefferson	Miller	Richter	Wenzel
Dille	Jennings	Morrison	Rodosovich	Wynia
Dorn	Johnson, A.	Nelson, K.	Schafer	Pres. Vanasek

68 members voted for David Minkkinen, At-Large Student Regent, for a six year term, as follows:

SENATE ROLL CALL

Berg	Dicklich	Johnson, D. E.	Luther	Piper
Berglin	Frank	Johnson, D. J.	Marty	Pogemiller
Bernhagen	Frederickson,	Kroening	Moe, R. D.	Purfeerst
Chmielewski	D. J.	Laidig	Novak	Reichgott
Cohen	Freeman	Lantry	Peterson, D. C.	Schmitz
DeCramer	Gustafson	Lessard	Peterson, R. W.	Solon

HOUSE OF REPRESENTATIVES ROLL CALL

Battaglia	Johnson, R.	Murphy	Price	Solberg
Beard	Kelso	Nelson, C.	Pugh	Sparby
Begich	Kinkel	O'Connor	Quinn	Stanius
Boo	Krueger	Ogren	Rice	Stensma
Carlson, D.	Lasley	Olson, K.	Rukavina	Trimble
Dawkins	McLaughlin	Orenstein	Sarna	Williams
Janezich	Milbert	Osthoff	Seaberg	Winter
Jaros	Munger	Pappas	Segal	

8 members voted for Randall Peterson, At-Large Student Regent, for a six year term, as follows:

SENATE ROLL CALL

Dahl Larson Merriam Waldorf

HOUSE OF REPRESENTATIVES ROLL CALL

Anderson, R. Lynch Olsen, S. Runbeck

Darrin M. Rosha, having received a majority of the votes cast, was declared elected At-Large Student Regent, for a six year term.

Pursuant to the Joint Rules of the Senate and House of Representatives the Joint Convention proceeded to elect two At-Large Regents.

Mary J. Page and Alan C. Page were nominated by the Joint Committee for terms of six years.

Luther nominated Luella Goldberg.

Adkins nominated Cy Carpenter.

Waldorf nominated James Shannon.

Himle nominated Vernon Moore.

There being no futher nominations, the President declared the nominations closed.

The Secretary called the roll.

131 members voted for Alan C. Page, At-Large Regent, for a six year term, as follows:

SENATE ROLL CALL

Adkins	Dahl	Kroening	Moe, D. M.	Renneke
Anderson	Decker	Lantry	Moe, R. D.	Samuelson
Beckman	DeCramer	Luther	Novak	Spear
Benson	Diessner	Marty	Pariseau	Stumpf
Berglin	Frederickson,	McGowan	Pehler	Vickerman
Brandl	D. J.	McQuaid	Peterson, D. C.	Waldorf
Brataas	Frederickson,	Mehrkens	Pogemiller	
Chmielewski	D. R.	Merriam	Purfeerst	
Cohen	Freeman	Metzen	Reichgott	

HOUSE OF REPRESENTATIVES ROLL CALL

Battaglia	Begich	Boo	Carlson, L.	Cooper
Bauerly	Bishop	Brown	Carruthers	Dauner
Beard	Blatz	Carlson, D.	Clark	Dawkins

Dorn	Kelly	Munger	Pauly	Segal
Forsythe	Kelso	Nelson, C.	Pelowski	Skoglund
Frerichs	Kinkel	Nelson, K.	Peterson	Solberg
Greenfield	Kostohryz	O'Connor	Poppenhagen	Sparby
Gruenes	Krueger	Ogren	Price	Steensma
Gutknecht	Lieder	Olson, E.	Pugh	Tjornhom
Hartle	Limmer	Olson, K.	Quinn	Trimble
Hasskamp	Long	Omann	Redalen	Tunheim
Haukoos	Lynch	Onnen	Reding	Vellenga
Henry	Macklin	Orenstein	Rest	Wagenius
Jaros	Marsh	Osthoff	Rice	Weaver
Jefferson	McEachern	Ostrom	Rodosovich	Welle
Johnson, A.	McGuire	Otis	Sarna	Wenzel
Johnson, R.	McLaughlin	Ozment	Schafer	Winter
Kahn	Milbert	Pappas	Scheid	Wynia
				Pres. Vanasek

118 members voted for Mary J. Page, At-Large Regent, for a six year term, as follows:

SENATE ROLL CALL

Adkins	Decker	Johnson, D. E.	McQuaid	Purfeerst
Beckman	DeCramer	Johnson, D. J.	Metzen	Renneke
Belanger	Dicklich	Knutson	Moe, D. M.	Solon
Berg	Frederickson,	Kroening	Morse	Spear
Berglin	D. J.	Laidig	Olson	Stumpf
Bernhagen	Frederickson,	Langseth	Pehler	Taylor
Bertram	D. R.	Lantry	Peterson, D. C.	Vickerman
Brandl	Freeman	Larson	Piper	
Davis	Gustafson	Lessard	Pogemiller	

HOUSE OF REPRESENTATIVES ROLL CALL

Anderson, G.	Gruenes	Lasley	Otis	Steensma
Anderson, R.	Hartle	Lieder	Pappas	Sviggum
Bauerly	Hasskamp	Long	Peterson	Swenson
Bertram	Hugoson	McEachern	Price	Trimble
Brown	Jacobs	McGuire	Pugh	Tunheim
Carlson, L.	Janezich	Miller	Reding	Vellenga
Clark	Jaros	Munger	Rest	Wagenius
Conway	Jefferson	Murphy	Rice	Welle
Cooper	Johnson, A.	Nelson, C.	Richter	Wenzel
Dawkins	Johnson, R.	Nelson, K.	Rodosovich	Williams
Dempsey	Johnson, V.	Ogren	Rukavina	Winter
Dille	Kahn	Olson, E.	Sarna	Wynia
Dorn	Kalis	Olson, K.	Schafer	Pres. Vanasek
Frederick	Kelly	Omann	Seaberg	
Girard	Kinkel	Onnen	Skoglund	
Greenfield	Kostohryz	Ostrom	Sparby	

94 members voted for Luella Goldberg, At-Large Regent, for a six year term, as follows:

SENATE ROLL CALL

Anderson	Dahl	Johnson, D. J.	McGowan	Pariseau
Belanger	Diessner	Knaak	Mehrkens	Peterson, R. W.
Benson	Frederick	Knutson	Moe, R. D.	Ramstad
Bernhagen	Gustafson	Laidig	Morse	Reichgott
Brataas	Hughes	Larson	Novak	Solon
Cohen	Johnson, D. E.	Luther	Olson	Storm
				Taylor

HOUSE OF REPRESENTATIVES ROLL CALL

Abrams	Girard	Lynch	Osthoff	Seaberg
Beard	Gutknecht	Macklin	Ozment	Segal
Bennett	Haukoos	Marsh	Pauly	Simoneau
Bishop	Heap	McDonald	Pellow	Solberg
Blatz	Henry	McLaughlin	Pelowski	Stanius
Boo	Himle	McPherson	Poppenhagen	Sviggum
Burger	Hugoson	Milbert	Quinn	Tjornhom
Carlson, D.	Janezich	Miller	Redalen	Tompkins
Carruthers	Jennings	Morrison	Richter	Valento
Dauner	Johnson, V.	Neuenschwander	Rukavina	Waltman
Forsythe	Kelso	O'Connor	Runbeck	Weaver
Frederick	Knickerbocker	Olsen, S.	Scheid	
Frerichs	Lasley	Orenstein	Schreiber	

20 members voted for Vernon Moore, At-Large Regent, for a six year term, as follows:

SENATE ROLL CALL

Berg	Davis	Frank	Frederick	Knaak
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HOUSE OF REPRESENTATIVES ROLL CALL

Bennett	Knickerbocker	Olsen, S.	Schreiber	Tompkins
Heap	McDonald	Pellow	Simoneau	Valento
Himle	McPherson	Runbeck	Swenson	Waltman

18 members voted for James Shannon, At-Large Regent, for a six year term, as follows:

SENATE ROLL CALL

Chmielewski	Marty	Peterson, R. W.	Ramstad	Storm
Hughes	Merriam	Piper	Schmitz	Waldorf

HOUSE OF REPRESENTATIVES ROLL CALL

Abrams	Burger	Jacobs	Morrison
Anderson, G.	Dempsey	Limmer	Stanius

17 members voted for Cy Carpenter, At-Large Regent, for a six year term, as follows:

SENATE ROLL CALL

Bertram	Frank	Lessard	Schmitz
Dicklich	Langseth	Samuelson	

HOUSE OF REPRESENTATIVES ROLL CALL

Anderson, R.	Begich	Conway	Jennings	Krueger
Battaglia	Bertram	Dille	Kalis	Neuenschwander

2 members voted for Yvonne Condell, At-Large Regent, for a six year term, as follows:

HOUSE OF REPRESENTATIVES ROLL CALL

Murphy Williams

Mary C. Page and Alan C. Page, having received a majority of the votes cast, were declared elected At-Large Regents, for six year terms.

DECLARATION OF ELECTION

Jean B. Keffeler, Fifth Congressional District Regent, six years; Darrin M. Rosh, At-Large Student Regent, six years; Alan C. Page, At-Large Regent, six years; Mary J. Page, At-Large Regent, six years, having received the largest number of votes at the Joint Convention were declared by the President of the Joint Convention to be elected to the Board of Regents of the University of Minnesota for terms ending the first Monday of February, 1995.

Moe, R. D., moved that the Joint Convention arise. The motion prevailed and the President declared the Joint Convention adjourned.

RECONVENED

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

CERTIFICATION

May 3, 1989

To the Governor
State of Minnesota

To the Senate
State of Minnesota

To the House of Representatives
State of Minnesota

This is to certify that the House of Representatives and the Senate in Joint Convention on Wednesday, May 3, 1989, have elected as members of the Board of Regents of the University of Minnesota the following members each to hold his or her respective office for the term specified from the first Monday of February, 1989:

Jean B. Keffeler, Fifth Congressional District, Six Years
Darrin M. Rosh, At-Large Student, Six Years

Alan C. Page, At-Large, Six Years
Mary J. Page, At-Large, Six Years

JEROME M. HUGHES
President of the Senate

ROBERT E. VANASEK
Speaker of the House of
Representatives

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 1689, 1758, 1734 and 1759 and S. F. Nos. 490, 840, 1139, 786, 922, 1027, 459, 1083, 164, 723, 49, 476, 572, 583, 598, 1042, 783, 1009, 1258, 486, 834, 1191, 243, 590, 1031, 1401, 281, 180, 847, 1070, 809, 858, 1269, 886 and 1039 have been placed in the members' files.

S. F. No. 1191 and H. F. No. 1407, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Carruthers moved that S. F. No. 1191 be substituted for H. F. No. 1407 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1258 and H. F. No. 1504, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Hugoson moved that S. F. No. 1258 be substituted for H. F. No. 1504 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 858 and H. F. No. 1110, which had been referred to the

Chief Clerk for comparison, were examined and found to be identical.

Schafer moved that S. F. No. 858 be substituted for H. F. No. 1110 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 809 and H. F. No. 604, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Stanis moved that the rules be so far suspended that S. F. No. 809 be substituted for H. F. No. 604 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 583 and H. F. No. 1175, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Bauerly moved that the rules be so far suspended that S. F. No. 583 be substituted for H. F. No. 1175 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1039 and H. F. No. 1358, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Jacobs moved that S. F. No. 1039 be substituted for H. F. No. 1358 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1009 and H. F. No. 1179, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

McDonald moved that S. F. No. 1009 be substituted for H. F. No. 1179 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 590 and H. F. No. 759, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Welle moved that S. F. No. 590 be substituted for H. F. No. 759 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 783 and H. F. No. 872, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Jaros moved that the rules be so far suspended that S. F. No. 783 be substituted for H. F. No. 872 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1269 and H. F. No. 1648, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Price moved that the rules be so far suspended that S. F. No. 1269 be substituted for H. F. No. 1648 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 886 and H. F. No. 780, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Cooper moved that S. F. No. 886 be substituted for H. F. No. 780 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 486 and H. F. No. 981, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Rest moved that the rules be so far suspended that S. F. No. 486 be substituted for H. F. No. 981 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 476 and H. F. No. 187, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Miller moved that the rules be so far suspended that S. F. No. 476 be substituted for H. F. No. 187 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 847 and H. F. No. 953, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Hasskamp moved that the rules be so far suspended that S. F. No. 847 be substituted for H. F. No. 953 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 281 and H. F. No. 1040, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Olson, E., moved that the rules be so far suspended that S. F. No. 281 be substituted for H. F. No. 1040 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1031 and H. F. No. 1379, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Trimble moved that the rules be so far suspended that S. F. No. 1031 be substituted for H. F. No. 1379 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 180 and H. F. No. 513, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Hugoson moved that the rules be so far suspended that S. F. No. 180 be substituted for H. F. No. 513 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 723 and H. F. No. 728, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Segal moved that the rules be so far suspended that S. F. No. 723 be substituted for H. F. No. 728 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 834 and H. F. No. 1118, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Sarna moved that the rules be so far suspended that S. F. No. 834 be substituted for H. F. No. 1118 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 59, A bill for an act relating to crime; controlled

substances; creating controlled substance crimes in the first, second, third, fourth, and fifth degrees; increasing penalties for controlled substance offenses; providing mandatory minimum sentences for repeat controlled substance offenses; providing a mandatory minimum sentence for a controlled substance offense committed with a dangerous weapon; creating a permissible inference that occupants in a room knowingly possess controlled substances found there; providing that public safety be considered by the sentencing guidelines commission in modifying the sentencing guidelines; modifying provisions concerning the forfeiture of conveyance devices or real property associated with controlled substances; requiring reporting of newborns with signs of controlled substance exposure; limiting liability of medical personnel administering toxicology tests on newborns; requiring an education program to prevent harm to unborn children from prenatal exposure to controlled substances and alcohol; establishing a grant program for community crime prevention and reduction programs; appropriating money; amending Minnesota Statutes 1988, sections 152.01, subdivision 7, and by adding subdivisions; 152.096, subdivision 1; 152.097, by adding a subdivision; 152.15, subdivision 4a; 152.151; 152.18, subdivision 1; 152.20; 152.21, subdivision 6; 244.09, subdivision 5; 609.11, subdivision 9; 609.5311, subdivision 3; 609.5314, subdivision 1; 609.5315, subdivision 1; and 626.556, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 116K; 121; 152; and 626; repealing Minnesota Statutes 1988, sections 152.09; and 152.15, subdivisions 1, 2, 2a, 2b, 3, and 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1 APPROPRIATIONS

Section 1. [BOND SALE; APPROPRIATION FOR CAPITAL IMPROVEMENT.]

Subdivision 1. [APPROPRIATION; BOND SALE.] \$10,755,000 is appropriated from the state building fund to the department of administration to convert portions of the regional treatment center at Faribault for use as a medium security correctional facility for adult males.

To provide the money appropriated by this section from the state building fund, the commissioner of finance on request of the governor shall sell and issue bonds of the state in an amount up to \$10,755,000 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.

Subd. 2. [DEBT SERVICE.] The commissioner of finance shall schedule the sale of state general obligation bonds authorized to be issued under this section so that, during the biennium ending June 30, 1991, no more than \$1,753,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on them, in addition to limits in other law placed on debt service on state general obligation bonds for the biennium or either fiscal year of it. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 2. [CRIME AND CORRECTIONS; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in the following sections of this act, to be available for the fiscal years indicated for each purpose. The figures "1990" and "1991," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1990 or June 30, 1991, respectively.

SUMMARY BY FUND

	1990	1991	TOTAL
General	\$35,087,000	\$27,202,000	\$62,289,000

APPROPRIATIONS
Available for the Year
Ending June 30,
1990 1991

Sec. 3. COMMISSIONER OF CORRECTIONS

Subdivision 1. Appropriation by Fund

General Fund	\$24,451,000	\$26,910,000
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The amounts that may be spent from the appropriations for each program and activity are more specifically described in the following subdivisions.

	1990	1991
	\$	\$
Subd. 2. Correctional Institutions	15,580,000	17,682,000

Of this amount \$6,213,000 in fiscal year 1990 and \$9,837,000 in fiscal year 1991 are to pay operating costs of the facility at Faribault. The department's complement is increased by up to 245 positions in both years of the biennium.

Of this amount \$1,957,000 is to pay start-up costs associated with conversion of portions of the regional treatment center at Faribault to a medium-security correctional facility.

Of this amount, \$63,000 in fiscal year 1990 and \$332,000 in fiscal year 1991 are to establish and operate two additional sex offender programs within state correctional facilities. The department's complement is increased by one position in 1990 and up to eight positions in 1991.

Of this amount, \$115,000 in each year of the biennium is to pay costs associated with assessing sex offenders for amenability to treatment, monitoring the progress of inmates in sex offender programs, and making court appearances to report on inmates' progress in sex offender programs. The department's complement is increased by up to three positions in both years.

Any unexpended money in the fiscal year 1990 appropriation for conversion and operation of the facility at Faribault is available in fiscal year 1991.

During the biennium ending June 30, 1991, the commissioner shall give preference in recruiting, training and hiring to employees of the department of human services whose positions are eliminated by implementation of the regional treatment center restructuring plan when filling correctional facil-

1990

1991

\$

\$

ity positions located on regional treatment center campuses.

Agreements between the commissioner of corrections and the commissioner of human services concerning operation of a correctional facility on a campus of a regional treatment center shall include provisions for operation of the kitchen and laundry facilities by the commissioner of human services. The department of human services shall operate such kitchen and laundry facilities until the department of human services has completed its restructuring plan at the regional treatment center.

Employees of the St. Paul-Ramsey medical center who perform the functions of psychologist and director of the mental health unit at the Minnesota correctional facility-Oak Park Heights and psychiatric social worker at Minnesota correctional facility-Stillwater shall be transferred to the classified service without competitive or qualifying examination and shall be placed by the commissioner of employee relations, with no loss in salary, in the proper classifications. These employees shall begin on the date of transfer to serve a probationary period appropriate to the classification to which each is assigned, according to a collective bargaining agreement or plans pursuant to Minnesota Statutes 1988, section 43A.16.

The commissioner may enter into agreements with the appropriate officials of any state, political subdivision, or the United States, for housing prisoners in Minnesota correctional facilities. Money received under the agreement is appropriated to the commissioner for correctional purposes.

Subd. 3. Community Services

8,285,000

8,360,000

1990

1991

\$

\$

Of this amount, \$75,000 in each year is to be used as a grant to an existing statewide coalition of sexual assault programs, providers and agencies. Grant money may be used to promote the availability of services to all sexual assault victims throughout the state; to educate the general public and professionals in related fields about victimization issues through programs, publications and the media; to provide training on issues of common concern to sexual assault service programs through conferences, workshops and forums; and to offer an opportunity for providers, programs and agencies to share expertise, experience and knowledge about sexual assault issues.

Of this amount, \$100,000 in 1990 is a one-time appropriation to the St. Louis County Task Force on Children and Youth to conduct a study with the following objectives: to examine and identify causes of problems faced by children and youth in St. Louis County; to identify resources and gaps in services in the existing service system for children and youth; to make recommendations regarding possible prevention and early intervention initiatives; to improve coordination efforts among agencies, organizations and systems serving youth in St. Louis County; and to contribute to greater public awareness and recognition of the needs, problems and concerns of children and youth.

The commissioner may transfer unencumbered grant money to fund the department's fiscal year 1989 general fund shortage.

Base level funding in the probation and supervised release activity for services to Dakota and Rice counties shall be transferred to the community correc-

	1990	1991
	\$	\$
tions act appropriation upon their entry into the act.		

The commissioner is encouraged to direct a portion of the increase in funding to battered women's programs toward pay increases for employees of the programs.

Subd. 4. Management Services	586,000	868,000
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Of this amount, \$50,000 in each year is to pay planning costs associated with developing a statewide system to collect data on felony sex offenders.

Sec. 4. SENTENCING GUIDELINES COMMISSION	0	38,000
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This is a one-time appropriation to study the mandatory minimum sentencing law. The commission shall submit a report to the legislature by February 1, 1991, summarizing its findings and recommending any changes necessary to improve the mandatory minimum sentencing law.

Sec. 5. DRUG ABUSE PREVENTION RESOURCE COUNCIL	100,000	100,000
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This appropriation is to foster the coordination and development of a statewide drug abuse prevention policy. The staff complement of the council is not more than five positions.

Sec. 6. COMMISSIONER OF STATE PLANNING	8,821,000	100,000
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Of this amount, \$100,000 in each year is to be used for grants to establish community crime reduction pilot projects.

Of this amount, \$10,000,000 in the first year is for the community resources program. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

	1990	1991
	\$	\$
Sec. 7. COMMISSIONER OF PUBLIC SAFETY	1,710,000	54,000

This amount is appropriated to the bureau of criminal apprehension to establish a statewide system to collect data on felony sex offenders who are juveniles.

Sec. 8. LEGISLATIVE COORDINATING COMMISSION	5,000	0
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This is a one-time appropriation to conduct a study of the child protection system at the state and county levels and ways in which it can be improved.

ARTICLE 2

CONTROLLED SUBSTANCES PROVISIONS

Section 1. [116K.14] [COMMUNITY CRIME REDUCTION PROGRAMS; GRANTS.]

Subdivision 1. [PROGRAMS.] The commissioner shall administer a grant program to fund community-based programs that are designed to enhance the community's sense of personal security and to assist the community in its crime control efforts. Examples of qualifying programs include, but are not limited to, the following:

(1) programs to provide security systems for residential buildings serving low-income persons, elderly persons, and persons who have physical or mental disabilities;

(2) community-based programs designed to discourage young people from involvement in unlawful drug or street gang activities;

(3) neighborhood block clubs and innovative community-based crime watch programs; and

(4) other community-based crime prevention programs that are innovative and encourage substantial involvement by members of the community served by the program.

Subd. 2. [GRANT PROCEDURE.] A local unit of government may apply for a grant by submitting an application with the commissioner. The applicant shall specify the following in its application:

- (1) a description of each program for which funding is sought;
- (2) the amount of funding to be provided to the program;
- (3) the geographical area to be served by the program; and

(4) statistical information as to the number of arrests in the geographical area for violent crimes and for crimes involving schedule I and II controlled substances. "Violent crime" includes a violation of or an attempt or conspiracy to violate any of the following laws: sections 609.185; 609.19; 609.195; 609.20; 609.205; 609.21; 609.221; 609.222; 609.223; 609.228; 609.235; 609.24; 609.245; 609.25; 609.255; 609.2661; 609.2662; 609.2663; 609.2664; 609.2665; 609.267; 609.2671; 609.268; 609.342; 609.343; 609.344; 609.345; 609.498, subdivision 1; 609.561; 609.562; 609.582, subdivision 1; 609.687; and any provision of chapter 152 that is punishable by a maximum term of imprisonment greater than ten years.

The commissioner shall give priority to funding programs in the geographical areas that have the highest crime rates, as measured by the data supplied under clause (4), and that demonstrate substantial involvement by members of the community served by the program. The maximum amount that may be awarded to an applicant is \$25,000.

Subd. 3. [REPORT.] An applicant that receives a grant under this section shall provide the commissioner with a summary of how the grant funds were spent and the extent to which the objectives of the program were achieved. The commissioner shall submit a written report with the legislature based on the information provided by applicants under this subdivision.

Sec. 2. [121.162] [COOPERATION WITH DRUG ABUSE PREVENTION RESOURCE COUNCIL.]

The commissioner shall cooperate with and assist the drug abuse prevention resource council in fulfilling its responsibilities under sections 27 and 28.

Sec. 3. [121.883] [PROGRAM FOR PUBLIC EDUCATION REGARDING THE EFFECTS OF CONTROLLED SUBSTANCE AND ALCOHOL USE DURING PREGNANCY.]

Subdivision 1. [PUBLIC EDUCATION REGARDING THE EFFECTS OF CONTROLLED SUBSTANCE AND ALCOHOL USE DURING PREGNANCY.] The commissioner of education, in consultation with the commissioner of health, shall assist school districts in developing and implementing programs to prevent and reduce the risk of harm to unborn children exposed to controlled substance

and alcohol use by their mother during pregnancy. Each district program must, at a minimum:

(1) use planning materials, guidelines, and other technically accurate and updated information;

(2) maintain a comprehensive, technically accurate, and updated curriculum;

(3) be directed at adolescents, especially those who may be at high risk of pregnancy coupled with controlled substance or alcohol use;

(4) provide in-service training for appropriate district staff; and

(5) collaborate with appropriate state and local agencies and organizations.

Subd. 2. [FUNDING SOURCES.] Districts may accept funds for the program from public and private sources.

Sec. 4. [144.066] [COOPERATION WITH DRUG ABUSE PREVENTION RESOURCE COUNCIL.]

The commissioner shall cooperate with and assist the drug abuse prevention resource council in fulfilling its responsibilities under sections 27 and 28.

Sec. 5. Minnesota Statutes 1988, section 152.01, subdivision 7, is amended to read:

Subd. 7. [~~MANUFACTURING~~ MANUFACTURE.] "~~Manufacturing~~ Manufacture", in places other than a pharmacy, means and includes the production, cultivation, quality control, and standardization by mechanical, physical, chemical, or pharmaceutical means, packing, repacking, tableting, encapsulating, labeling, relabeling, filling, or by other process, of drugs.

Sec. 6. Minnesota Statutes 1988, section 152.01, is amended by adding a subdivision to read:

Subd. 19. [SELL.] "Sell" means to sell, give away, barter, deliver, exchange, distribute or dispose of to another; or to offer or agree to do the same; or to manufacture.

Sec. 7. Minnesota Statutes 1988, section 152.01, is amended by adding a subdivision to read:

Subd. 20. [MIXTURE.] "Mixture" means a preparation, compound, mixture, or substance containing a controlled substance, regardless of purity.

Sec. 8. Minnesota Statutes 1988, section 152.01, is amended by adding a subdivision to read:

Subd. 21. [PERSON.] "Person" means a person, firm, or corporation.

Sec. 9. Minnesota Statutes 1988, section 152.01, is amended by adding a subdivision to read:

Subd. 22. [PREVIOUS CONTROLLED SUBSTANCE CONVICTION.] "Previous controlled substance conviction" means a conviction in Minnesota of a felony violation of this chapter or a felony-level attempt or conspiracy to violate this chapter, or a conviction elsewhere for conduct that would have been a felony under this chapter if committed in Minnesota. The term includes any conviction that occurred before the present offense of conviction. The term does not include a conviction if ten years have elapsed since the person was restored to civil rights, or the sentence has expired, whichever occurs first.

Sec. 10. Minnesota Statutes 1988, section 152.01, is amended by adding a subdivision to read:

Subd. 23. [HALLUCINOGEN.] For purposes of sections 11 to 14, "hallucinogen" means any hallucinogen listed in section 152.02, subdivision 2, clause (3), or Minnesota Rules, part 6800.4210, item C, except marijuana or tetrahydrocannabinols.

Sec. 11. [152.021] [CONTROLLED SUBSTANCE CRIME IN THE FIRST DEGREE.]

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the first degree if:

(1) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures containing ten grams or more of cocaine base;

(2) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 50 grams or more containing a narcotic drug;

(3) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 50 grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 200 or more dosage units; or

(4) on one or more occasions within a 90-day period the person

unlawfully sells one or more mixtures of a total weight of 100 kilograms or more containing marijuana or tetrahydrocannabinols.

Subd. 2. [POSSESSION CRIMES.] A person is guilty of a controlled substance crime in the first degree if:

(1) the person unlawfully possesses one or more mixtures containing 25 grams or more of cocaine base;

(2) the person unlawfully possesses one or more mixtures of a total weight of 500 grams or more containing a narcotic drug;

(3) the person unlawfully possesses one or more mixtures of a total weight of 500 grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 500 or more dosage units; or

(4) the person unlawfully possesses one or more mixtures of a total weight of 100 kilograms or more containing marijuana or tetrahydrocannabinols.

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 30 years or to payment of a fine of not more than \$1,000,000, or both.

(b) A person convicted under subdivision 1 or 2 who has a previous controlled substance conviction shall be sentenced to imprisonment for not less than four years nor more than 40 years or to a fine of not more than \$1,000,000, or both.

Sec. 12. [152.022] [CONTROLLED SUBSTANCE CRIME IN THE SECOND DEGREE.]

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the second degree if:

(1) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures containing three grams or more of cocaine base;

(2) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more containing a narcotic drug;

(3) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 50 or more dosage units;

(4) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 50 kilograms or more containing marijuana or tetrahydrocannabinols;

(5) the person unlawfully sells one or more mixtures containing a narcotic drug to a person under the age of 18; or

(6) the person conspires with or employs a person under the age of 18 to unlawfully sell one or more mixtures containing a narcotic drug.

Subd. 2. [POSSESSION CRIMES.] A person is guilty of controlled substance crime in the second degree if:

(1) the person unlawfully possesses one or more mixtures containing six grams or more of cocaine base;

(2) the person unlawfully possesses one or more mixtures of a total weight of 50 grams or more containing a narcotic drug;

(3) the person unlawfully possesses one or more mixtures of a total weight of 50 grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 100 or more dosage units; or

(4) the person unlawfully possesses one or more mixtures of a total weight of 50 kilograms or more containing marijuana or tetrahydrocannabinols.

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 25 years or to payment of a fine of not more than \$500,000, or both.

(b) A person convicted under subdivision 1 or 2 who has a previous controlled substance conviction shall be sentenced to imprisonment for not less than three years nor more than 40 years or to a fine of not more than \$500,000, or both.

Sec. 13. [152.023] [CONTROLLED SUBSTANCE CRIME IN THE THIRD DEGREE.]

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the third degree if:

(1) the person unlawfully sells one or more mixtures containing a narcotic drug;

(2) the person unlawfully sells one or more mixtures containing phencyclidine or hallucinogen, it is packaged in dosage units, and equals ten or more dosage units;

(3) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule I, II, or III, except marijuana or tetrahydrocannabinols, to a person under the age of 18; or

(4) the person conspires with or employs a person under the age of 18 to unlawfully sell one or more mixtures containing a controlled substance listed in schedule I, II, or III, except marijuana or tetrahydrocannabinols.

Subd. 2. [POSSESSION CRIMES.] A person is guilty of controlled substance crime in the third degree if:

(1) the person unlawfully possesses one or more mixtures containing three grams or more of cocaine base;

(2) the person unlawfully possesses one or more mixtures of a total weight of ten grams or more containing a narcotic drug;

(3) the person unlawfully possesses one or more mixtures containing a narcotic drug, phencyclidine, or hallucinogen with the intent to sell it; or

(4) the person unlawfully possesses one or more mixtures containing a narcotic drug, it is packaged in dosage units, and equals 50 or more dosage units.

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 20 years or to a payment of a fine of not more than \$250,000, or both.

(b) A person convicted under subdivision 1 or 2 who has a previous controlled substance conviction shall be sentenced to imprisonment for not less than two years nor more than 30 years or to a fine of not more than \$250,000, or both.

Sec. 14. [152.024] [CONTROLLED SUBSTANCE CRIME IN THE FOURTH DEGREE.]

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the fourth degree if:

(1) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule I, II, or III, except marijuana or tetrahydrocannabinols;

(2) the person unlawfully sells one or more mixtures containing marijuana or tetrahydrocannabinols to a person under the age of 18;

(3) the person conspires with or employs a person under the age of 18 to unlawfully sell one or more mixtures containing marijuana or tetrahydrocannabinols;

(4) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule IV or V to a person under the age of 18; or

(5) the person conspires with or employs a person under the age of 18 to unlawfully sell a controlled substance classified in schedule IV or V.

Subd. 2. [POSSESSION CRIMES.] A person is guilty of controlled substance crime in the fourth degree if:

(1) the person unlawfully possesses one or more mixtures containing phencyclidine or hallucinogen, it is packaged in dosage units, and equals ten or more dosage units; or

(2) the person unlawfully possesses one or more mixtures containing a controlled substance classified in schedule I, II, or III, except marijuana or tetrahydrocannabinols, with the intent to sell it.

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than \$100,000, or both.

(b) A person convicted under subdivision 1 or 2 who has a previous controlled substance conviction shall be sentenced to imprisonment for not less than one year nor more than 30 years or to a fine of not more than \$100,000, or both.

Sec. 15. [152.025] [CONTROLLED SUBSTANCE CRIME IN THE FIFTH DEGREE.]

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the fifth degree if:

(1) the person unlawfully sells one or more mixtures containing marijuana or tetrahydrocannabinols, except a small amount of marijuana for no remuneration; or

(2) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule IV.

Subd. 2. [POSSESSION AND OTHER CRIMES.] A person is guilty of controlled substance crime in the fifth degree if:

(1) the person unlawfully possesses one or more mixtures contain-

ing a controlled substance classified in schedule I, II, III, or IV, except a small amount of marijuana; or

(2) the person procures, attempts to procure, possesses, or has control over a controlled substance by any of the following means:

(i) fraud, deceit, misrepresentation, or subterfuge;

(ii) using a false name or giving false credit; or

(iii) falsely assuming the title of, or falsely representing any person to be, a manufacturer, wholesaler, pharmacist, physician, doctor of osteopathy licensed to practice medicine, dentist, podiatrist, veterinarian, or other authorized person for the purpose of obtaining a controlled substance.

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

(b) A person convicted under subdivision 1 or 2 who has a previous controlled substance conviction shall be sentenced to imprisonment for not less than six months nor more than ten years or to payment of a fine of not more than \$20,000, or both.

Sec. 16. [152.026] [MANDATORY MINIMUM SENTENCES.]

A defendant convicted and sentenced to a mandatory minimum sentence under sections 11 to 15 is not eligible for probation, parole, discharge, or supervised release until that person has served the full mandatory minimum term of imprisonment as provided by law, notwithstanding sections 242.19, 243.05, 244.04, 609.12, and 609.135.

Sec. 17. [152.027] [OTHER CONTROLLED SUBSTANCE OFFENSES.]

Subdivision 1. [SALE OF SCHEDULE V CONTROLLED SUBSTANCE.] A person who unlawfully sells one or more mixtures containing a controlled substance classified in schedule V may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

Subd. 2. [POSSESSION OF SCHEDULE V CONTROLLED SUBSTANCE.] A person who unlawfully possesses one or more mixtures containing a controlled substance classified in schedule V may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both. The court may order that a person who is convicted under this subdivision and placed on

probation be required to take part in a drug education program as specified by the court.

Subd. 3. [POSSESSION OF LARGER AMOUNTS OF MARIJUANA IN A MOTOR VEHICLE.] A person is guilty of a misdemeanor if the person is the owner of a private motor vehicle, or is the driver of the motor vehicle if the owner is not present, and possesses on the person, or knowingly keeps or allows to be kept within the area of the vehicle normally occupied by the driver or passengers, more than 1.4 grams of marijuana. This area of the vehicle does not include the trunk of the motor vehicle if the vehicle is equipped with a trunk, or another area of the vehicle not normally occupied by the driver or passengers if the vehicle is not equipped with a trunk. A utility or glove compartment is deemed to be within the area occupied by the driver and passengers.

Subd. 4. [POSSESSION OR SALE OF SMALL AMOUNTS OF MARIJUANA.] (a) A person who unlawfully sells a small amount of marijuana for no remuneration, or who unlawfully possesses a small amount of marijuana is guilty of a petty misdemeanor punishable by a fine of up to \$200 and participation in a drug education program unless the court enters a written finding that a drug education program is inappropriate. The program must be approved by an area mental health board with a curriculum approved by the state alcohol and drug abuse authority.

(b) A person convicted of an unlawful sale under paragraph (a) who is subsequently convicted of an unlawful sale under paragraph (a) within two years is guilty of a misdemeanor and shall be required to participate in a chemical dependency evaluation and treatment if so indicated by the evaluation.

(c) A person who is convicted of a petty misdemeanor under paragraph (a) who willfully and intentionally fails to comply with the sentence imposed, is guilty of a misdemeanor. Compliance with the terms of the sentence imposed before conviction under this paragraph is an absolute defense.

Sec. 18. [152.028] [PERMISSIVE INFERENCE OF KNOWING POSSESSION; RESIDENCES.] The presence of a controlled substance in open view in a room, other than a public place, under circumstances evincing an intent by one or more of the persons present to unlawfully mix, compound, package, or otherwise prepare for sale the controlled substance permits the factfinder to infer knowing possession of the controlled substance by each person in close proximity to the controlled substance when the controlled substance was found. The permissive inference does not apply to any person if:

(1) one of them legally possesses the controlled substance; or

(2) the controlled substance is on the person of one of the occupants.

Sec. 19. Minnesota Statutes 1988, section 152.096, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS; PENALTIES.] Any person who conspires to commit any act prohibited by ~~section 152.09~~ this chapter, except possession or distribution for no remuneration of a small amount of marijuana as defined in section 152.01, subdivision 16, is guilty of a felony and upon conviction may be imprisoned, fined, or both, up to the maximum amount authorized by law for the act the person conspired to commit.

Sec. 20. Minnesota Statutes 1988, section 152.097, is amended by adding a subdivision to read:

Subd. 4. [PENALTY.] A person who violates this section may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than \$20,000, or both. Sentencing for a conviction for attempting to sell, transfer, or deliver a noncontrolled substance in violation of this section is governed by section 609.17, subdivision 4.

Sec. 21. Minnesota Statutes 1988, section 152.15, subdivision 4a, is amended to read:

Subd. 4a. Any A person 18 years of age or over who violates section 152.09, subdivision 1, clause (2), this chapter by possessing on school premises a controlled substance listed on Schedules I or II which is a narcotic drug is punishable by a fine of up to twice that authorized by subdivision 2, clause (4) this chapter, by a term of imprisonment up to twice that authorized by subdivision 2, clause (4) this chapter, or both. Any person 18 years of age or over who violates section 152.09, subdivision 1, clause (2), this chapter by possessing on school premises any other controlled substance listed on schedule I, II, III, IV or V, except a small amount of marijuana, is punishable by a fine of up to twice that authorized by subdivision 2, clause (2), (3), or (4) this chapter, by a term of imprisonment up to twice that authorized by subdivision 2, clause (2), (3), or (4) this chapter, or both.

For the purposes of this subdivision, "school premises" means any property owned, leased or controlled by a school district or an organization operating a nonpublic school, as defined in section 123.932, subdivision 3, where an elementary, middle, secondary school, secondary vocational center or other school providing educational services in grade 1 through grade 12 is located, or used for educational purposes, or where extracurricular or cocurricular activities are regularly provided.

Sec. 22. Minnesota Statutes 1988, section 152.151, is amended to read:

152.151 [REPORT TO LEGISLATURE.]

The state alcohol and drug authority shall ~~build into~~ evaluate the drug education program required by section ~~152.15, subdivision 2, proper evaluation 17~~ and report directly each legislative session to the legislative standing committees having jurisdiction over the subject matter.

Sec. 23. Minnesota Statutes 1988, section 152.18, subdivision 1, is amended to read:

Subdivision 1. If any person is found guilty of a violation of section ~~152.09, subdivision 1, clause (2) unlawful possession of a controlled substance under section 14, 15, or 17, after trial or upon a plea of guilty~~, the court may, without entering a judgment of guilty and with the consent of such person, defer further proceedings and place the person on probation upon such reasonable conditions as it may require and for a period, not to exceed the maximum term of imprisonment provided for such violation. The court may give the person the opportunity to attend and participate in an appropriate program of education regarding the nature and effects of alcohol and drug abuse as a stipulation of probation. Upon violation of a condition of the probation, the court may enter an adjudication of guilt and proceed as otherwise provided. The court may, in its discretion, dismiss the proceedings against such person and discharge the person from probation before the expiration of the maximum period prescribed for such person's probation. If during the period of probation such person does not violate any of the conditions of the probation, then upon expiration of such period the court shall discharge such person and dismiss the proceedings against that person. Discharge and dismissal hereunder shall be without court adjudication of guilt, but a nonpublic record thereof shall be retained by the department of public safety solely for the purpose of use by the courts in determining the merits of subsequent proceedings against such person. The court shall forward a record of any discharge and dismissal hereunder to the department of public safety who shall make and maintain the nonpublic record thereof as hereinbefore provided. Such discharge or dismissal shall not be deemed a conviction for purposes of disqualifications or disabilities imposed by law upon conviction of a crime or for any other purpose.

Sec. 24. [152.152] [CONTROLLED SUBSTANCE TRANSACTIONS IN PUBLIC PARKS AND DRUG FREE SCHOOL ZONES; DISSEMINATION OF INFORMATION.]

Subdivision 1. [DEFINITIONS.] As used in this section:

(1) "Drug free school zone" includes the following locations: (a)

school premises, as defined in clause (3); (b) the area within a school bus; and (c) property within 300 feet or one city block, whichever distance is greater, of a designated school bus stop when one or more students are awaiting the bus, or after one or more students have exited the bus if the bus is still within 300 feet or one city block, whichever distance is greater, of the designated school bus stop.

(2) "Public park" means an area designated as a public park by the federal government, the state, a local unit of government, a park district board, or a park and recreation board in a city of the first class. "Public park" includes the area within 300 feet or one city block, whichever distance is greater, of the park boundary.

(3) "School premises" means any property owned, leased, or controlled by a school district or an organization operating a nonpublic school, as defined in section 123.932, subdivision 3, and the area within 300 feet or one city block, whichever distance is greater, of the property, where an elementary, middle, secondary school, secondary vocational center, or other school providing educational services in grade 1 through grade 12 is located, or used for educational purposes, or where extracurricular or cocurricular activities are regularly provided.

Subd. 2. [ATTORNEY GENERAL DUTIES.] The attorney general shall disseminate information relating to the provisions of sections 30 and 32 to the public. In conjunction with the informational promotion of sections 30 and 32, the attorney general shall draft a plain language version of sections 30 and 32 that describes in a clear and coherent manner using words with common and everyday meanings the contents of these sections. The attorney general shall publicize and disseminate the plain language version as widely as practicable, including distributing the version to school boards and local governments.

Subd. 3. [SCHOOL BOARDS, LOCAL GOVERNMENTS, AND PARK AGENCIES.] Every school board shall post the plain language version of sections 30 and 32 in conspicuous locations in school buildings and school buses. Every local government shall post the plain language version of sections 30 and 32 conspicuously at appropriate locations in public buildings. Every government agency responsible for administration of a public park shall post the plain language version of sections 30 and 32 conspicuously at appropriate locations within the park.

Subd. 4. [DRUG FREE SCHOOL ZONES.] Every school board is strongly encouraged to post signs at conspicuous locations on and near school premises stating that the school premises, the area within 300 feet or one city block, whichever distance is greater, of the school property, school buses, and designated school bus stops are within a drug free school zone. Local governments are strongly encouraged to cooperate with school boards in placing the signs.

Subd. 5. [DRUG FREE PARK ZONES.] The government agency responsible for administration of a public park is strongly encouraged to post signs at conspicuous locations in the park stating that the park and the area within 300 feet or one city block, whichever distance is greater, of the park boundary are within a drug free park zone.

Sec. 25. Minnesota Statutes 1988, section 152.20, is amended to read:

152.20 [PENALTIES UNDER OTHER LAWS.]

Any penalty imposed for violation of Laws 1971, chapter 937 ~~this chapter~~ is in addition to, and not in lieu of, any civil or administrative penalty or sanction otherwise authorized by law.

Sec. 26. Minnesota Statutes 1988, section 152.21, subdivision 6, is amended to read:

Subd. 6. [EXEMPTION FROM CRIMINAL SANCTIONS.] For the purposes of this section, the following are not violations listed in ~~section 152.09 or 152.15~~ under this chapter:

(1) use or possession of THC, or both, by a patient in the research program;

(2) possession, prescribing use of, administering, or dispensing THC, or any combination of these actions, by the principal investigator or by any clinical investigator; and

(3) possession or distribution of THC, or both, by a pharmacy registered to handle schedule I substances which stores THC on behalf of the principal investigator or a clinical investigator.

THC obtained and distributed pursuant to this section is not subject to forfeiture under sections 609.531 to 609.5316.

For the purposes of this section, THC is removed from schedule I contained in section 152.02, subdivision 2, and inserted in schedule II contained in section 152.02, subdivision 3.

Sec. 27. [152.30] [DRUG ABUSE PREVENTION RESOURCE COUNCIL; ESTABLISHMENT; MEMBERSHIP]

Subdivision 1. [ESTABLISHMENT; MEMBERSHIP.] A drug abuse prevention resource council consisting of 16 members is established. The council shall expire on June 30, 1993. The commissioners of education, health, human services, and the state planning agency shall each appoint one member from among their employees. The speaker of the house of representatives and the subcommittee

on committees of the senate shall each appoint a legislative member. The governor shall appoint an additional ten members who shall demonstrate knowledge in the area of drug abuse prevention, shall represent the demographic and geographic composition of the state and, to the extent possible, shall represent the following groups: parents, educators, clergy, local government, racial and ethnic minority communities, professional providers of drug abuse prevention services, volunteers in private, nonprofit drug prevention programs, and the business community. The members shall designate one of the governor's appointees as chair of the council. Compensation and removal of members are governed by section 15.059. The members shall serve until June 30, 1993.

Subd. 2. [EXECUTIVE DIRECTOR.] The council shall select and employ an executive director and other staff who shall serve in the unclassified service at the pleasure of the council and shall assist the council in performing its duties under section 28.

Subd. 3. [ADDITIONAL STAFF; ADMINISTRATIVE SUPPORT.] The appointing commissioners may, at the request of the council, provide the council with necessary office space, equipment, supplies, and administrative staff. The council shall reimburse the donating agencies for these services from the amount appropriated to the council.

Subd. 4. [CONTRACTING AUTHORITY.] The council has the authority to contract for the purchase of necessary goods and services.

Subd. 5. [ACCEPTANCE OF FUNDS AND DONATIONS.] The council may accept federal money, gifts, donations, and bequests for the purpose of performing the duties set forth in this section and section 28. The council shall use its best efforts to solicit funds from private individuals and organizations to match state appropriations.

Sec. 28. [152.31] [RESPONSIBILITIES OF THE COUNCIL.]

Subdivision 1. [PURPOSE OF THE COUNCIL.] The general purpose of the council is to foster the coordination and development of a statewide drug abuse prevention policy.

Subd. 2. [SPECIFIC DUTIES AND RESPONSIBILITIES.] In furtherance of the general purpose specified in subdivision 1, the council has the duties and responsibilities in clauses (1) to (7):

(1) it shall develop a coordinated, statewide drug abuse prevention policy;

(2) it shall develop a mission statement that defines the roles and

relationships of agencies operating within the continuum of chemical health care;

(3) it shall develop guidelines for drug abuse prevention program development and operation based on its research and program evaluation activities;

(4) it shall assist local governments and groups in planning, organizing, and establishing comprehensive, community-based drug abuse prevention programs and services;

(5) it shall coordinate and provide technical assistance to organizations and individuals seeking public or private funding for drug abuse prevention programs, and to government and private agencies seeking to grant funds for these purposes;

(6) it shall assist providers of drug abuse prevention services in implementing, monitoring, and evaluating new and existing programs and services;

(7) it shall provide information on and analysis of the relative public and private costs of drug abuse prevention, enforcement, intervention, and treatment efforts.

Subd. 3. [ANNUAL REPORT.] On or before February 1, 1991, and each year thereafter, the council shall submit a written report to the legislature describing its activities during the preceding year, describing efforts that have been made to enhance and improve utilization of existing resources and to identify deficits in prevention efforts, and recommending appropriate changes, including any legislative changes that it considers necessary or advisable in the area of drug abuse prevention policy, programs, or services.

Sec. 29. Minnesota Statutes 1988, section 244.09, subdivision 5, is amended to read:

Subd. 5. The commission shall, on or before January 1, 1980, promulgate sentencing guidelines for the district court. The guidelines shall be based on reasonable offense and offender characteristics. The guidelines promulgated by the commission shall be advisory to the district court and shall establish:

(1) The circumstances under which imprisonment of an offender is proper; and

(2) A presumptive, fixed sentence for offenders for whom imprisonment is proper, based on each appropriate combination of reasonable offense and offender characteristics. The guidelines may provide for an increase or decrease of up to 15 percent in the presumptive, fixed sentence.

The sentencing guidelines promulgated by the commission may also establish appropriate sanctions for offenders for whom imprisonment is not proper. Any guidelines promulgated by the commission establishing sanctions for offenders for whom imprisonment is not proper shall make specific reference to noninstitutional sanctions, including but not limited to the following: payment of fines, day fines, restitution, community work orders, work release programs in local facilities, community based residential and nonresidential programs, incarceration in a local correctional facility, and probation and the conditions thereof.

In establishing and modifying the sentencing guidelines, the commission shall take into substantial consideration public safety, current sentencing and release practices, and correctional resources, including but not limited to the capacities of local and state correctional facilities.

The provisions of sections 14.01 to 14.69 do not apply to the promulgation of the sentencing guidelines, and the sentencing guidelines, including severity levels and criminal history scores, are not subject to review by the legislative commission to review administrative rules. However, on or before January 1, 1986, the commission shall adopt rules pursuant to sections 14.01 to 14.69 which establish procedures for the promulgation of the sentencing guidelines, including procedures for the promulgation of severity levels and criminal history scores, and these rules shall be subject to review by the legislative commission to review administrative rules.

Sec. 30. [244.095] [SENTENCING GUIDELINES MODIFICATION; UPWARD DEPARTURE FOR CERTAIN DRUG OFFENSES.]

Subdivision 1. [DEFINITIONS.] As used in this section, "public park" and "drug free school zone" have the meanings given them in section 24, subdivision 1.

Subd. 2. [AGGRAVATING FACTOR FOR DRUG OFFENSES COMMITTED IN PUBLIC PARKS AND IN DRUG FREE SCHOOL ZONES.] The commission shall modify the list of aggravating factors contained in the sentencing guidelines so as to authorize the sentencing judge to depart from the presumptive sentence with respect to either disposition or duration when the following circumstances are present:

(1) the defendant was convicted of unlawfully selling or possessing controlled substances in violation of chapter 152; and

(2) the crime was committed in a public park or in a drug free school zone.

This aggravating factor shall not apply to a person convicted of unlawfully possessing controlled substances in a private residence located within a drug free school zone or located within 300 feet or one city block, whichever distance is greater, of a public park boundary if no person under the age of 18 was present in the residence when the offense was committed.

Subd. 3. [REPORT TO LEGISLATURE.] The commission shall collect data on the number and types of cases involving a sentencing departure based on the aggravating factor created in subdivision 2, and shall report its findings to the legislature on or before February 1, 1991.

Sec. 31. Minnesota Statutes 1988, section 256.01, is amended by adding a subdivision to read:

Subd. 9a. [COOPERATION WITH DRUG ABUSE PREVENTION RESOURCE COUNCIL.] The commissioner shall cooperate with and assist the drug abuse prevention resource council in fulfilling its responsibilities under sections 27 and 28.

Sec. 32. Minnesota Statutes 1988, section 260.125, subdivision 3, is amended to read:

Subd. 3. A prima facie case that the public safety is not served or that the child is not suitable for treatment shall have been established if the child was at least 16 years of age at the time of the alleged offense and:

(1) Is alleged by delinquency petition to have committed an aggravated felony against the person and (a) in committing the offense, the child acted with particular cruelty or disregard for the life or safety of another; or (b) the offense involved a high degree of sophistication or planning by the juvenile; or

(2) Is alleged by delinquency petition to have committed murder in the first degree; or

(3) Is alleged by delinquency petition (a) to have committed the delinquent act of escape from confinement to a state juvenile correctional facility and (b) to have committed an offense as part of, or subsequent to, escape from custody that would be a felony listed in section 609.11, subdivision 9, if committed by an adult; or

(4) Has been found by the court, pursuant to an admission in court or after trial, to have committed an offense within the preceding 24 months which would be a felony if committed by an adult, and is alleged by delinquency petition to have committed murder in the second or third degree, manslaughter in the first degree, criminal sexual conduct in the first degree or assault in the first degree; or

(5) Has been found by the court, pursuant to an admission in court or after trial, to have committed two offenses, not in the same behavioral incident, within the preceding 24 months which would be felonies if committed by an adult, and is alleged by delinquency petition to have committed manslaughter in the second degree, kidnapping, criminal sexual conduct in the second degree, arson in the first degree, aggravated robbery, or assault in the second degree; or

(6) Has been found by the court, pursuant to an admission in court or after trial, to have committed two offenses, not in the same behavioral incident, within the preceding 24 months, one or both of which would be the felony of burglary of a dwelling if committed by an adult, and the child is alleged by the delinquency petition to have committed another burglary of a dwelling. For purposes of this subdivision, "dwelling" means a building which is, in whole or in part, usually occupied by one or more persons living there at night; or

(7) Has previously been found by the court, pursuant to an admission in court or after trial, to have committed three offenses, none in the same behavioral incident, within the preceding 24 months which would be felonies if committed by an adult, and is alleged by delinquency petition to have committed any felony other than those described in clause (2), (4), or (5); or

(8) Is alleged by delinquency petition to have committed an aggravated felony against the person, other than a violation of section 609.713, in furtherance of criminal activity by an organized gang; or

(9) Has previously been found by the court, pursuant to an admission in court or after trial, to have committed an offense which would be a felony if committed by an adult, and is alleged by delinquency petition to have committed a felony-level violation of chapter 152 involving the unlawful sale or possession of a schedule I or II controlled substance, while in a public park or a drug free school zone as defined in section 24, subdivision 1. This clause does not apply to a juvenile alleged to have unlawfully possessed a controlled substance in a private residence located within the drug free school zone or located within 300 feet or one city block, whichever distance is greater, of a public park boundary.

For the purposes of this subdivision, "aggravated felony against the person" means a violation of any of the following provisions: section 609.185; 609.19; 609.195; 609.20, subdivision 1 or 2; 609.221; 609.222; 609.223; 609.245; 609.25; 609.342; 609.343; 609.344, subdivision 1, clause (c) or (d); 609.345, subdivision 1, clause (c) or (d); 609.561; 609.582, subdivision 1, clause (b) or (c); or 609.713.

For the purposes of this subdivision, an "organized gang" means

an association of five or more persons, with an established hierarchy, formed to encourage members of the association to perpetrate crimes or to provide support to members of the association who do commit crimes.

Sec. 33. Minnesota Statutes 1988, section 609.11, subdivision 9, is amended to read:

Subd. 9. [APPLICABLE OFFENSES.] The crimes for which mandatory minimum sentences shall be served before eligibility for probation, parole, or supervised release as provided in this section are: murder in the first, second, or third degree; assault in the first, second, or third degree; burglary; kidnapping; false imprisonment; manslaughter in the first or second degree; aggravated robbery; simple robbery; criminal sexual conduct under the circumstances described in sections 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); and 609.344, subdivision 1, clauses (a) to (e) and (h) to (j); escape from custody; arson in the first, second, or third degree; a felony violation of chapter 152; or any attempt to commit any of these offenses.

Sec. 34. Minnesota Statutes 1988, section 609.5311, subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS ON FORFEITURE OF CERTAIN PROPERTY ASSOCIATED WITH CONTROLLED SUBSTANCES.] (a) A conveyance device is subject to forfeiture under this section only if the retail value of the controlled substance is \$500 or more the conveyance device is associated with a felony-level controlled substance crime.

(b) Real property is subject to forfeiture under this section only if the retail value of the controlled substance is ~~\$5,000~~ \$1,000 or more.

(c) Property used by any person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section only if the owner of the property is a consenting party to, or is privy to, the use or intended use of the property as described in subdivision 2.

(d) Property is subject to forfeiture under this section only if its owner was privy to the use or intended use described in subdivision 2, or the unlawful use or intended use of the property otherwise occurred with the owner's knowledge or consent.

(e) Forfeiture under this section of a conveyance device or real property encumbered by a bona fide security interest is subject to the interest of the secured party unless the secured party had knowledge of or consented to the act or omission upon which the forfeiture is

based. A person claiming a security interest bears the burden of establishing that interest by clear and convincing evidence.

(f) Notwithstanding paragraphs (d) and (e), property is not subject to forfeiture based solely on the owner's or secured party's knowledge of the unlawful use or intended use of the property if the owner or secured party took reasonable steps to terminate use of the property by the offender.

Sec. 35. Minnesota Statutes 1988, section 609.5314, subdivision 1, is amended to read:

Subdivision 1. [PROPERTY SUBJECT TO ADMINISTRATIVE FORFEITURE; PRESUMPTION.] (a) The following are presumed to be subject to administrative forfeiture under this section:

(1) all money, precious metals, and precious stones found in proximity to:

(i) controlled substances;

(ii) forfeitable drug manufacturing or distributing equipment or devices; or

(iii) forfeitable records of manufacture or distribution of controlled substances; and

(2) all conveyance devices containing an amount of controlled substances with a retail value of \$500 or more substance the possession or sale of which would be a felony under chapter 152.

(b) A claimant of the property bears the burden to rebut this presumption.

Sec. 36. Minnesota Statutes 1988, section 609.5315, subdivision 1, is amended to read:

Subdivision 1. [DISPOSITION.] If the court finds under section 609.5313 or 609.5314 that the property is subject to forfeiture, it may shall order the appropriate agency to:

(1) sell property that is not required to be destroyed by law and is not harmful to the public and distribute the proceeds under subdivision 5;

(2) take custody of the property and remove it for disposition in accordance with law;

(3) forward the property to the federal drug enforcement administration;

- (4) disburse money as provided under subdivision 5; or
- (5) keep property other than money for official use by the agency and the prosecuting agency.

Sec. 37. Minnesota Statutes 1988, section 626.556, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Sexual abuse" means the subjection by a person responsible for the child's care, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342, 609.343, 609.344, or 609.345. Sexual abuse also includes any act which involves a minor which constitutes a violation of sections 609.321 to 609.324 or 617.246.

(b) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(c) "Neglect" means failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter or medical care when reasonably able to do so or failure to protect a child from conditions or actions which imminently and seriously endanger the child's physical or mental health when reasonably able to do so. Nothing in this section shall be construed to (1) mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child, or (2) impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, or medical care, a duty to provide that care. "Neglect" includes prenatal exposure to a controlled substance used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the child at birth, or medical effects or developmental delays during the child's first month of life that medically indicate prenatal exposure to a controlled substance. Neglect also means "medical neglect" as defined in section 260.015, subdivision 10 2a, clause (e) (5).

(d) "Physical abuse" means any physical injury inflicted by a

person responsible for the child's care on a child other than by accidental means, or any physical injury that cannot reasonably be explained by the child's history of injuries, or any aversive and deprivation procedures that have not been authorized under section 245.825.

(e) "Report" means any report received by the local welfare agency, police department, or county sheriff pursuant to this section.

(f) "Facility" means a day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed pursuant to sections 144.50 to 144.58, 241.021, or 245.781 to 245.812.

(g) "Operator" means an operator or agency as defined in section 245A.02.

(h) "Commissioner" means the commissioner of human services.

(i) "Assessment" includes authority to interview the child, the person or persons responsible for the child's care, the alleged perpetrator, and any other person with knowledge of the abuse or neglect for the purpose of gathering the facts, assessing the risk to the child, and formulating a plan.

(j) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem services.

Sec. 38. [626.5561] [TOXICOLOGY TESTS REQUIRED.]

Subdivision 1. [NEWBORNS.] A physician shall administer to each newborn infant born under the physician's care a toxicology test to determine whether there is evidence of prenatal exposure to a controlled substance, if the physician has reason to believe based on a medical assessment of the mother or the infant that the mother used a controlled substance for a nonmedical purpose prior to the birth. If the test results are positive, the physician shall report the results as neglect under section 626.556. A negative test result does not eliminate the obligation to report under section 626.556 if other medical evidence of prenatal exposure to a controlled substance is present.

Subd. 2. [DURING PRENATAL VISITS.] During the time between 24 weeks after conception and delivery of the infant, a physician shall administer a toxicology test to a pregnant woman under the physician's care to determine whether there is evidence that she has ingested a controlled substance, if the woman has obstetrical complications that are a medical indication of possible use of a controlled substance for a nonmedical purpose.

Subd. 3. [REPORT TO DEPARTMENT OF HEALTH.] Physicians shall report to the department of health the results of tests performed under this section. A report shall be made on February 1 and August 1 of each year, beginning February 1, 1990. The reports are medical data under section 13.42.

Subd. 4. [IMMUNITY FROM LIABILITY.] Any physician or other medical personnel administering a toxicology test to determine the presence of a controlled substance in a pregnant woman or in a child at birth or during the first month of life is immune from civil or criminal liability, if the physician ordering the test believes in good faith that the test is required under this section and the test is administered in accordance with an established protocol and reasonable medical practice.

Sec. 39. [REPEALER.]

Minnesota Statutes 1988, sections 152.09; and 152.15, subdivisions 1, 2, 2a, 2b, 3, and 5, are repealed. Sections 2, 4, 27, 28, and 31 are repealed effective June 30, 1993.

Sec. 40. [EFFECTIVE DATE.]

Sections 5 to 23, 25, 26, 30, 32 to 36, and 39 are effective August 1, 1989, and apply to crimes and violations occurring on or after that date. Sections 3, 24, 29, 37, and 38 are effective August 1, 1989.

ARTICLE 3

OTHER SENTENCING PROVISIONS

Section 1. Minnesota Statutes 1988, section 169.09, subdivision 14, is amended to read:

Subd. 14. [PENALTIES.] (a) The driver of any vehicle who violates subdivision 1 or 6 and who caused the accident is punishable as follows:

(1) if the accident results in the death of any person, the driver is guilty of a felony and may be sentenced to imprisonment for not more than ten years, or to payment of a fine of not more than \$20,000, or both;

(2) if the accident results in great bodily harm to any person, as defined in section 609.02, subdivision 8, the driver is guilty of a felony and may be sentenced to imprisonment for not more than five years, or to payment of a fine of not more than \$10,000, or both; or

(3) if the accident results in substantial bodily harm to any person, as defined in section 609.02, subdivision 7a, the driver is guilty of a

felony and may be sentenced to imprisonment for not more than three years, or to payment of a fine of not more than \$5,000, or both.

(b) The driver of any vehicle who violates subdivision 1 or 6 and who did not cause the accident is punishable as follows:

(1) if the accident results in the death of any person, the driver is guilty of a felony and may be sentenced to imprisonment for not more than three years, or to payment of a fine of not more than \$5,000, or both;

(2) if the accident results in great bodily harm to any person, as defined in section 609.02, subdivision 8, the driver is guilty of a felony and may be sentenced to imprisonment for not more than one year and one day two years, or to payment of a fine of not more than ~~\$3,000~~ \$4,000, or both; or

(3) if the accident results in substantial bodily harm to any person, as defined in section 609.02, subdivision 7a, the driver may be sentenced to imprisonment for not more than one year, or to payment of a fine of not more than \$3,000, or both.

(c) The driver of any vehicle involved in an accident not resulting in substantial bodily harm or death who violates subdivision 1 or 6 may be sentenced to imprisonment for not more than one year, or to payment of a fine of not more than \$3,000, or both.

(d) Any person who violates subdivision 3, clause (b) is guilty of a petty misdemeanor.

(e) Any person who violates subdivision 2, 3, clause (a), 4, 5, 7, 8, 10, 11, or 12 is guilty of a misdemeanor.

The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section shall also be responsible for prosecution of gross misdemeanor violations of this section.

Sec. 2. [241.75] [SEX OFFENDER TREATMENT; PROGRAMS; STANDARDS; DATA.]

Subdivision 1. [PRISON TREATMENT PROGRAMS.] The commissioner shall establish and operate an intensive sex offender treatment program for eligible inmates who desire to participate voluntarily in the program. This section does not require the commissioner to accept or retain an offender in a treatment program.

Subd. 2. [TREATMENT PROGRAMS; STANDARDS.] On or before January 1, 1991, the commissioner shall adopt rules establish-

ing standards for sex offender treatment programs operated in adult and juvenile correctional facilities. In developing these standards the commissioner shall consult with the commissioner of human services and with representatives of the following groups: psychiatrists, social workers, psychologists, chemical dependency counselors, probation officers, correctional agents, sex offenders, families of sex offenders, law enforcement officers, and judges. The standards shall require that sex offender treatment programs be at least four months in duration and shall also address (1) program content, (2) professional staff qualifications, (3) admission, participation, and completion criteria, and (4) criteria for discharging program participants who fail to meet participation requirements. No correctional facility may operate a sex offender treatment program after January 1, 1991, unless the program meets the standards established under this subdivision. As used in this subdivision, "correctional facility" has the meaning given it in section 241.021, subdivision 1, clause (5).

Subd. 3. [SPECIALIZED CORRECTIONS AGENTS AND PROBATION OFFICERS; SEX OFFENDER SUPERVISION.] By January 1, 1990, the commissioner of corrections shall develop in-service training for state and local corrections agents and probation officers who supervise adult and juvenile sex offenders on probation or supervised release. The commissioner shall make the training available to all current and future corrections agents and probation officers who supervise or will supervise sex offenders on probation or supervised release.

After January 1, 1991, a state or local corrections agent or probation officer may not supervise adult or juvenile sex offenders on probation or supervised release unless the agent or officer has completed the in-service sex offender supervision training. The commissioner may waive this requirement if the corrections agent or probation officer has completed equivalent training as part of a post-secondary educational curriculum.

After January 1, 1991, when an adult sex offender is placed on supervised release or is sentenced to probationary supervision, and when a juvenile offender is found delinquent by the juvenile court for a sex offense and placed on probation or is paroled from a juvenile correctional facility, a corrections agent or probation officer may not be assigned to the offender unless the agent or officer has completed the in-service sex offender supervision training.

Subd. 4. [COLLECTION OF DATA ON CONVICTED SEX OFFENDERS.] The commissioner shall collect and maintain the following data on offenders convicted of felony sex offenses and committed to the custody of the commissioner:

- (1) the type of sex offense committed by the offender;

- (2) the sentence received by the offender;
- (3) whether the offender was assessed as amenable to sex offender treatment;
- (4) whether the offender was admitted to a sex offender treatment program, and if so, what program;
- (5) whether the offender successfully completed the treatment program; and
- (6) whether the offender committed a subsequent sex offense while on supervised release or within ten years after release from prison.

The commissioner shall, every odd-numbered year or at the request of the legislature, publish summary data on the treatment experience and recidivism rates of sex offenders based on the information collected under this subdivision.

Sec. 3. [242.205] [JUVENILE SEX OFFENDER TREATMENT.]

The commissioner shall provide an intensive sex offender treatment program for adjudicated juvenile sex offenders within a juvenile correctional facility.

Sec. 4. Minnesota Statutes 1988, section 243.05, subdivision 1, is amended to read:

Subdivision 1. [CONDITIONAL RELEASE.] The commissioner of corrections may parole any person sentenced to confinement in any state correctional facility for adults under the control of the commissioner of corrections, provided that:

(a) no inmate serving a life sentence for committing murder before May 1, 1980, other than murder committed in violation of clause (1) of section 609.185 who has not been previously convicted of a felony shall be paroled without having served 20 years, less the diminution that would have been allowed for good conduct had the sentence been for 20 years;

(b) no inmate serving a life sentence for committing murder before May 1, 1980, who has been previously convicted of a felony or though not previously convicted of a felony is serving a life sentence for murder in the first degree committed in violation of clause (1) of section 609.185 shall be paroled without having served 25 years, less the diminution which would have been allowed for good conduct had the sentence been for 25 years;

(c) any inmate sentenced prior to September 1, 1963 who would be eligible for parole had the inmate been sentenced after September 1, 1963, shall be eligible for parole; and

(d) any new rule or policy or change of rule or policy adopted by the commissioner of corrections which has the effect of postponing eligibility for parole has prospective effect only and applies only with respect to persons committing offenses after the effective date of the new rule or policy or change. Upon being paroled and released, an inmate is and remains in the legal custody and under the control of the commissioner, subject at any time to be returned to a facility of the department of corrections established by law for the confinement or treatment of convicted persons and the parole rescinded by the commissioner. The written order of the commissioner of corrections, is sufficient authority for any peace officer or state parole and probation agent to retake and place in actual custody any person on parole or supervised release, but any state parole and probation agent may, without order of warrant, when it appears necessary in order to prevent escape or enforce discipline, take and detain a parolee or person on supervised release or work release to the commissioner for action. The written order of the commissioner of corrections is sufficient authority for any peace officer or state parole and probation agent to retake and place in actual custody any person on probation under the supervision of the commissioner pursuant to section 609.135; but any state parole and probation agent may, without an order, when it appears necessary in order to prevent escape or enforce discipline, retake and detain a probationer and bring the probationer before the court for further proceedings under section 609.14. Persons conditionally released, and those on probation under the supervision of the commissioner of corrections pursuant to section 609.135 may be placed within or outside the boundaries of the state at the discretion of the commissioner of corrections or the court, and the limits fixed for these persons may be enlarged or reduced according to their conduct.

In considering applications for conditional release or discharge, the commissioner is not required to hear oral argument from any attorney or other person not connected with an adult correctional facility of the department of corrections in favor of or against the parole or release of any inmates, but the commissioner may institute inquiries by correspondence, taking testimony or otherwise, as to the previous history, physical or mental condition, and character of the inmate, and to that end shall have authority to require the attendance of the chief executive officer of any state adult correctional facility and the production of the records of these facilities, and to compel the attendance of witnesses. The commissioner is authorized to administer oaths to witnesses for these purposes.

Sec. 5. Minnesota Statutes 1988, section 244.05, subdivision 1, is amended to read:

Subdivision 1. [SUPERVISED RELEASE REQUIRED.] Except as provided in subdivisions 4 and 5, every inmate shall serve a supervised release term upon completion of the inmate's term of imprisonment as reduced by any good time earned by the inmate or extended by confinement in punitive segregation pursuant to section 244.04, subdivision 2. Except as otherwise provided in section 6, the supervised release term shall be equal to the period of good time the inmate has earned, and shall not exceed the length of time remaining in the inmate's sentence.

Sec. 6. Minnesota Statutes 1988, section 244.05, is amended by adding a subdivision to read:

Subd. 1a. [CERTAIN INMATES TO BE CREDITED TIME.] Any inmate convicted of violating or attempting to violate section 609.342, 609.343, 609.344, or 609.345 who enters into and completes a sex offender treatment program of at least 12 months' duration is eligible to receive an adjustment to the supervised release date. Inmates may be credited three days per month of their sentence up to a maximum of six months if the treatment program has been approved by the commissioner and if the inmate successfully completes the program.

Sec. 7. Minnesota Statutes 1988, section 244.05, subdivision 4, is amended to read:

Subd. 4. [MINIMUM IMPRISONMENT, LIFE SENTENCE.] An inmate serving a mandatory life sentence under section 38 for a third conviction of criminal sexual conduct must not be given supervised release under this section. An inmate serving a mandatory life sentence for conviction of murder in the first degree under section 609.185 must not be given supervised release under this section unless otherwise authorized by the board of pardons under section 57. An inmate serving a mandatory life sentence shall under section 609.385 must not be given supervised release under this section without having served a minimum term of imprisonment of 17 years.

Sec. 8. Minnesota Statutes 1988, section 244.05, subdivision 5, is amended to read:

Subd. 5. [SUPERVISED RELEASE, LIFE SENTENCE.] The commissioner of corrections may, under rules promulgated by the commissioner, give supervised release to an inmate serving a mandatory life sentence under section 609.385 after the inmate has served the minimum term of imprisonment specified in subdivision 4. The commissioner may, under rules promulgated by the commissioner, give supervised release to an inmate serving a mandatory life sentence for conviction of murder in the first degree under section 609.185 if the board of pardons authorizes the granting of supervised release under section 57.

Sec. 9. Minnesota Statutes 1988, section 260.161, subdivision 1, is amended to read:

Subdivision 1. The juvenile court judge shall keep such minutes and in such manner as the court deems necessary and proper. The court shall keep and maintain records pertaining to delinquent adjudications until the person reaches the age of 23 years and shall release the records on an individual to a requesting adult court for purposes of sentencing, or to an adult court or juvenile court as required by the right of confrontation of either the United States Constitution or the Minnesota Constitution. The juvenile court shall provide, upon the request of any other juvenile court, copies of the records concerning adjudications involving the particular child. The court shall also keep an index in which files pertaining to juvenile matters shall be indexed under the name of the child. After the name of each file shall be shown the file number and, if ordered by the court, the book and page of the register in which the documents pertaining to such file are listed. The court shall also keep a register properly indexed in which shall be listed under the name of the child all documents filed pertaining to the child and in the order filed. The list shall show the name of the document and the date of filing thereof. The juvenile court legal records shall be deposited in files and shall include the petition, summons, notice, findings, orders, decrees, judgments, and motions and such other matters as the court deems necessary and proper. The legal records maintained in this file shall be open at all reasonable times to the inspection of any child to whom the records relate, and to the child's parent and guardian.

In addition, the juvenile court shall forward to the bureau of criminal apprehension the following information pertaining to juveniles adjudicated delinquent for having violated section 609.342, 609.343, 609.344, or 609.345:

- (1) the name and birthdate of the juvenile;
- (2) the type of act for which the juvenile was adjudicated delinquent; and
- (3) the date of the adjudication.

The juvenile court shall also notify the bureau whenever it destroys juvenile court records of these juveniles.

Sec. 10. Minnesota Statutes 1988, section 260.185, subdivision 1, is amended to read:

Subdivision 1. If the court finds that the child is delinquent, it shall enter an order making any of the following dispositions of the case which are deemed necessary to the rehabilitation of the child:

(a) Counsel the child or the parents, guardian, or custodian;

(b) Place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court including reasonable rules for conduct and the conduct of the child's parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child; or with the consent of the commissioner of corrections, in a group foster care facility which is under the management and supervision of said commissioner;

(c) Subject to the supervision of the court, transfer legal custody of the child to one of the following:

(1) A child placing agency; or

(2) The county welfare board; or

(3) A reputable individual of good moral character. No person may receive custody of two or more unrelated children unless licensed as a residential facility pursuant to sections 245.781 to 245.812; or

(4) ~~Except for children found to be delinquent as defined in section 260.015, subdivision 5, clauses (e) and (d),~~ A county home school, if the county maintains a home school or enters into an agreement with a county home school; or

(5) A county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(d) ~~Except for children found to be delinquent as defined in section 260.015, subdivision 5, clauses (e) and (d),~~ Transfer legal custody by commitment to the commissioner of corrections;

(e) If the child is found to have violated a state or local law or ordinance which has resulted in damage to the property of another, the court may order the child to make reasonable restitution for such damage;

(f) Require the child to pay a fine of up to \$700; the court shall order payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child;

(g) If the child is in need of special treatment and care for reasons of physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails to provide this treatment or care, the court may order it provided;

(h) If the court believes that it is in the best interests of the child and of public safety that the driver's license of the child be canceled until the child's 18th birthday, the court may recommend to the commissioner of public safety the cancellation of the child's license for any period up to the child's 18th birthday, and the commissioner is hereby authorized to cancel such license without a hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety that the child be authorized to apply for a new license, and the commissioner may so authorize.

If the child is petitioned and proved to be delinquent for having violated section 609.342, 609.343, 609.344, or 609.345, the court shall order an independent professional assessment of the child's need for sex offender treatment. If the evaluation indicates that the child is in need of and amenable to sex offender treatment, the court shall include in its disposition order a requirement that the child undergo treatment.

Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition ordered, and shall also set forth in writing the following information:

(a) Why the best interests of the child are served by the disposition ordered; and

(b) What alternative dispositions were considered by the court and why such dispositions were not appropriate in the instant case.

This subdivision applies to dispositions of juveniles found to be delinquent as defined in section 260.015, subdivision 5, clause (c) or (d) made prior to, on, or after January 1, 1978.

Sec. 11. Minnesota Statutes 1988, section 297D.09, subdivision 1a, is amended to read:

Subd. 1a. [CRIMINAL PENALTY; SALE WITHOUT AFFIXED STAMPS.] In addition to the tax penalty imposed, a dealer distributing or possessing marijuana or controlled substances without affixing the appropriate stamps, labels, or other indicia is guilty of a crime and, upon conviction, may be sentenced to imprisonment for not more than ~~five~~ seven years or to payment of a fine of not more than ~~\$10,000~~ \$14,000, or both.

Sec. 12. [299A.29] [SOFT BODY ARMOR REIMBURSEMENT.]

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) "Commissioner" means the commissioner of public safety.

(b) "Peace officer" means a person who is licensed under section 626.84, subdivision 1, paragraph (c).

(c) "Vest" means bullet-resistant soft body armor that is flexible, concealable, and custom fitted to the peace officer to provide ballistic and trauma protection.

Subd. 2. [STATE AND LOCAL REIMBURSEMENT.] Peace officers and heads of local law enforcement agencies who buy vests for the use of peace officer employees may apply to the commissioner for reimbursement of funds spent to buy vests. On approving an application for reimbursement, the commissioner shall pay the applicant an amount equal to the lesser of one-third of the vest's purchase price or \$165. The political subdivision that employs the peace officer shall pay at least the lesser of one-third of the vest's purchase price or \$165.

Subd. 3. [ELIGIBILITY REQUIREMENTS.] (a) Only vests that either meet or exceed the requirements of standards of the National Institute of Justice in effect on December 30, 1986, or that meet or exceed the requirements of those standards, except wet armor conditioning, are eligible for reimbursement.

(b) Eligibility for reimbursement is limited to vests bought after December 31, 1986, by or for peace officers (1) who did not own a vest meeting the requirements of paragraph (a) before the purchase, or (2) who owned a vest that was at least six years old.

Subd. 4. [RULES.] The commissioner may adopt rules under chapter 14 to administer this section.

Subd. 5. [LIMITATION OF LIABILITY.] A state agency, political subdivision of the state, or state or local government employee is not liable to a peace officer or the peace officer's heirs for the death of or injury to the peace officer resulting from a defect or deficiency in a vest for which reimbursement has been made under this section.

Subd. 6. [RIGHT TO BENEFITS UNAFFECTED.] A peace officer who suffers injury or death because that officer failed to wear a vest for which reimbursement was made under this section may not lose or be denied a benefit or right to which the officer, or the officer's heirs, is otherwise entitled.

Sec. 13. [299C.095] [CENTRALIZED SYSTEM FOR IDENTIFICATION OF ADJUDICATED JUVENILE SEX OFFENDERS.]

The bureau shall establish a centralized system for recording the names, birthdates, and offenses of all juveniles adjudicated delinquent in this state for having violated section 609.342, 609.343, 609.344, or 609.345. All information pertaining to adjudicated

juveniles received from the juvenile courts under section 260.161, subdivision 1, must be maintained in the records system and must be made available, on request, to the individual subject of the record and to any law enforcement agency or prosecuting authority. Upon receiving a notice from a juvenile court that the court has destroyed a person's juvenile court records, the bureau shall remove from the system all records about the person and destroy them.

Sec. 14. [299C.155] [STANDARDIZED EVIDENCE COLLECTION; DNA ANALYSIS, DATA, AND RECORDS.]

Subdivision 1. [DEFINITION.] As used in this section, "DNA analysis" means the process through which deoxyribonucleic acid (DNA) in a human biological specimen is analyzed and compared with DNA from another human biological specimen for identification purposes.

Subd. 2. [UNIFORM EVIDENCE COLLECTION.] The bureau shall develop uniform procedures and protocols for collecting evidence in cases of alleged or suspected criminal sexual conduct, including procedures and protocols for the collection and preservation of human biological specimens for DNA analysis. The bureau shall encourage law enforcement agencies and medical personnel who conduct evidentiary exams to use the uniform procedures and protocols in their investigation of criminal sexual conduct offenses.

Subd. 3. [DNA ANALYSIS AND DATA BANK.] The bureau shall adopt uniform procedures and protocols to maintain, preserve, and analyze human biological specimens for DNA. The bureau shall establish a centralized system to cross-reference data obtained from DNA analysis.

Subd. 4. [RECORDS.] The bureau shall perform DNA analysis and make the data obtained available to law enforcement officials in connection with criminal investigations in which human biological specimens have been recovered. Upon request, the bureau shall also make the data available to the prosecutor and the subject of the data in any subsequent criminal prosecution of the subject.

Sec. 15. Minnesota Statutes 1988, section 299F.80, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 2, whoever possesses explosives without a valid license or permit may be sentenced to imprisonment for not more than ~~three~~ five years.

Sec. 16. Minnesota Statutes 1988, section 325D.56, subdivision 2, is amended to read:

Subd. 2. Any person who is found to have willfully committed any

of the acts enumerated in section 325D.53 shall be guilty of a felony and subject to a fine of not more than \$50,000 or imprisonment in the state penitentiary for not more than five seven years, or both.

Sec. 17. Minnesota Statutes 1988, section 340A.701, is amended to read:

340A.701 [FELONIES.]

Subdivision 1. [UNLAWFUL ACTS.] It is a felony:

- (1) to manufacture alcoholic beverages in violation of this chapter;
- (2) to transport or import alcoholic beverages into the state in violation of this chapter for purposes of resale; or
- (3) to sell or give away for beverage purposes poisonous alcohol, methyl alcohol, denatured alcohol, denaturing material, or any other alcoholic substance capable of causing serious physical or mental injuries to a person consuming it; or
- (4) for a person other than a licensed retailer of alcoholic beverages, a bottle club permit holder, a municipal liquor store, or an employee or agent of any of these who is acting within the scope of employment, to violate the provisions of section 340A.503, subdivision 2, clause (1), if the underage recipient of the alcoholic beverage becomes intoxicated and causes or suffers death or great bodily harm as a result of the intoxication.

Subd. 2. [PRESUMPTIVE SENTENCE.] In determining an appropriate disposition for a violation of subdivision 1, clause (4), the court shall presume that a stay of execution with a 90-day period of incarceration as a condition of probation shall be imposed unless the defendant's criminal history score determined according to the sentencing guidelines indicates a presumptive executed sentence, in which case the presumptive executed sentence shall be imposed unless the court departs from the sentencing guidelines under section 244.10. A stay of imposition of sentence may be granted only if accompanied by a statement on the record of the reasons for it.

Sec. 18. Minnesota Statutes 1988, section 340A.702, is amended to read:

340A.702 [GROSS MISDEMEANORS.]

It is a gross misdemeanor:

- (1) to sell an alcoholic beverage without a license authorizing the sale;

(2) for a licensee to refuse or neglect to obey a lawful direction or order of the commissioner or the commissioner's agent, withhold information or a document the commissioner calls for examination, obstruct or mislead the commissioner in the execution of the commissioner's duties or swear falsely under oath;

(3) to violate the provisions of sections 340A.301 to 340A.313;

(4) to violate the provisions of section 340A.508;

(5) for any person, partnership, or corporation to knowingly have or possess direct or indirect interest in more than one off-sale intoxicating liquor license in a municipality in violation of section 340A.412, subdivision 3;

(6) to sell or otherwise dispose of intoxicating liquor within 1,000 feet of a state hospital, training school, reformatory, prison, or other institution under the supervision and control, in whole or in part, of the commissioner of human services or the commissioner of corrections;

(7) to violate the provisions of section 340A.502;

(8) except as otherwise provided in section 340A.701, to violate the provisions of section 340A.503, subdivision 2, clause (1) or (3);

(9) to withhold any information, book, paper, or other thing called for by the commissioner for the purpose of an examination;

(10) to obstruct or mislead the commissioner in the execution of the commissioner's duties; or

(11) to swear falsely concerning any matter stated under oath.

Sec. 19. Minnesota Statutes 1988, section 526.10, is amended to read:

526.10 [LAWS RELATING TO MENTALLY ILL PERSONS DANGEROUS TO THE PUBLIC TO APPLY TO PSYCHOPATHIC PERSONALITIES; TRANSFER TO CORRECTIONS.]

Subdivision 1. [PROCEDURE.] Except as otherwise provided ~~herein in this section~~ or in chapter 253B, the provisions of chapter 253B, pertaining to persons mentally ill and dangerous to the public shall apply with like force and effect to persons having a psychopathic personality, to persons alleged to have such personality, and to persons found to have such personality, respectively. Before such proceedings are instituted, the facts shall first be submitted to the county attorney, who, if satisfied that good cause exists therefor, shall prepare the petition to be executed by a person having

knowledge of the facts and file the same with the judge of the probate court of the county in which the "patient," as defined in such statutes, has a settlement or is present. The judge of probate shall thereupon follow the same procedures set forth in chapter 253B, for judicial commitment. The judge may exclude the general public from attendance at such hearing. If, upon completion of the hearing and consideration of the record, the court finds the proposed patient has a psychopathic personality, the court shall commit such person to a public hospital or a private hospital consenting to receive the person, subject to a mandatory review by the head of the hospital within 60 days from the date of the order as provided for in chapter 253B for persons found to be mentally ill and dangerous to the public. The patient shall thereupon be entitled to all of the rights provided for in chapter 253B, for persons found to be mentally ill and dangerous to the public, and all of the procedures provided for in chapter 253B, for persons found to be mentally ill and dangerous to the public shall apply to such patient except as otherwise provided in subdivision 2.

Subd. 2. [TRANSFER TO CORRECTIONAL FACILITY.] If a person has been committed under this section and also has been committed to the custody of the commissioner of corrections, the person may be transferred from a hospital to another facility designated by the commissioner of corrections as provided in section 253B.18; except that the special review board and the commissioner of human services may consider the following factors in lieu of the factors listed in section 253B.18, subdivision 6, to determine whether a transfer to the commissioner of corrections is appropriate:

- (1) the person's unamenability to treatment;
- (2) the person's unwillingness or failure to follow treatment recommendations;
- (3) the person's lack of progress in treatment at the public or private hospital;
- (4) the danger posed by the person to other patients or staff at the public or private hospital; and
- (5) the degree of security necessary to protect the public.

Sec. 20. Minnesota Statutes 1988, section 609.11, subdivision 7, is amended to read:

Subd. 7. [PROSECUTOR SHALL ESTABLISH.] Whenever reasonable grounds exist to believe that the defendant or an accomplice used a firearm or other dangerous weapon or had in possession a firearm, at the time of commission of an offense listed in subdivision 9, the prosecutor shall, at the time of trial or at the plea of guilty,

present on the record all evidence tending to establish that fact unless it is otherwise admitted on the record. The question of whether the defendant or an accomplice, at the time of commission of an offense listed in subdivision 9, used a firearm or other dangerous weapon or had in possession a firearm shall be determined by the court on the record at the time of a verdict or finding of guilt at trial or the entry of a plea of guilty based upon the record of the trial or the plea of guilty. The court shall determine on the record at the time of sentencing whether the defendant has been convicted of a second or subsequent offense in which the defendant or an accomplice, at the time of commission of an offense listed in subdivision 9, used a firearm or other dangerous weapon or had in possession a firearm.

Sec. 21. [609.1351] [DANGEROUS SEX OFFENDERS; SPECIAL SENTENCING PROVISION.]

Subdivision 1. [SENTENCING AUTHORITY.] Except as otherwise required by section 38, a court may sentence a person to a term of imprisonment of not less than double the presumptive sentence under the sentencing guidelines and not more than the statutory maximum, or if the statutory maximum is less than double the presumptive sentence, to a term of imprisonment equal to the statutory maximum, if:

(1) the court is imposing an executed sentence on a person convicted of committing or attempting to commit a violation of section 609.342, 609.343, 609.344, or 609.345, or on a person convicted of committing or attempting to commit any other felony listed in section 611A.031 if it reasonably appears to the court that the felony was motivated by the offender's sexual impulses or was part of a predatory pattern of behavior that had criminal sexual conduct as its goal;

(2) the court finds that the offender is a danger to public safety;
and

(3) the court finds that the offender needs long-term treatment or supervision beyond the presumptive term of imprisonment and supervised release. This finding shall be based on a professional assessment by an examiner experienced in evaluating sex offenders which concludes that the offender is a patterned sex offender. The assessment must contain the facts upon which the conclusion is based, with reference to the social history, the offense history of the offender or the aggravated characteristics of the offender's current crime, and the results of an examination of the offender's mental status. The conclusion may not be based on testing alone. A patterned sex offender is one whose criminal sexual behavior is so ingrained that the risk of reoffending is great without intensive psychotherapeutic intervention or other long-term controls.

Subd. 2. [DANGER TO PUBLIC SAFETY.] The court shall base its finding that the offender is a danger to public safety on either of the following factors:

(1) the crime involved an aggravating factor that would justify a departure from the presumptive sentence under the sentencing guidelines; or

(2) the offender had previously committed or attempted to commit a felony offense listed in section 611A.031, including an offense committed as a juvenile that would have been a listed felony if committed by an adult.

Subd. 3. [DEPARTURE FROM GUIDELINES.] A sentence imposed under subdivision 1 is a departure from the sentencing guidelines.

Subd. 4. [EARLY PROBATIONARY RELEASE.] At the time of sentencing under subdivision 1, the court may provide that after the offender has completed one-half of the sentence imposed, excluding good time, the balance of the sentence may be stayed and the offender placed on supervised probation under the probation officer of the court for the remainder of the statutory maximum period or for ten years, whichever is longer, if the commissioner of corrections certifies to the sentencing court and the prosecution that:

(1) the offender is amenable to treatment and has made sufficient progress in a sex offender treatment program available in prison to be released to the intensive treatment program for sexual aggressives or a community sex offender treatment and reentry program; and

(2) the offender has been accepted in a program approved by the commissioner that provides treatment, aftercare, and phased reentry into the community.

The court shall impose conditions of probation which must include successful completion of treatment and aftercare in a program approved by the commissioner and any other conditions the court considered appropriate. Probation may be revoked and the stayed sentence executed in its entirety less good time if the offender fails to meet any condition of probation. The court must not dismiss the offender from probation before the sentence expires unless the court finds that the offender no longer represents a danger to public safety. The probationary portion of the sentence shall commence at the time of the commissioner's certification unless the court finds the commissioner's program for the offender provides for insufficient treatment, aftercare, or supervision upon the offender's release. The commissioner's certification must include a detailed report of the offender's course of treatment in prison and of the proposed plan for the offender's release.

Subd. 5. [COMMISSIONER OF CORRECTIONS.] The commissioner shall pay the cost of treatment and supervision of a person released under subdivision 4. This section does not require the commissioner to accept or retain an offender in a treatment program.

Sec. 22. Minnesota Statutes 1988, section 609.185, is amended to read:

609.185 [MURDER IN THE FIRST DEGREE.]

Whoever does any of the following is guilty of murder in the first degree and shall be sentenced to imprisonment for life:

(1) causes the death of a human being with premeditation and with intent to effect the death of the person or of another;

(2) causes the death of a human being while committing or attempting to commit criminal sexual conduct in the first or second degree with force or violence, either upon or affecting the person or another;

(3) causes the death of a human being with intent to effect the death of the person or another, while committing or attempting to commit burglary, aggravated robbery, kidnapping, arson in the first or second degree, tampering with a witness in the first degree, or escape from custody, or any violation of chapter 152 involving the unlawful sale of a controlled substance;

(4) causes the death of a peace officer or a guard employed at a Minnesota state correctional facility, with intent to effect the death of that person or another, while the peace officer or guard is engaged in the performance of official duties; or

(5) causes the death of a minor under circumstances other than those described in clause (1) or (2) while committing or attempting to commit child abuse, when the perpetrator has engaged in a past pattern of child abuse upon the child and the death occurs under circumstances manifesting an extreme indifference to human life.

For purposes of clause (5), "child abuse" means an act committed against a minor victim that constitutes a violation of section 609.221, 609.222, 609.223, 609.224, 609.342, 609.343, 609.344, 609.345, 609.377, or 609.378.

Sec. 23. Minnesota Statutes 1988, section 609.19, is amended to read:

609.19 [MURDER IN THE SECOND DEGREE.]

Whoever does either of the following is guilty of murder in the second degree and may be sentenced to imprisonment for, upon conviction, shall be committed to the commissioner of corrections for a term of imprisonment of at least 20 years but not more than 40 years, notwithstanding sections 242.19, 243.05, 244.04, 609.11, 609.12, and 609.135:

(1) Causes the death of a human being with intent to effect the death of that person or another, but without premeditation, or

(2) Causes the death of a human being, without intent to effect the death of any person, while committing or attempting to commit a felony offense other than criminal sexual conduct in the first or second degree with force or violence.

Sec. 24. Minnesota Statutes 1988, section 609.195, is amended to read:

609.195 [MURDER IN THE THIRD DEGREE.]

(a) Whoever, without intent to effect the death of any person, causes the death of another by perpetrating an act eminently dangerous to others and evincing a depraved mind, without regard for human life, is guilty of murder in the third degree and may be sentenced to imprisonment for, upon conviction, shall be committed to the commissioner of corrections for a term of imprisonment of at least ten years but not more than 25 years, notwithstanding sections 242.19, 243.05, 244.04, 609.11, 609.12, and 609.135.

(b) Whoever, without intent to cause death, proximately causes the death of a human being by, directly or indirectly, unlawfully selling, giving away, bartering, delivering, exchanging, distributing, or administering a controlled substance classified in schedule I or II, is guilty of murder in the third degree and may be sentenced to imprisonment for not more than 25 years or to payment of a fine of not more than \$40,000, or both.

Sec. 25. Minnesota Statutes 1988, section 609.205, is amended to read:

609.205 [MANSLAUGHTER IN THE SECOND DEGREE.]

A person who causes the death of another by any of the following means is guilty of manslaughter in the second degree and may be sentenced to imprisonment for not more than seven ten years or to payment of a fine of not more than ~~\$14,000~~ \$20,000, or both:

(1) by the person's culpable negligence whereby the person creates an unreasonable risk, and consciously takes chances of causing death or great bodily harm to another; or

(2) by shooting another with a firearm or other dangerous weapon as a result of negligently believing the other to be a deer or other animal; or

(3) by setting a spring gun, pit fall, deadfall, snare, or other like dangerous weapon or device; or

(4) by negligently or intentionally permitting any animal, known by the person to have vicious propensities or to have caused great or substantial bodily harm in the past, to run uncontrolled off the owner's premises, or negligently failing to keep it properly confined.

If proven by a preponderance of the evidence, it shall be an affirmative defense to criminal liability under clause (4) that the victim provoked the animal to cause the victim's death.

Sec. 26. Minnesota Statutes 1988, section 609.221, is amended to read:

609.221 [ASSAULT IN THE FIRST DEGREE.]

Whoever assaults another and inflicts great bodily harm may be sentenced to imprisonment for not more than ~~ten~~ 20 years or to payment of a fine of not more than ~~\$20,000~~ \$30,000, or both.

Sec. 27. Minnesota Statutes 1988, section 609.222, is amended to read:

609.222 [ASSAULT IN THE SECOND DEGREE.]

Whoever assaults another with a dangerous weapon may be sentenced to imprisonment for not more than ~~five~~ seven years or to payment of a fine of not more than ~~\$10,000~~ \$14,000, or both.

Sec. 28. Minnesota Statutes 1988, section 609.223, is amended to read:

609.223 [ASSAULT IN THE THIRD DEGREE.]

Whoever assaults another and inflicts substantial bodily harm may be sentenced to imprisonment for not more than ~~three~~ five years or to payment of a fine of not more than ~~\$5,000~~ \$10,000, or both.

Sec. 29. Minnesota Statutes 1988, section 609.2231, subdivision 1, is amended to read:

Subdivision 1. [PEACE OFFICERS.] Whoever assaults a peace officer licensed under section 626.845, subdivision 1, when that officer is effecting a lawful arrest or executing any other duty

imposed by law and inflicts demonstrable bodily harm is guilty of a felony and may be sentenced to imprisonment for not more than ~~one year~~ and a day two years or to payment of a fine of not more than ~~\$3,000~~ \$4,000, or both.

Sec. 30. Minnesota Statutes 1988, section 609.255, subdivision 3, is amended to read:

Subd. 3. [UNREASONABLE RESTRAINT OF CHILDREN.] A parent, legal guardian, or caretaker who intentionally subjects a child under the age of 18 years to unreasonable physical confinement or restraint by means including but not limited to, tying, locking, caging, or chaining for a prolonged period of time and in a cruel manner which is excessive under the circumstances, is guilty of unreasonable restraint of a child and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both. If the confinement or restraint results in substantial bodily harm, that person may be sentenced to imprisonment for not more than ~~three~~ five years or to payment of not more than ~~\$5,000~~ \$10,000, or both.

Sec. 31. Minnesota Statutes 1988, section 609.2665, is amended to read:

609.2665 [MANSLAUGHTER OF AN UNBORN CHILD IN THE SECOND DEGREE.]

A person who causes the death of an unborn child by any of the following means is guilty of manslaughter of an unborn child in the second degree and may be sentenced to imprisonment for not more than ~~seven~~ ten years or to payment of a fine of not more than ~~\$14,000~~ \$20,000, or both:

(1) by the actor's culpable negligence whereby the actor creates an unreasonable risk and consciously takes chances of causing death or great bodily harm to an unborn child or a person;

(2) by shooting the mother of the unborn child with a firearm or other dangerous weapon as a result of negligently believing her to be a deer or other animal;

(3) by setting a spring gun, pit fall, deadfall, snare, or other like dangerous weapon or device; or

(4) by negligently or intentionally permitting any animal, known by the person to have vicious propensities or to have caused great or substantial bodily harm in the past, to run uncontrolled off the owner's premises, or negligently failing to keep it properly confined.

If proven by a preponderance of the evidence, it shall be an

affirmative defense to criminal liability under clause (4) that the mother of the unborn child provoked the animal to cause the unborn child's death.

Sec. 32. Minnesota Statutes 1988, section 609.267, is amended to read:

609.267 [ASSAULT OF AN UNBORN CHILD IN THE FIRST DEGREE.]

Whoever assaults a pregnant woman and inflicts great bodily harm on an unborn child who is subsequently born alive may be sentenced to imprisonment for not more than ~~ten~~ 15 years or to payment of a fine of not more than ~~\$20,000~~ \$30,000, or both.

Sec. 33. Minnesota Statutes 1988, section 609.323, subdivision 1, is amended to read:

Subdivision 1. Whoever, while acting other than as a prostitute or patron, intentionally receives profit, knowing or having reason to know that it is derived from the prostitution, or the promotion of the prostitution, of an individual under the age of 13 years, may be sentenced to imprisonment for not more than ~~ten~~ 15 years or to payment of a fine of not more than ~~\$20,000~~ \$30,000, or both.

Sec. 34. Minnesota Statutes 1988, section 609.342, subdivision 2, is amended to read:

Subd. 2. [PENALTY.] Except as otherwise provided in section 38, a person convicted under subdivision 1 may be sentenced to imprisonment for not more than ~~20~~ 25 years or to a payment of a fine of not more than ~~\$35,000~~ \$40,000, or both.

Sec. 35. Minnesota Statutes 1988, section 609.343, subdivision 2, is amended to read:

Subd. 2. [PENALTY.] Except as otherwise provided in section 38, a person convicted under subdivision 1 may be sentenced to imprisonment for not more than ~~15~~ 20 years or to a payment of a fine of not more than ~~\$30,000~~ \$35,000, or both.

Sec. 36. Minnesota Statutes 1988, section 609.344, subdivision 2, is amended to read:

Subd. 2. [PENALTY.] Except as otherwise provided in section 38, a person convicted under subdivision 1 may be sentenced to imprisonment for not more than ~~ten~~ 15 years or to a payment of a fine of not more than ~~\$20,000~~ \$30,000, or both.

Sec. 37. Minnesota Statutes 1988, section 609.345, subdivision 2, is amended to read:

Subd. 2. [PENALTY.] A person convicted under subdivision 1 may be sentenced to imprisonment for not more than five ten years or to a payment of a fine of not more than \$10,000 \$20,000, or both.

Sec. 38. Minnesota Statutes 1988, section 609.346, is amended to read:

609.346 [SUBSEQUENT OFFENSES.]

Subdivision 1. [DEFINITION; CONVICTION OF OFFENSE.] For purposes of this section, the term "offense" means a completed offense or an attempt to commit an offense.

Subd. 2. [SUBSEQUENT OFFENSE; PENALTY.] Except as otherwise provided in subdivision 3a, if a person is convicted of a second or subsequent offense under sections 609.342 to 609.345 within 15 years of the prior conviction, the court shall commit the defendant to the commissioner of corrections for imprisonment for a term of not less than three years, nor more than the maximum sentence provided by law for the offense for which convicted, notwithstanding the provisions of sections 242.19, 243.05, 609.11, 609.12 and 609.135. The court may stay the execution of the sentence imposed under this section subdivision only if it finds that a professional assessment indicates the offender is accepted by and can respond to treatment at a long-term inpatient program exclusively treating sex offenders and approved by the commissioner of corrections. If the court stays the execution of a sentence, it shall include the following as conditions of probation: (1) incarceration in a local jail or workhouse; and (2) a requirement that the offender successfully complete the treatment program and aftercare as directed by the court.

Subd. 3. [PRIOR CONVICTIONS UNDER SIMILAR STATUTES.] For the purposes of this section subdivision 2, an offense is considered a second or subsequent offense if conviction of the actor for the offense follows or coincides with a conviction of the actor under sections 609.342 to 609.345 or under any similar statute of the United States, or this or any other state.

Subd. 3a. [THIRD CONVICTION; MANDATORY LIFE SENTENCE.] A person who is convicted of violating section 609.342, 609.343, or 609.344 shall be sentenced to imprisonment for life if:

(1) the person has two prior convictions under section 609.342, 609.343, or 609.344 or under any similar statute of the United States, or this or any other state;

(2) the person committed the second criminal sexual conduct offense after having been convicted of and sentenced for the first criminal sexual conduct offense; and

(3) the person committed the current criminal sexual conduct offense after having been convicted of and sentenced for the second criminal sexual conduct offense.

Sec. 39. [609.3461] [DNA ANALYSIS OF SEX OFFENDERS REQUIRED.]

When a court sentences a person convicted of violating or attempting to violate section 609.342, 609.343, 609.344, or 609.345, it shall order the person to provide a biological specimen for the purpose of DNA analysis as defined in section 14. The biological specimen or the results of the analysis shall be maintained by the bureau of criminal apprehension as provided in section 14.

Sec. 40. Minnesota Statutes 1988, section 609.377, is amended to read:

609.377 [MALICIOUS PUNISHMENT OF A CHILD.]

A parent, legal guardian, or caretaker who, by an intentional act or a series of intentional acts with respect to a child, evidences unreasonable force or cruel discipline that is excessive under the circumstances is guilty of malicious punishment of a child and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both. If the punishment results in substantial bodily harm, that person may be sentenced to imprisonment for not more than ~~three~~ five years or to payment of not more than ~~\$5,000~~ \$10,000, or both.

Sec. 41. Minnesota Statutes 1988, section 609.445, is amended to read:

609.445 [FAILURE TO PAY OVER STATE FUNDS.]

Whoever receives money on behalf of or for the account of the state or any of its agencies or subdivisions and intentionally refuses or omits to pay the same to the state or its agency or subdivision entitled thereto, or to an officer or agent authorized to receive the same, may be sentenced to imprisonment for not more than ~~three~~ five years or to payment of a fine of not more than ~~\$5,000~~ \$10,000, or both.

Sec. 42. Minnesota Statutes 1988, section 609.48, subdivision 4, is amended to read:

Subd. 4. [SENTENCE.] Whoever violates this section may be sentenced as follows:

(1) If the false statement was made upon the trial of a felony charge, or upon an application for an explosives license or use permit, to imprisonment for not more than five seven years or to payment of a fine of not more than ~~\$10,000~~ \$14,000, or both; or

(2) In all other cases, to imprisonment for not more than three five years or to payment of a fine of not more than ~~\$5,000~~ \$10,000, or both.

Sec. 43. Minnesota Statutes 1988, section 609.487, subdivision 4, is amended to read:

Subd. 4. [FLEEING AN OFFICER; DEATH; BODILY INJURY.] Whoever flees or attempts to flee by means of a motor vehicle a peace officer who is acting in the lawful discharge of an official duty, and the perpetrator knows or should reasonably know the same to be a peace officer, and who in the course of fleeing causes the death of a human being not constituting murder or manslaughter or any bodily injury to any person other than the perpetrator may be sentenced to imprisonment as follows:

(a) If the course of fleeing results in death, to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both; or

(b) If the course of fleeing results in great bodily harm, to imprisonment for not more than five seven years or to payment of a fine of not more than ~~\$10,000~~ \$14,000, or both; or

(c) If the course of fleeing results in substantial bodily harm, to imprisonment for not more than three five years or to payment of a fine of not more than ~~\$5,000~~ \$10,000, or both.

Sec. 44. Minnesota Statutes 1988, section 609.52, is amended to read:

609.52 [THEFT.]

Subdivision 1. [DEFINITIONS.] In this section:

(1) "Property" means all forms of tangible property, whether real or personal, without limitation including documents of value, electricity, gas, water, corpses, domestic animals, dogs, pets, fowl, and heat supplied by pipe or conduit by municipalities or public utility companies and articles, as defined in clause (4), representing trade secrets, which articles shall be deemed for the purposes of Extra

Session Laws 1967, chapter 15 to include any trade secret represented by the article.

(2) "Movable property" is property whose physical location can be changed, including without limitation things growing on, affixed to or found in land.

(3) "Value" means the retail market value at the time of the theft, or if the retail market value cannot be ascertained, the cost of replacement of the property within a reasonable time after the theft, or in the case of a theft or the making of a copy of an article representing a trade secret, where the retail market value or replacement cost cannot be ascertained, any reasonable value representing the damage to the owner which the owner has suffered by reason of losing an advantage over those who do not know of or use the trade secret. For a theft committed within the meaning of subdivision 2, clause (5), (a) and (b), if the property has been restored to the owner, "value" means the value of the use of the property or the damage which it sustained, whichever is greater, while the owner was deprived of its possession, but not exceeding the value otherwise provided herein.

(4) "Article" means any object, material, device or substance, including any writing, record, recording, drawing, sample specimen, prototype, model, photograph, microorganism, blueprint or map, or any copy of any of the foregoing.

(5) "Representing" means describing, depicting, containing, constituting, reflecting or recording.

(6) "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

(i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and

(ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(7) "Copy" means any facsimile, replica, photograph or other reproduction of an article, and any note, drawing, or sketch made of or from an article while in the presence of the article.

(8) "Property of another" includes property in which the actor is coowner or has a lien, pledge, bailment, or lease or other subordinate interest, and property of a partnership of which the actor is a member, unless the actor and the victim are husband and wife. It

does not include property in which the actor asserts in good faith a claim as a collection fee or commission out of property or funds recovered, or by virtue of a lien, setoff, or counterclaim.

(9) "Services" include but are not limited to labor, professional services, transportation services, electronic computer services, the supplying of hotel accommodations, restaurant services, entertainment services, advertising services, telecommunication services, and the supplying of equipment for use.

(10) "Motor vehicle" means a self-propelled device for moving persons or property or pulling implements from one place to another, whether the device is operated on land, rails, water, or in the air.

Subd. 2. [ACTS CONSTITUTING THEFT.] Whoever does any of the following commits theft and may be sentenced as provided in subdivision 3:

(1) intentionally and without claim of right takes, uses, transfers, conceals or retains possession of movable property of another without the other's consent and with intent to deprive the owner permanently of possession of the property; or

(2) having a legal interest in movable property, intentionally and without consent, takes the property out of the possession of a pledgee or other person having a superior right of possession, with intent thereby to deprive the pledgee or other person permanently of the possession of the property; or

(3) obtains for the actor or another the possession, custody or title to property of or performance of services by a third person by intentionally deceiving the third person with a false representation which is known to be false, made with intent to defraud, and which does defraud the person to whom it is made. "False representation" includes without limitation:

(a) the issuance of a check, draft, or order for the payment of money, except a forged check as defined in section 609.631, or the delivery of property knowing that the actor is not entitled to draw upon the drawee therefor or to order the payment or delivery thereof; or

(b) a promise made with intent not to perform. Failure to perform is not evidence of intent not to perform unless corroborated by other substantial evidence; or

(c) the preparation or filing of a claim for reimbursement, a rate application, or a cost report used to establish a rate or claim for payment for medical care provided to a recipient of medical assis-

tance under chapter 256B, which intentionally and falsely states the costs of or actual services provided by a vendor of medical care; or

(4) by swindling, whether by artifice, trick, device, or any other means, obtains property or services from another person; or

(5) intentionally commits any of the acts listed in this subdivision but with intent to exercise temporary control only and;

(a) the control exercised manifests an indifference to the rights of the owner or the restoration of the property to the owner; or

(b) the actor pledges or otherwise attempts to subject the property to an adverse claim; or

(c) the actor intends to restore the property only on condition that the owner pay a reward or buy back or make other compensation; or

(6) finds lost property and, knowing or having reasonable means of ascertaining the true owner, appropriates it to the finder's own use or to that of another not entitled thereto without first having made reasonable effort to find the owner and offer and surrender the property to the owner; or

(7) intentionally obtains property or services, offered upon the deposit of a sum of money or tokens in a coin or token operated machine or other receptacle, without making the required deposit or otherwise obtaining the consent of the owner; or

(8) intentionally and without claim of right converts any article representing a trade secret, knowing it to be such, to the actor's own use or that of another person or makes a copy of an article representing a trade secret, knowing it to be such, and intentionally and without claim of right converts the same to the actor's own use or that of another person. It shall be a complete defense to any prosecution under this clause for the defendant to show that information comprising the trade secret was rightfully known or available to the defendant from a source other than the owner of the trade secret; or

(9) leases or rents personal property under a written instrument and who with intent to place the property beyond the control of the lessor conceals or aids or abets the concealment of the property or any part thereof, or any lessee of the property who sells, conveys, or encumbers the property or any part thereof without the written consent of the lessor, without informing the person to whom the lessee sells, conveys, or encumbers that the same is subject to such lease and with intent to deprive the lessor of possession thereof. Evidence that a lessee used a false or fictitious name or address in obtaining the property or fails or refuses to return the property to

lessor within five days after written demand for the return has been served personally in the manner provided for service of process of a civil action or sent by certified mail to the last known address of the lessee, whichever shall occur later, shall be evidence of intent to violate this clause. Service by certified mail shall be deemed to be complete upon deposit in the United States mail of such demand, postpaid and addressed to the person at the address for the person set forth in the lease or rental agreement, or, in the absence of the address, to the person's last known place of residence; or

(10) alters, removes, or obliterates numbers or symbols placed on movable property for purpose of identification by the owner or person who has legal custody or right to possession thereof with the intent to prevent identification, if the person who alters, removes, or obliterates the numbers or symbols is not the owner and does not have the permission of the owner to make the alteration, removal, or obliteration; or

(11) with the intent to prevent the identification of property involved, so as to deprive the rightful owner of possession thereof, alters or removes any permanent serial number, permanent distinguishing number or manufacturer's identification number on personal property or possesses, sells or buys any personal property with knowledge that the permanent serial number, permanent distinguishing number or manufacturer's identification number has been removed or altered; or

(12) intentionally deprives another of a lawful charge for cable television service by

(i) making or using or attempting to make or use an unauthorized external connection outside the individual dwelling unit whether physical, electrical, acoustical, inductive, or other connection, or by

(ii) attaching any unauthorized device to any cable, wire, microwave, or other component of a licensed cable communications system as defined in chapter 238. Nothing herein shall be construed to prohibit the electronic video rerecording of program material transmitted on the cable communications system by a subscriber for fair use as defined by Public Law Number 94-553, section 107; or

(13) except as provided in paragraphs (12) and (14), obtains the services of another with the intention of receiving those services without making the agreed or reasonably expected payment of money or other consideration; or

(14) intentionally deprives another of a lawful charge for telecommunications service by:

(i) making, using, or attempting to make or use an unauthorized

connection whether physical, electrical, by wire, microwave, radio or other means to a component of a local telecommunication system as provided in chapter 237; or

(ii) attaching an unauthorized device to a cable, wire, microwave, radio, or other component of a local telecommunication system as provided in chapter 237.

The existence of an unauthorized connection is prima facie evidence that the occupier of the premises:

(i) made or was aware of the connection; and

(ii) was aware that the connection was unauthorized; or

(15) with intent to defraud, diverts corporate property other than in accordance with general business purposes or for purposes other than those specified in the corporation's articles of incorporation; or

(16) with intent to defraud, authorizes or causes a corporation to make a distribution in violation of section 302A.551, or any other state law in conformity with it; or

(17) intentionally takes or drives a motor vehicle without the consent of the owner or an authorized agent of the owner.

Subd. 3. [SENTENCE.] Whoever commits theft may be sentenced as follows:

(1) to imprisonment for not more than 20 years or to payment of a fine of not more than \$100,000, or both, if the value of the property or services stolen is more than \$35,000 and the conviction is for a violation of subdivision 2, clause (3), (4), (15), or (16); or

(2) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the value of the property or services stolen exceeds \$2,500, or if the property stolen was an article representing a trade secret, an explosive or incendiary device, or a controlled substance listed in schedule 1 or 2 pursuant to section 152.02 with the exception of marijuana; or

(3) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if:

(a) the value of the property or services stolen is more than \$500 but not more than \$2,500; or

(b) the property stolen was a controlled substance listed in schedule 3, 4, or 5 pursuant to section 152.02; or

(c) the value of the property or services stolen is more than \$200 but not more than \$500 and the person has been convicted within the preceding five years for an offense under this section, section 256.98; 268.18, subdivision 3; 609.24; 609.245; 609.53; 609.582, subdivision 1, 2, or 3; 609.625; 609.63; 609.631; or 609.821, or a statute from another state in conformity with any of those sections, and the person received a felony or gross misdemeanor sentence for the offense, or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony or gross misdemeanor sentence; or

(4) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, notwithstanding

(d) the value of the property or services stolen is not more than \$200, if \$500, and any of the following circumstances exist:

(a) (i) the property is taken from the person of another or from a corpse, or grave or coffin containing a corpse; or

(b) (ii) the property is a record of a court or officer, or a writing, instrument or record kept, filed or deposited according to law with or in the keeping of any public officer or office; or

(c) (iii) the property is taken from a burning building or upon its removal therefrom, or from an area of destruction caused by civil disaster, riot, bombing, or the proximity of battle; or

(d) (iv) the property consists of public funds belonging to the state or to any political subdivision or agency thereof; or

(e) (v) the property is a firearm; or

(f) (vi) the property stolen was is a motor vehicle as defined in section 609.55; or

(5) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the property stolen is an article representing a trade secret; or if the property stolen is an explosive or an incendiary device; or

(6) (4) to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the value of the property or services stolen is more than \$200 but not more than \$500; or

(7) (5) in all other cases where the value of the property or services stolen is \$200 or less, to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both, provided, however, in any prosecution under subdivision 2, clauses (1), (2), (3), (4), and (13), the value of the money or property or services received

by the defendant in violation of any one or more of the above provisions within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this subdivision; provided that when two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

Sec. 45. [609.526] [PRECIOUS METAL DEALERS; RECEIVING STOLEN PROPERTY.]

Any precious metal dealer as defined in section 325F.731, subdivision 2, or any person employed by a precious metal dealer as defined in section 325F.731, subdivision 2, who receives, possesses, transfers, buys, or conceals any stolen property or property obtained by robbery, knowing or having reason to know the property was stolen or obtained by robbery, may be sentenced as follows:

(1) if the value of the property received, bought, or concealed is \$1,000 or more, to imprisonment for not more than ten years or to payment of a fine of not more than \$50,000, or both;

(2) if the value of the property received, bought, or concealed is less than \$1,000 but more than \$300, to imprisonment for not more than five years or to payment of a fine of not more than \$40,000, or both;

(3) if the value of the property received, bought, or concealed is \$300 or less, to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both.

Any person convicted of violating this section a second or subsequent time within a period of one year may be sentenced as provided in clause (1).

Sec. 46. Minnesota Statutes 1988, section 609.53, subdivision 1, is amended to read:

Subdivision 1. [CRIMINAL PENALTY.] (a) Except as otherwise provided in section 45, any person who receives, possesses, transfers, buys or conceals any stolen property or property obtained by robbery, knowing or having reason to know the property was stolen or obtained by robbery, may be sentenced as follows:

(1) if the value of the property is \$1,000 or more, to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both;

(2) if the value of the property is less than \$1,000, but more than

\$300, to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both;

(3) if the value of the property is \$300 or less, to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both;

(4) notwithstanding the value of the property, if the property is a firearm, to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, in accordance with the provisions of section 609.52, subdivision 3.

(b) In a prosecution under this subdivision, the value of property received by the defendant in violation of this subdivision within any six-month period may be aggregated and the defendant charged accordingly in applying this subdivision. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

Sec. 47. Minnesota Statutes 1988, section 609.53, subdivision 4, is amended to read:

Subd. 4. [CIVIL ACTION; TREBLE DAMAGES.] Any person who has been injured by a violation of subdivisions subdivision 1 or 3 section 45 may bring an action for three times the amount of actual damages, sustained by the plaintiff or \$1,500, whichever is greater, and the costs of suit and reasonable attorney's fees.

Sec. 48. Minnesota Statutes 1988, section 609.576, is amended to read:

609.576 [NEGLIGENT FIRES.]

Whoever is culpably negligent in causing a fire to burn or get out of control thereby causing damage or injury to another, and as a result thereof:

(a) a human being is injured and great bodily harm incurred, is guilty of a crime and may be sentenced to imprisonment of not more than ~~three~~ five years or to a fine of not more than ~~\$5,000~~ \$10,000, or both; or

(b) property of another is injured, thereby, is guilty of a crime and may be sentenced as follows:

(1) to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both, if the value of the property damage is under \$300;

(2) to imprisonment for not more than one year, or to a fine of \$3,000 or both, if the value of the property damaged is at least \$300 but is less than \$10,000;

(3) to imprisonment for not less than 90 days nor more than three years, or to a fine of not more than \$5,000, or both, if the value of the property damaged is \$10,000 or more.

Sec. 49. Minnesota Statutes 1988, section 609.62, subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING.] Whoever, with intent to defraud, does any of the following may be sentenced to imprisonment for not more than ~~two~~ three years or to payment of a fine of not more than ~~\$4,000~~ \$6,000, or both:

(1) Conceals, removes, or transfers any personal property in which the actor knows that another has a security interest; or

(2) Being an obligor and knowing the location of the property refuses to disclose the same to an obligee entitled to possession thereof.

Sec. 50. Minnesota Statutes 1988, section 609.631, subdivision 2, is amended to read:

Subd. 2. [CHECK FORGERY; ELEMENTS.] A person who is guilty of check forgery, and may be sentenced under subdivision 4 if the person, with intent to defraud, does any of the following:

(1) falsely makes or alters a check so that it purports to have been made by another or by the maker under an assumed or fictitious name, or at another time, or with different provisions, or by the authority of one who did not give authority; or

(2) falsely endorses or alters a check so that it purports to have been endorsed by another.

Sec. 51. Minnesota Statutes 1988, section 609.86, subdivision 3, is amended to read:

Subd. 3. [SENTENCE.] Whoever commits commercial bribery may be sentenced as follows:

(1) To imprisonment for not more than ~~three~~ five years or to payment of a fine of not more than ~~\$5,000~~ \$10,000, or both, if the value of the benefit, consideration, compensation or reward is greater than \$500;

(2) In all other cases where the value of the benefit, consideration, compensation or reward is \$500 or less, to imprisonment for not more than 90 days or to payment of a fine of not more than \$700; provided, however, in any prosecution of the value of the benefit, consideration, compensation or reward received by the defendant within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this subdivision; provided that when two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed, or all of the offenses aggregated under this clause.

Sec. 52. Minnesota Statutes 1988, section 611A.038, is amended to read:

611A.038 [RIGHT TO SUBMIT STATEMENT AT SENTENCING.]

~~Subdivision 1. [IMPACT STATEMENT.]~~ A victim has the right to submit an impact statement, ~~either orally or in writing,~~ to the court at the time of sentencing or disposition hearing. The impact statement may be presented to the court orally or in writing, at the victim's option. If the victim requests, the prosecutor must orally present the statement to the court.

Statements may include the following, subject to reasonable limitations as to time and length:

- (1) a summary of the harm or trauma suffered by the victim as a result of the crime;
- (2) a summary of the economic loss or damage suffered by the victim as a result of the crime; and
- (3) a victim's reaction to the proposed sentence or disposition.

Sec. 53. Minnesota Statutes 1988, section 624.701, is amended to read:

624.701 [LIQUORS IN CERTAIN BUILDINGS OR GROUNDS.]

Subdivision 1. Except as otherwise provided in subdivision 1a, any person who shall introduce upon, or have in possession upon, or in, introduces or possesses an alcoholic beverage, as defined in section 340A.101, on any school ground, or in any schoolhouse or school building, any alcoholic beverage as defined in section 340A.101, except for is guilty of a misdemeanor.

Subd. 1a. [EXCEPTIONS.] Subdivision 1 does not apply to the following:

(1) experiments in laboratories and except for;

(2) those organizations who have been issued temporary licenses to sell nonintoxicating malt liquor pursuant to section 340A.403, subdivision 2, and;

(3) any person possessing nonintoxicating malt liquor as a result of a purchase from those organizations holding temporary licenses pursuant to section 340A.403, subdivision 2, shall be guilty of a misdemeanor; or

(4) the possession or use of alcoholic beverages in an alcohol use awareness program that is held at a post-secondary school, sponsored or approved by the school, and limited to persons 21 years old or older.

Subd. 2. Any person who except by prescription of a licensed physician or permission of the hospital administrator shall introduce upon, or have in possession upon, or in, any state hospital or grounds thereof under the responsibility of the commissioner of human services any alcoholic beverage as defined in section 340A.101, shall be guilty of a misdemeanor.

Sec. 54. Minnesota Statutes 1988, section 624.712, subdivision 5, is amended to read:

Subd. 5. "Crime of violence" includes murder in the first, second, and third degrees, manslaughter in the first and second degrees, aiding suicide, aiding attempted suicide, felony violations of assault in the first, second, third, and fourth degrees, use of drugs to injure or to facilitate crime, simple robbery, aggravated robbery, kidnapping, false imprisonment, criminal sexual conduct in the first, second, third, and fourth degrees, felonious theft, arson in the first and second degrees, riot, burglary in the first, second, third, and fourth degrees, reckless use of a gun or dangerous weapon, intentionally pointing a gun at or towards a human being, setting a spring gun, and unlawfully owning, possessing, or operating a machine gun, and an attempt to commit any of these offenses, as each of those offenses is defined in chapter 609. "Crime of violence" also includes felony violations of chapter 152.

Sec. 55. [634.25] [ADMISSIBILITY OF RESULTS OF DNA ANALYSIS.]

In a civil or criminal trial or hearing, the results of DNA analysis, as defined in section 14, are admissible in evidence without antecedent expert testimony that DNA analysis provides a trustworthy and reliable method of identifying characteristics in an individual's genetic material upon a showing that the offered testimony meets the standards for admissibility set forth in the Rules of Evidence.

Sec. 56. [634.26] [STATISTICAL PROBABILITY EVIDENCE.]

In a civil or criminal trial or hearing, statistical population frequency evidence, based on genetic or blood test results, is admissible to demonstrate the fraction of the population that would have the same combination of genetic markers as was found in a specific human biological specimen. "Genetic marker" means the various blood types or DNA types that an individual may possess.

Sec. 57. [638.025] [COMMUTATION OF LIFE SENTENCE FOR FIRST DEGREE MURDER.]

A person convicted of murder in the first degree and serving a mandatory sentence of life imprisonment without possibility of supervised release may apply to the board of pardons for a commutation of sentence only if the person has served at least 30 years in prison. After considering the person's application under the procedures set forth in this chapter, the board shall either (1) grant the application and commute the person's sentence to a term of years, (2) deny the application, or (3) deny commutation of the person's life imprisonment sentence, but authorize the commissioner of corrections to grant the person supervised release as provided in section 244.05 and the commissioner's rules.

Sec. 58. [SENTENCING GUIDELINES COMMISSION; STUDY OF MANDATORY MINIMUM SENTENCING LAW.]

The sentencing guidelines commission shall study sentencing practices under section 609.11 to determine the following issues:

(1) whether prosecutors are complying with the statute's requirement to place on the record any evidence tending to show that a gun or dangerous weapon was used to commit an offense listed in section 609.11, subdivision 9;

(2) whether courts are complying with the statute's requirement to determine on the record the question of whether a gun or dangerous weapon was used to commit an offense listed in section 609.11, subdivision 9;

(3) the number of cases in which a prosecutor files a motion under section 609.11, subdivision 8, seeking waiver of the mandatory minimum sentence, the reasons given in these cases to support the motion, and the disposition of these motions; and

(4) the number of cases in which the court, on its own motion, sentences a defendant without regard to the mandatory minimum sentence, the reasons given in these cases for the court's departure, and the sentences pronounced by the court.

The commission shall submit a written report to the legislature on or before February 1, 1991, summarizing its findings on this study and recommending any changes necessary to improve the operation of section 609.11.

Sec. 59. [CHILD PROTECTION SYSTEM STUDY COMMISSION.]

Subdivision 1. [MEMBERSHIP.] A child protection system study commission is created consisting of five members of the house of representatives appointed by the speaker of the house and five members of the senate appointed by the senate subcommittee on subcommittees. The commission shall select from its membership a chair or co-chairs and other officers it considers necessary.

Subd. 2. [STUDIES.] The commission shall study:

(1) the current structure and operation of the child protection system at the state and county level;

(2) the current operation of the child abuse reporting act, including whether the reporting act should be expanded to mandate reports of emotional harm and threatened harm, and whether its definitions of physical and sexual abuse should be expanded to include threatened harm;

(3) the ways in which the child protection system can provide more effective intervention and prevention services for sexually aggressive and sexually abused children; and

(4) other ways in which the child protection system and the child abuse reporting act can be improved.

Subd. 3. [REPORT.] The commission shall report to the legislature on its findings and recommendations not later than February 15, 1990, and ceases to function after that date.

Subd. 4. [COMPENSATION.] Members of the commission must be compensated in the same manner as for other legislative meetings.

Sec. 60. [INSTRUCTION TO REVISOR; REFERENCE CHANGE.]

The revisor of statutes shall change the reference to section 609.55, subdivision 1, in section 609.605, subdivision 1, clause (10), to section 609.52, subdivision 1, clause (10).

Sec. 61. [REPEALER.]

Minnesota Statutes 1988, sections 609.53, subdivisions 1a, 3, and 3a; and 609.55, are repealed.

Sec. 62. [EFFECTIVE DATE.]

Sections 20 and 58 are effective June 1, 1989. Sections 2 to 4, 9, 10, 13, 14, 19, 39, 52 to 56, 59, and 60 are effective August 1, 1989. Sections 1, 7, 8, 11, 15 to 18, 22 to 38, 40 to 51, 57 and 61 are effective August 1, 1989, and apply to crimes committed on or after that date. Section 21 is effective August 1, 1989, and applies to crimes committed on or after that date, but a court may consider acts committed before the effective date in determining whether an offender is a danger to public safety under section 21, subdivision 2.

ARTICLE 4

COMMUNITY RESOURCES PROGRAM

Section 1. [466A.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to sections 1 to 6.

Subd. 2. [ASSISTED HOUSING.] "Assisted housing" means any property used for residential housing that is:

(1) either owned or is under the direct management and control of a housing agency, and is used in a manner authorized and contemplated by sections 469.001 to 469.047;

(2) defined as emergency shelter under section 272.02, clause (12);

(3) transitional housing as defined in section 272.02, clause (19);

(4) classified as class 4c property under section 273.13, subdivision 25, paragraph (c), clause (4);

(5) a qualified low income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1987; or (ii) meets the requirements of that section and construction or rehabilitation of which began prior to May 1, 1988; or

(6) otherwise owned or operated by a governmental unit or nonprofit organization.

Subd. 3. [CITY.] "City" means a city of the first class as defined in section 410.01.

Subd. 4. [CITY COUNCIL.] "City council" means the city council of a city as defined in subdivision 3.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of state planning.

Subd. 6. [COMMUNITY.] "Community" means all or part of a targeted neighborhood.

Subd. 7. [COMMUNITY RESOURCE MONEY.] "Community resource money" means the money designated in the community resources program to be used to implement the community resource program.

Subd. 8. [COMMUNITY RESOURCES PROGRAM.] "Community resources program" or "program" means a community resources program adopted according to section 3.

Subd. 9. [COMMUNITY RESOURCES SERVICES.] "Community resources services" means programs, activities, and services intended to meet the objectives stated in section 3, subdivision 2. Programs, activities, and services may include:

- (1) community planning and organizing efforts;
- (2) employment and training services programs defined in section 256.736, subdivision 1a, clause (d);
- (3) services to residents of assisted housing;
- (4) services to stabilize neighborhoods; or
- (5) services to families and individuals intended to stabilize families and individuals or provide assistance for family needs including services to improve the educational achievement and development of minor family members;
- (6) child care services;
- (7) personal and family counseling;
- (8) health services;
- (9) parenting skills;
- (10) chemical dependency, counseling and treatment services;
- (11) crime prevention services;

- (12) services for victims of crime;
- (13) security services for assisted housing;
- (14) independent living services;
- (15) residential safe houses for teenage youth;
- (18) recreational alternatives for youth;
- (17) programs to facilitate cultural identity and cross cultural understanding;
- (18) efforts to facilitate the deconcentration of residential facilities licensed by the departments of health, human services, and corrections;
- (19) education, summer jobs, and training services for teenage youth; and
- (20) school readiness services relating to educational development screening and health services.

Subd. 10. [COUNTY BOARD.] "County board" means the board of county commissioners of a county containing a city.

Subd. 11. [SCHOOL BOARD.] "School board" means the school board of an independent school district or special school district having a student enrollment of 10,500 or more located wholly or partially within a city.

Subd. 12. [TARGETED NEIGHBORHOOD.] "Targeted neighborhood" means an area including one or more census tracts as determined and measured by the Bureau of Census of the United States Department of Commerce that a city council determines by resolution meets the criteria of section 2, subdivision 2, and any additional area designated under section 2.

Sec. 2. [466A.02] [DESIGNATION OF TARGETED NEIGHBORHOODS.]

Subdivision 1. [CITY AUTHORITY.] A city may by resolution designate targeted neighborhoods within its borders after adopting detailed findings that the designated neighborhoods meet the eligibility requirements in subdivision 2 or 3.

Subd. 2. [ELIGIBILITY REQUIREMENTS FOR TARGETED NEIGHBORHOODS.] An area within a city is eligible for designation as a targeted neighborhood if the area meets at least two of the following three criteria:

(a) The area had an unemployment rate that was twice the unemployment rate for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(b) The median household income in the area was no more than half the median household income for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(c) The area is characterized by residential dwelling units in need of substantial rehabilitation. An area qualifies under this clause if 25 percent or more of the residential dwelling units are in substandard condition as determined by the city or 70 percent or more of the residential dwelling units in the area were built before 1940 as determined by the 1980 federal decennial census.

Subd. 3. [ADDITIONAL AREA ELIGIBLE FOR INCLUSION IN TARGETED NEIGHBORHOOD.] (a) The city may add to the area designated as a targeted neighborhood under subdivision 2 additional area extending up to four contiguous city blocks in all directions from the designated targeted neighborhood. For the purpose of this subdivision, "city block" has the meaning determined by the city.

(b) The city may add to the area designated as a targeted neighborhood under subdivision 2 an additional area in a contiguous census tract to the targeted neighborhood provided that the city council first finds that the additional area meets at least two of the three criteria of subdivision 2.

Sec. 3. [466A.03] [COMMUNITY RESOURCES PROGRAM.]

Subdivision 1. [COMMUNITY RESOURCES PROGRAM; REQUIREMENT.] A city must prepare an annual comprehensive community resources program that is consistent with the recommendations of targeted neighborhood residents and organizations serving or representing these residents. The program must describe the specific community resource services and means by which the community intends to pursue and implement the program objectives outlined in subdivision 2 for each targeted neighborhood served under the program.

Subd. 2. [COMMUNITY RESOURCES PROGRAM OBJECTIVES.] A community resources program must address the following objectives:

(a) Establish means for stabilizing families so family members can become more functional as a family unit and as members of the community. This objective addresses family stabilization by insur-

ing that children attend and adequately participate in schools providing elementary and secondary education, strengthening the family unit through counseling and other services, and increasing the family unit's health through nutrition, parenting skills, health assessment, drug abuse programs, and other services.

(b) Provide opportunities for families and individuals that lead to greater self-sufficiency through improved housing, health, environment, education, job training, employment, and independent living.

(c) Establish the community as a safer environment by finding the means to reduce crime and the fear of crime in the community and other parts of the city.

(d) Establish means to stabilize the neighborhood or community by building the capacity of the community's neighborhood-based organizations and institutions to build cohesiveness through planning and organizing residents, to provide or ensure the provision of necessary services, and to meet the other program objectives.

Subd. 3. [COMMUNITY RESOURCES PROGRAM; CONTENTS.]

(a) The community resources program must include the following information:

(1) the means to identify families and individuals who need community resources services so that the program objectives identified in subdivision 2 can be met;

(2) the specific activities, programs, or means by which the city intends to pursue and implement the objectives in subdivision 2;

(3) a statement of the intended outcomes to be achieved by implementing the community resources program;

(4) the method to measure the outcomes to be achieved by implementing the community resources program, how the outcomes will be measured both qualitatively and quantitatively, and the estimated time over which they will occur;

(5) identification of the targeted neighborhoods, assisted housing, and other parts of the city that will receive community resources services;

(6) a detailed statement of how the community resources services will be coordinated with similar services being offered by the city, county, school district, state, and other providers;

(7) a description of the process used and the staff services provided to ensure the required community or neighborhood participation in the preparation of the program; and

(8) a budget that identifies the financial resources necessary to implement the community resources program. The budget must include the following items: (i) the estimated total cost to implement the community resources program; (ii) the estimated cost to implement each activity in the community resources program identified in clause (2); and (iii) the estimated amount of financial resources that will be available from all sources other than from the state money allocated under section 5 to implement the community resources program, including the amount of private funding to be made available to assist in funding the community resources program.

(b) The information required to be in the program under this subdivision must be specific to a targeted neighborhood to the greatest extent possible. If information is not specific to a targeted neighborhood that is to receive assistance under the program, the program must include a statement explaining the reason.

Subd. 4. [COMMUNITY PARTICIPATION.] (a) Each city must adopt a process to involve the residents in targeted neighborhoods in planning, developing, and implementing the community resources program. As part of the process, the city must ensure that the community-based process has sufficient resources to assist in the development of the program.

(b) Beginning with the program for 1991, each targeted neighborhood or group of targeted neighborhoods must have a strategic planning group whose members include residents of the targeted neighborhood. Each strategic planning group must be the same group designated for providing recommendations for the development of the urban revitalization action plan. The group must, as part of its responsibilities, develop a strategic plan that must include the activities that the planning group recommends as part of the community resource program. The strategic plan must also address how the community resource program activities will be integrated into a comprehensive approach toward meeting the needs of the neighborhood and its residents, including those activities proposed or included in the urban revitalization action program.

(c) The city must ensure that the strategic planning group required under paragraph (b) is established. An existing group or organization which includes neighborhood residents may be designated by the city as the strategic planning group. The city may provide financial and staff resources to ensure the establishment of the strategic planning groups. The city may use community resource money to assist in the establishment of the targeted neighborhood strategic planning groups.

(d) For 1989 and 1990, the process adopted by the city under paragraph (a) shall be used to develop prioritized recommendations for use of community resource program money within each targeted

neighborhood. The prioritized recommendations must include the specific neighborhood programs and services that will help achieve the statutory objectives of the programs. After a public hearing is held in each targeted neighborhood to discuss the prioritized recommendations, the prioritized recommendations shall be forwarded to the city for consideration.

(e) For 1991 and subsequent years, as part of the process for the development of the city's community resources program, each targeted neighborhood strategic planning group must develop its prioritized recommendations for the use of community resource program money. The prioritized recommendations must include the specific neighborhood programs and services that will help achieve the objectives of the programs. After a public hearing is held in each targeted neighborhood to discuss the prioritized recommendations, the prioritized recommendations shall be forwarded to the city for consideration.

Subd. 5. [ADVISORY COMMITTEE.] The governing body of a city requesting state financial assistance under section 5 shall establish an advisory committee to assist the city in developing and implementing the city's community resources program. The advisory committee may include city council members, county commissioners, school board members, community service representatives, business community representatives, legislators, and representatives of targeted neighborhoods. If an advisory committee is established by the city, the representatives of targeted neighborhoods must represent a majority of the membership of the advisory committee and reflect the geographic, cultural, racial, and ethnic diversity of the targeted neighborhoods. The city may determine the size of the advisory committee and may designate an existing entity as the advisory committee if the entity meets the membership requirements outlined in this subdivision.

Subd. 6. [REVIEW BY AFFECTED GOVERNMENTAL UNITS.] The city may develop a process to consult with affected governmental units including the state, county, and school districts. These affected governmental units may provide technical and informational assistance to the city to ensure that the community resources program is coordinated with activities and services provided by other governmental units and does not unnecessarily duplicate any existing services.

Subd. 7. [DEVELOPMENT OF PROGRAMS.] The city must develop and draft a preliminary community resources program. In developing the preliminary program for 1989 and 1990, the city of Minneapolis must give priority to the recommendations made through the process established in subdivision 4, paragraph (a). In developing the program for 1991 and subsequent years, the city of Minneapolis must give priority to the recommendations made by the targeted neighborhood strategic planning groups.

A city may approve the preliminary community resources program only after holding a public hearing. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhoods not less than ten days nor more than 30 days before the date of the hearing. In addition, to the maximum extent possible, notice shall be published in the most widely circulated community newspaper in the targeted neighborhoods. After the public hearing and after the city has incorporated any changes into the preliminary program as a result of the public hearing, the city may approve the preliminary program and must submit the approved preliminary program to the city review board.

Subd. 8. [CITY REVIEW BOARD.] (a) Each city shall establish a city review board whose purpose is to review and comment on the preliminary community resources program submitted by the city. The city review board appointed under this subdivision must be the same city review board appointed for the review of the urban revitalization action plan. The city review board shall consist of two city council members who represent targeted neighborhoods appointed by the city council, one county board member appointed by the county board, one school board member appointed by the school board, one for profit or nonprofit housing developer appointed by the city council, one business representative appointed by the city's chamber of commerce, and at least seven representatives of the targeted neighborhoods appointed by the city council. The representatives of the targeted neighborhoods must reflect the geographic, cultural, racial, and ethnic diversity of the targeted neighborhoods. The targeted neighborhoods strategic planning groups may recommend a list of names to the city council for appointment to the city review board. Two members of the house of representatives and one member of the senate appointed by the city's legislative delegation shall be nonvoting members of the city review board. Nonvoting legislative members of the city review board must represent one or more targeted neighborhoods.

(b) The city review board may require the city to contract for temporary staff assistance in reviewing and approving the program. Persons who provide staff assistance to the city review board may not be city employees or in any way involved in a formal or informal organization representing residents of a targeted neighborhood. The city may use state money available under section 5 to pay for the costs of staffing the city review board. The city must make all information requested by the city review board relating to the development of the program available to the city review board.

(c) In reviewing the city's preliminary community resources program, the city review board shall ensure that the following review criteria are satisfied:

(1) the city followed the process required under subdivisions 4 to 7 for developing the community resources program;

(2) the activities to be funded by the program are community resource services that meet the objectives under subdivision 2;

(3) the activities to be funded do not result in duplication of existing services;

(4) the community resources program does not result in undue concentration of community resources program money in a single proposed activity or project; and

(5) in 1991 and subsequent years for the city of Minneapolis only, the activities to be funded are compatible with the prioritized recommendations submitted to the city by the neighborhood strategic planning groups. In 1989 and 1990 programs for the city of Minneapolis only, the activities to be funded are compatible with the prioritized recommendations submitted to the city through the process adopted under subdivision 4, paragraph (a).

The city review board may not reject or require modification of the city's preliminary community resources program unless the city's preliminary program, or process used to develop the program, does not satisfy all of the required review criteria. If the city review board rejects a city's preliminary program for failing to satisfy one or more of the required review criteria, the board must notify the city in writing within 45 days after receiving the preliminary program, stating its basis for determining that one or more of the required review criteria were not satisfied. The city must address the written concerns of the review board before it may resubmit a new preliminary program to the board.

(d) In addition to reviewing the city's community resources program to ensure that it meets the review criteria outlined in paragraph (c), the city review board shall review and comment on the overall quality of the city's preliminary program. In reviewing the 1989 and 1990 programs, the city review board shall compare the city's preliminary program to the prioritized recommendations submitted to the city through the process adopted under subdivision 4, paragraph (a). In reviewing the 1991 and subsequent year programs, the city review board shall compare the city's preliminary program to the prioritized recommendations submitted to the city by the targeted neighborhood strategic planning groups. The city review board shall determine if the city gave adequate consideration to the recommendations of the targeted neighborhood strategic planning groups.

The city review board may provide comments and recommendations on the overall quality of the city's preliminary program to the city in writing within 45 days after receiving the preliminary program. Except as provided for under paragraph (c), the city review board may not require the city to modify its preliminary program. If the city review board makes recommendations for modifying the

city's preliminary program and the city decides not to accept those recommendations, the city may specify in writing the reasons for not accepting the city review board's recommendations.

(e) Within 45 days after receiving the city's preliminary community resources program which satisfies all of the required review criteria outlined in paragraph (c), the city review board shall submit the preliminary program, along with any comments or recommendations, to the city for final certification.

Subd. 9. [PROGRAM CERTIFICATION.] The city council may incorporate the recommendations of the city review board into its community resources program. The city council, after public hearing and by formal resolution, must adopt and certify the community resources program.

Copies of the community resources program must be forwarded to the county board and the school board. The community resources program must be forwarded to the state planning agency for funding. The city must certify to the commissioner that:

(1) the community resources program has been reviewed by the city review board; and

(2) the city review board found that the city's program satisfied the required review criteria outlined in subdivision 8, paragraph (c).

Subd. 10. [COMMUNITY RESOURCES PROGRAM MODIFICATION.] The community resources program may be modified at any time by the city council after review by the city review board and a public hearing. Notice of the public hearing must be published in a newspaper of general circulation in the city not less than ten days nor more than 30 days before the date of the hearing. In addition, to the maximum extent possible, notice shall be published in the most widely circulated community newspaper in the targeted neighborhoods. If the city council or city review board determines that the proposed modification is a significant modification to the program originally certified under subdivision 9, it must implement the community resources program approval and certification process of subdivisions 4 to 9 for the proposed modification.

Subd. 11. [STATE EVALUATION OF PROGRAMS.] The state planning agency, in consultation with other appropriate state agencies, shall monitor the planning, development, and implementation of the community resources programs in the cities. The state planning agency shall determine if:

(1) the program development process required by subdivisions 4 to 9 is providing adequate neighborhood participation in the planning, drafting, and implementation of the programs;

(2) the programs are effectively achieving the objective required under subdivision 2 and the objectives outlined in the programs themselves; and

(3) private funding is being used to partially fund the activities established under the programs.

The state planning agency shall provide an interim report to the legislature by January 1, 1990, with a final report of its findings due by January 1, 1991.

Sec. 4. [466A.04] [CITY POWERS.]

Subdivision 1. [GENERAL POWERS.] A city may exercise any of its corporate powers in implementing the community resources program.

Subd. 2. [GRANTS AND LOANS.] In addition to the authority granted by other law, a city, through a request for proposal process, may make grants, loans, and other forms of assistance to, and enter into service contracts with, individuals, for profit and nonprofit corporations, and other organizations to implement a community resources program. The contracts entered into by the city under this subdivision must contain terms concerning use of money, repayment, and other conditions the city deems proper to implement a community resources program.

Subd. 3. [COMMUNITY INITIATIVES PROGRAM.] A city may establish a community initiatives program as part of the community resources program. At least ten percent of the community resource money must be distributed to organizations under the community initiatives program. A community initiatives program, in addition to the authority granted by other law, authorizes a city to set aside funds and to develop a process to request proposals for the purpose of making grants, loans, and other forms of assistance to, or entering into service contracts with, nonprofit organizations, including neighborhood organizations, representing community residents. The organizations may also represent residents from a contiguous neighborhood. Financial assistance or service contracts awarded under this subdivision are limited to \$25,000 to any one organization in any one year. State money used for the community initiatives program must be used for implementing activities included in the community resources program. The contracts entered into by the city with a nonprofit organization under this subdivision must contain terms concerning use of money and other conditions the city deems proper to implement a community initiatives program.

Subd. 4. [ELIGIBLE USES FOR COMMUNITY RESOURCE MONEY.] The city may spend community resource money for any purpose authorized by subdivisions 1 to 3 except that an amount equal to at least 90 percent of the state payment according to section

5 made available to the city must be spent in or for residents in targeted neighborhoods or assisted housing. The city may use up to five percent of the community resources money to address the housing needs of low income residents of the city. Use of community resources money must be authorized in a community resources program. If a resident of a targeted neighborhood or assisted housing is a recipient of community resource services and moves to a residence in (i) another part of the city, (ii) another location in the same county, or (iii) a location in an adjacent county located in the state, eligibility continues for the community resources services.

Sec. 5. [466A.05] [PAYMENT; DRAWDOWN; USES OF STATE MONEY.]

Subdivision 1. [PAYMENT OF STATE MONEY.] Upon receiving from a city the certification that a community resources program has been adopted or modified, the commissioner shall, within 30 days after receiving the certification, pay to the city the amount of state money identified as necessary to implement the community resources program or program modification. State money may be paid to the city only to the extent that the appropriation limit for the city specified in subdivision 2 is not exceeded. Once the state money has been paid to the city, it becomes community resource money for use by the city according to an adopted community resources program and subject to the restrictions on its use in sections 1 to 6.

Subd. 2. [ALLOCATION.] A city may receive a part of the appropriations made available that is the proportion that the population of the city bears to the combined population of the cities. A city may agree to reduce its entitlement amount and to make it available to another city. The population of each city for the purposes of this subdivision is determined according to the most recent estimates available to the commissioner.

Sec. 6. [466A.06] [ANNUAL REPORT.]

A city that begins to implement a community resources program in a calendar year must, by March 1 of the succeeding calendar year, provide a detailed report to the commissioner and legislature on the community resources program or programs being implemented in the city. The report must describe the status of the program implementation and analyze whether the intended outcomes identified in section 3, subdivision 3, paragraph (a), clause (3), are being achieved.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to public safety; authorizing bonding for capital improvements; appropriating money to convert a regional treatment center for use as an adult correctional facility and to operate the facility; appropriating money for a variety of correctional and treatment programs; revising and increasing penalties for controlled substance crimes; authorizing increased sentences and juvenile court reference for controlled substance crimes committed within a drug free school or park zone; increasing penalties for a variety of other crimes; providing for life imprisonment without supervised release for persons convicted of first degree murder or a third criminal sexual conduct offense; providing for sex offender treatment programs; providing that an inmate who completes a sex offender treatment program is eligible for an adjustment to the supervised release date; providing for the collection and admissibility of DNA evidence; modifying certain forfeiture provisions; permitting a school-sponsored alcohol awareness program; requiring reporting of newborns with signs of controlled substance exposure; providing for toxicology testing; requiring an education program to protect unborn children from such prenatal exposure; establishing a community crime prevention grant program; providing a soft body armor reimbursement program; creating a drug abuse prevention resource council; establishing a child protection system study commission; providing for a community resources program for cities of the first class; appropriating money; amending Minnesota Statutes 1988, sections 152.01, subdivision 7, and by adding subdivisions; 152.096, subdivision 1; 152.097, by adding a subdivision; 152.15, subdivision 4a; 152.151; 152.18, subdivision 1; 152.20; 152.21, subdivision 6; 169.09, subdivision 14; 243.05, subdivision 1; 244.05, subdivisions 1, 4, 5, and by adding a subdivision; 244.09, subdivision 5; 256.01, by adding a subdivision; 260.125, subdivision 3; 260.161, subdivision 1; 260.185, subdivision 1; 297D.09, subdivision 1a; 299F.80, subdivision 1; 325D.56, subdivision 2; 340A.701; 340A.702; 526.10; 609.11, subdivisions 7 and 9; 609.185; 609.19; 609.195; 609.205; 609.221; 609.222; 609.223; 609.2231, subdivision 1; 609.255, subdivision 3; 609.2665; 609.267; 609.323, subdivision 1; 609.342, subdivision 2; 609.343, subdivision 2; 609.344, subdivision 2; 609.345, subdivision 2; 609.346; 609.377; 609.445; 609.48, subdivision 4; 609.487, subdivision 4; 609.52; 609.53, subdivisions 1 and 4; 609.5311, subdivision 3; 609.5314, subdivision 1; 609.5315, subdivision 1; 609.576; 609.62, subdivision 2; 609.631, subdivision 2; 609.86, subdivision 3; 611A.038; 624.701; 624.712, subdivision 5; and 626.556, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 116K; 121; 144; 152; 241; 242; 244; 299A; 299C; 466A; 609; 626; 634; and 638; repealing Minnesota Statutes 1988, sections 152.09; 152.15, subdivisions 1, 2, 2a, 2b, 3, and 5; 609.53, subdivisions 1a, 3, and 3a; and 609.55."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1709, A bill for an act relating to commerce; regulating divesting transactions involving a principal domestic subsidiary; authorizing the metropolitan airports commission to approve a change in control of a major tenant at the Minneapolis-St. Paul International Airport; modifying standards that may be considered by certain investment fiduciaries; providing for worker and consumer protections after a leveraged buyout; imposing a tax on golden parachute compensation agreements; amending Minnesota Statutes 1988, sections 80B.01, subdivisions 1, 10, and by adding subdivisions; 268.07, subdivision 2; and 302A.011, subdivision 41, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 80B; 290; 300; 302A; and 325E; proposing coding for new law as Minnesota Statutes, chapters 268A; and 360A.

Reported the same back with the following amendments:

Page 4, line 33, delete everything after the period

Page 4, delete lines 34 and 35 and insert "The hearing must be conducted in accordance with the requirements of Minnesota Statutes 1988, section 473.608, subdivision 18."

Page 5, delete lines 3 to 6, and insert "The decision may be appealed under Minnesota Statutes 1988, section 473.675."

Page 5, line 13, delete "under chapter 14" and insert "under Minnesota Statutes 1988, section 473.675".

Page 5, line 17, delete "unless" and insert "only if"

Page 6, after line 8, insert:

"Subd. 5. [NONAPPROVAL.] The metropolitan airports commission shall not approve a request under this section if less than 25 percent of the funds to be used to effect the proposed acquisition are to be provided by funds of the person proposing the acquisition."

Renumber the remaining subdivisions

Page 30, line 26, delete everything after "payment"

Page 30, delete lines 27 and 28

Page 30, line 29, delete everything before the period

Page 30, line 33, delete the colon

Page 30, delete line 34

Page 30, line 35, delete "(2)"

Page 32, delete section 13

Page 32, line 31, delete "14" and insert "13"

Page 32, line 32, after the first comma insert "and" and delete "and 13"

Page 32, after line 35, insert:

"ARTICLE 5
EMPLOYEE OWNERSHIP

Section 1. [268A.01] [SHORT TITLE.]

Sections 1 to 5 may be cited as "the employee-owned business act."

Sec. 2. [268A.02] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] In sections 1 to 5, the terms defined in this section shall have the meanings given them in this section.

Subd. 2. [DEPARTMENT.] "Department" means the department of jobs and training.

Subd. 4. [EMPLOYEE-OWNED BUSINESS.] "Employee-owned business" means any one of the following:

(1) a business operation in which at least three-fourths of each class of voting security is owned by at least 50 percent of the employees of the operation or by an employee-owned stock ownership plan in which at least 50 percent of the employees participate in each part of the plan. The operation must be controlled by a board of directors who are selected by the shareholders on the basis of one vote per shareholder or on the basis of one vote per share;

(2) a business operation in which at least three-fourths of each class of voting security is owned by an employee stock ownership trust set up under an employee stock ownership plan as defined in the Internal Revenue Code, United States Code, title 26, section 4975(e)(7), if that employee stock ownership plan requires pass-through of all voting rights possessed by voting securities as the securities are allocated to accounts of individual participants;

(3) a business organized as a worker cooperative; or

(4) a business organized as an industrial cooperative.

If a business operation adopts a plan by which it will become an employee-owned business within five years after the adoption of the plan, it shall be considered an employee-owned business.

Subd. 4. [ESTABLISHMENT.] "Establishment" includes a factory, plant, office, or other facility but does not include a construction site or other workplace that is intended to be a temporary workplace.

Subd. 5. [WORKER OR INDUSTRIAL COOPERATIVE.] "Worker cooperative" or "industrial cooperative" means an establishment in which the owners or members all work in the establishment and are the only persons, other than trial employees, part-time workers, or volunteers who work in the establishment. In a worker cooperative or industrial cooperative, the workers hold the basic ownership or membership rights of the establishment which consist of the voting rights to elect the board of directors, which in turn appoints the management or staff, and the rights to the profits or net income of the establishment. Each worker has an equal vote in accordance with the democratic principle of one person, one vote. The net income, which may be positive or negative, is shared among the workers pursuant to an agreed upon formula.

Sec. 3. [268A.03] [DEPARTMENT OF JOBS AND TRAINING ASSISTANCE PROGRAM.]

Subdivision 1. [POLICY.] It is the policy of the state to encourage the formation of employee-owned businesses in order to stabilize local economies, to anchor business activity by increasing and broadening community investments, to increase productivity, and to encourage new capital formation through employee ownership.

Subd. 2. [DUTIES OF DEPARTMENT.] To assist the development of employee-owned businesses, the department shall do all of the following:

(1) develop, collect, and disseminate information to persons and organizations throughout the state that will assist in undertaking or promoting the establishment and successful operation of employee-owned businesses;

(2) provide technical assistance and counseling services to persons who seek to form an employee-owned business;

(3) provide assistance, counseling, and training in the operation of an employee-owned business;

(4) assist persons in obtaining financing for the purchase and operation of an employee-owned business; and

(5) promote and coordinate the efforts of local, state, federal, and private agencies to assist in the formation or operation of an employee-owned business.

Subd. 3. [RULEMAKING AUTHORITY.] In order to effectuate the purposes of sections 1 to 5, the commissioner shall adopt rules. The commissioner may adopt emergency rules.

Sec. 4. [268.04] [GRANTS TO EMPLOYEE GROUPS.]

The department may make grants to employee groups considering establishing an employee-owned business. The grants may be used for any costs associated with determining the feasibility of establishing an employee-owned business, including, but not limited to, completing necessary economic or feasibility studies and legal and consulting fees. The department shall establish guidelines for determining the eligibility for the grants and the purposes for which the grants may be used.

Sec. 5. [268A.05] [EMPLOYEE-OWNED BUSINESS ADVISORY COUNCIL.]

Subdivision 1. [CREATION.] The commissioners shall appoint an employee-owned business advisory council consisting of two representatives of the business community, two representatives of employees, and two representatives of the public. The members must have demonstrated expertise in corporate management, economic development, or investment bond matters. The council shall be governed by section 15.059, except that the council is not subject to section 15.059, subdivision 5.

Subd. 2. [DUTIES.] The council shall serve as a source of expertise and information to employee-owned businesses. The council shall also keep the department informed about problems and matters affecting employee-owned businesses and advise the department upon request with respect to any matters relating to employee-owned businesses.

Sec. 6. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF JOBS AND TRAINING.] There is appropriated from the general fund to the department of jobs and training the sums indicated in this section for the biennium ending June 30, 1991.

Subd. 2. [EMPLOYEE-OWNERSHIP ASSISTANCE.] For the state's obligations under sections 1 to 5, except for the grants provided under section 4, there is appropriated \$

Subd. 3. [EMPLOYEE-OWNERSHIP GRANT.] For employee-

ownership assistance grants under section 4, there is appropriated
\$

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day following final enactment.

ARTICLE 6

ASSISTANCE TO EMPLOYEE-OWNED BUSINESSES

Section 1. Minnesota Statutes 1988, section 41A.02, subdivision 16, is amended to read:

Subd. 16. [ELIGIBLE SMALL BUSINESS.] "Eligible small business" means:

(1) an enterprise determined by the board to constitute a small business concern as defined in regulations of the United States Small Business Administration under United States Code, title 15, sections 631 to 647; or

(2) an enterprise eligible to receive assistance under section 41A.036; or

(3) an employee-owned business defined in article 5, section 2, subdivision 4.

Sec. 2. Minnesota Statutes 1988, section 41A.036, subdivision 2, is amended to read:

Subd. 2. [SMALL BUSINESS DEVELOPMENT LOANS; PREFERENCES.] The following eligible small businesses have preference among all business applicants for small business development loans:

(1) businesses located in rural areas of the state that are experiencing the most severe unemployment rates in the state;

(2) businesses that are likely to expand and provide additional permanent employment in rural areas of the state;

(3) businesses located in border communities that experience a competitive disadvantage due to location;

(4) businesses that have been unable to obtain traditional financial assistance due to a disadvantageous location, minority ownership, or other factors rather than due to the business having been considered a poor financial risk;

(5) businesses that utilize state resources and reduce state dependence on outside resources, and that produce products or services consistent with the long-term social and economic needs of the state; and

(6) businesses located in designated enterprise zones, as described in section 273.1312, subdivision 4; and

(7) employee-owned businesses defined in article 5, section 2, subdivision 4, that are seeking financial assistance to purchase or operate existing business entities or establishments that are closing, relocating, or being sold.

Sec. 3. Minnesota Statutes 1988, section 41A.036, subdivision 5, is amended to read:

Subd. 5. [DESIGNATION; CRITERIA.] A revenue-producing enterprise is not eligible to receive special assistance unless the board has passed a resolution designating the revenue-producing enterprise as being in need of special assistance. The resolution must include findings that the designation and receipt of the special assistance will be of exceptional benefit to the state of Minnesota in that at least three of the following criteria are met:

(1) to expand or remain in Minnesota, the revenue-producing enterprise has demonstrated that it cannot obtain suitable financing from other sources;

(2) special assistance will enable a revenue-producing enterprise not currently located in Minnesota to locate a facility in Minnesota that directly increases the number of jobs in the state;

(3) the revenue-producing enterprise will create or retain significant numbers of jobs in a Minnesota community;

(4) the revenue-producing enterprise has a significant potential for growth in jobs or economic activities in Minnesota during the ensuing five-year period; and

(5) the revenue-producing enterprise will maintain a significant level of productivity in Minnesota during the ensuing five-year period.

An employee-owned business, defined in article 5, section 2, subdivision 4, that is seeking financial assistance to purchase or operate an existing business entity or establishment, which is closing, relocating, or being sold, is eligible to receive special assistance under subdivision 4.

Sec. 4. Minnesota Statutes 1988, section 116J.873, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATION.] Economic recovery grants shall be made available to local communities and recognized Indian tribal governments in accordance with the rules adopted for economic development grants in the small cities community development block grant programs, except that all units of general purpose local government are eligible applicants for economic recovery grants. The commissioner of trade and economic development shall administer the economic recovery grant program as a part of the small cities development program.

Economic recovery grants may be made available to employee-owned businesses, defined in article 5, section 2, subdivision 4, that are seeking financial assistance to purchase or operate existing business entities or establishments that are closing, relocating, or being sold.

Sec. 5. Minnesota Statutes 1988, section 116N.08, is amended by adding a subdivision to read:

Subd. 5a. [EMPLOYEE-OWNED BUSINESS.] A loan under the challenge grant program may be made to an employee-owned business, defined in article 5, section 2, subdivision 4, that is seeking financial assistance to purchase or operate an existing business entity or establishment that is closing, relocating, or being sold.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day following final enactment.

ARTICLE 7

SEVERABILITY

Section 1. [SEVERABILITY.]

In the event that any provision of this act is determined by court decision to be invalid, the legislature intends for all remaining provisions to be severable and enforced without regard to the provision that was determined to be invalid.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Amend the title as follows:

Page 1, line 11, after the semicolon insert "providing assistance to employee-owned businesses;" and after "sections" insert "41A.02, subdivision 16; 41A.036, subdivisions 2 and 5,"

Page 1, line 13, after the first semicolon insert "116J.873, subdivision 1; and 116N.08, by adding a subdivision;"

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1758, 1759 and 59 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1191, 1258, 858, 809, 583, 1039, 1009, 590, 783, 1269, 886, 486, 476, 847, 281, 1031, 180, 723 and 834 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Kalis; Redalen; Anderson, R.; Onnen and Jennings introduced:

H. F. No. 1760, A bill for an act relating to wastewater treatment funding; amending the state independent grants program; amending Minnesota Statutes 1988, section 116.18, subdivision 3a; appropriating money.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 529, A bill for an act relating to local government; permitting counties, cities, and towns to contribute to certain hospitals; amending Minnesota Statutes 1988, section 376.09; proposing coding for new law in Minnesota Statutes, chapter 465.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 426, A bill for an act relating to the city of Mankato; authorizing location of certain polling places more than 3,000 feet outside precinct boundaries.

H. F. No. 1440, A bill for an act relating to local government; requiring political subdivisions to request proposals for group insurance coverage; amending Minnesota Statutes 1988, section 43A.316, subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 1988, section 471.616.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 22, A bill for an act relating to crimes; prohibiting unauthorized access to computers; imposing penalties; amending Minnesota Statutes 1988, sections 609.531, subdivision 1; and 609.87, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 609.

H. F. No. 438, A bill for an act relating to courts; specifying the income standard for proceeding in forma pauperis; amending Minnesota Statutes 1988, section 563.01, subdivision 3.

H. F. No. 1311, A bill for an act relating to public employees; providing a policy prohibiting harassment based on race or disability; requiring discipline for employees who engage in harassment; proposing coding for new law in Minnesota Statutes, chapter 15.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1378, 1394 and 1498.

PATRICK E. FLAHAVERN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1378, A bill for an act relating to animals; regulating use of certain prescription veterinary drugs; changing certain procedures for licensing veterinarians; amending Minnesota Statutes 1988, sections 151.19, subdivision 3; and 156.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 156.

The bill was read for the first time.

Dille moved that S. F. No. 1378 and H. F. No. 1037, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1394, A bill for an act relating to the county of Olmsted; providing for approval of certain conveyancing instruments by county zoning administrator.

The bill was read for the first time.

Frerichs moved that S. F. No. 1394 and H. F. No. 1482, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1498, A bill for an act relating to local government; planning and zoning; permitting interim use permits; making explicit the scope of certain statutes; amending Minnesota Statutes 1988, section 462.358, subdivision 2a; proposing coding for new law in Minnesota Statutes, chapter 462.

The bill was read for the first time.

Schreiber moved that S. F. No. 1498 and H. F. No. 1608, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

CONSENT CALENDAR

Wynia moved that the bills on the Consent Calendar for today be continued. The motion prevailed.

SPECIAL ORDERS

Wynia moved that the bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Neuenschwander moved that his name be stricken as an author on H. F. No. 232. The motion prevailed.

Conway moved that the name of Simoneau be shown as chief author and his name be shown as second author on H. F. No. 820. The motion prevailed.

Schafer moved that the name of Tjornhom be added as an author on H. F. No. 1110. The motion prevailed.

Long moved that H. F. No. 925 be returned to its author. The motion prevailed.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 12:00 noon, Thursday, May 4, 1989. The motion prevailed.

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Thursday, May 4, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

FORTY-FIFTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MAY 4, 1989

The House of Representatives convened at 12:00 noon and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by the Reverend Stephen P. Blenkush of First Evangelical Lutheran Church, Pillager, Minnesota and Bethany Lutheran Church, Cushing, Minnesota.

The roll was called and the following members were present:

Abrams	Frerichs	Krueger	Onnen	Seaberg
Anderson, G.	Girard	Lasley	Orenstein	Segal
Anderson, R.	Greenfield	Lieder	Osthoff	Simoneau
Battaglia	Gruenes	Limmer	Ostrom	Solberg
Bauerly	Gutknecht	Long	Otis	Sparby
Beard	Hartle	Lynch	Ozment	Stanius
Begich	Hasskamp	Macklin	Pappas	Steensma
Bennett	Haukoos	Marsh	Pauly	Svigum
Bertram	Heap	McDonald	Pellow	Swenson
Bishop	Henry	McEachern	Pelowski	Tjornhom
Blatz	Himle	McGuire	Peterson	Tompkins
Boo	Hugoson	McLaughlin	Poppenhagen	Trimble
Brown	Jacobs	McPherson	Price	Tunheim
Burger	Janezich	Milbert	Pugh	Valento
Carlson, D.	Jaros	Miller	Quinn	Vellenga
Carlson, L.	Jefferson	Morrison	Redalen	Wagenius
Carruthers	Jennings	Munger	Reding	Waltman
Clark	Johnson, A.	Murphy	Rest	Weaver
Conway	Johnson, R.	Nelson, C.	Rice	Welle
Cooper	Johnson, V.	Nelson, K.	Richter	Wenzel
Dauner	Kahn	Neuenschwander	Rodosovich	Williams
Dawkins	Kalis	O'Connor	Rukavina	Winter
Dempsey	Kelly	Ogren	Runbeck	Wynia
Dille	Kelso	Olsen, S.	Sarna	Spk. Vanasek
Dorn	Kinkel	Olson, E.	Schafer	
Forsythe	Knickerbocker	Olson, K.	Scheid	
Frederick	Kostohryz	Omann	Schreiber	

A quorum was present.

Uphus was excused.

Skoglund was excused until 4:10 p.m.

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. No. 59 and S. F. Nos. 1378, 1394 and 1498 have been placed in the members' files.

S. F. No. 1394 and H. F. No. 1482, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Frerichs moved that S. F. No. 1394 be substituted for H. F. No. 1482 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1498 and H. F. No. 1608, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Schreiber moved that S. F. No. 1498 be substituted for H. F. No. 1608 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1378 and H. F. No. 1037, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Dille moved that the rules be so far suspended that S. F. No. 1378 be substituted for H. F. No. 1037 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

45th Day]

THURSDAY, MAY 4, 1989

4031

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

April 26, 1989

The Honorable Robert E. Vanasek
Speaker of the House of Representatives
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 664, relating to local government; providing for the appointment of certain employees of the city of Minneapolis and special school district No. 1; permitting the city of Minneapolis to enter certain agreements relating to construction projects.

H. F. No. 424, relating to commerce; unclaimed property; providing for the ownership of metal dies and molds.

H. F. No. 553, relating to Olmsted county; exempting the county from operation of a public morgue.

H. F. No. 29, relating to examiners of title; removing limits on the number of deputy examiners.

Sincerely,

RUDY PERPICH
Governor

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

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1989 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the

Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F.</i> <i>No.</i>	<i>H.F.</i> <i>No.</i>	<i>Session Laws</i> <i>Chapter No.</i>	<i>Time and</i> <i>Date Approved</i> <i>1989</i>	<i>Date Filed</i> <i>1989</i>
	664	54	18:21-April 26	April 26
294		55	18:20-April 26	April 26
	424	56	18:20-April 26	April 26
	553	57	18:19-April 26	April 26
361		58	18:18-April 26	April 26
	29	59	18:15-April 26	April 26

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

May 1, 1989

The Honorable Robert E. Vanasek
Speaker of the House of Representatives
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 695, relating to education; reducing the Askov school board from seven to six members; requiring local approval.

Sincerely,

RUDY PERPICH
Governor

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

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1989 Session of the State Legislature have been received from

the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F.</i> <i>No.</i>	<i>H.F.</i> <i>No.</i>	<i>Session Laws</i> <i>Chapter No.</i>	<i>Time and</i> <i>Date Approved</i> <i>1989</i>	<i>Date Filed</i> <i>1989</i>
69		60	8:28-May 1	May 1
936		61	8:29-May 1	May 1
1241		62	8:30-May 1	May 1
	695	63	8:31-May 1	May 1
264		64	8:27-May 1	May 1

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

SECOND READING OF SENATE BILLS

S. F. Nos. 1394, 1498 and 1378 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Simoneau, Kahn, Battaglia, Munger and Schreiber introduced:

H. F. No. 1761, A bill for an act relating to environment; providing methods to remove hazardous substances to facilitate economic development; authorizing loans; appropriating money; amending Minnesota Statutes 1988, sections 469.174, subdivisions 7 and 16; and 469.176, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 116J.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 770, A bill for an act relating to state lands; directing conveyance of a certain tract in Beltrami county.

H. F. No. 1069, A bill for an act relating to real property; providing that purchaser's right to cancel applies to condominiums created before August 1, 1980; providing that lien on real estate added in expansion of flexible condominiums does not affect existing condominiums; amending Minnesota Statutes 1988, sections 515A.1-102; and 515A.2-111.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 655, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public waters in Anoka county.

H. F. No. 930, A bill for an act relating to wild animals; removing authority to offer a bounty on rattlesnakes; amending Minnesota Statutes 1988, sections 348.12 and 348.13.

H. F. No. 1389, A bill for an act relating to Goodhue county; permitting the county to establish certain payment procedures.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 1131, A bill for an act relating to Olmsted county; authorizing certain appropriations for economic and agricultural development.

H. F. No. 1405, A bill for an act relating to liquor; requiring notice and hearing before liquor license fees are increased; amending Minnesota Statutes 1988, section 340A.408, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 1048, A bill for an act relating to vocational rehabilitation; requiring that 51 percent of the members of the board of directors of centers for independent living are persons with disabilities; changing the membership of the Minnesota council for the blind; amending Minnesota Statutes 1988, sections 129A.01, subdivision 9; and 248.10, subdivision 1.

H. F. No. 1352, A bill for an act relating to intoxicating liquor; authorizing the city of Blaine to issue one additional on-sale license.

H. F. No. 1416, A bill for an act relating to state lands; authorizing private conveyance of certain tax-forfeited land in Benton county.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 765, A bill for an act relating to the Western Lake Superior Sanitary District; authorizing the district to issue refunding obligations without redemption of outstanding obligations prior to maturity; amending Laws 1971, chapter 478, section 9a, subdivision 4, as added; and section 13, subdivision 4.

H. F. No. 1357, A bill for an act relating to taxation; liquor; changing the time limit for certain claims for refund; amending Minnesota Statutes 1988, section 297C.06, subdivisions 2 and 5.

H. F. No. 1459, A bill for an act relating to handicapped persons; permitting training of guide dogs in public accommodations; amending Minnesota Statutes 1988, section 256C.02.

H. F. No. 1498, A bill for an act relating to telecommunications devices for communication-impaired people; requiring the metropolitan airports commission and certain bus stations to provide telecommunications devices for communication-impaired people; amending Minnesota Statutes 1988, section 473.608, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 256C.

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. 65, A bill for an act relating to economic development; authorizing local jurisdictions involved in economic development to participate in secondary markets; proposing coding for new law in Minnesota Statutes, chapter 465.

PATRICK E. FLAHAVEN, Secretary of the Senate

Otis moved that the House refuse to concur in the Senate amendments to H. F. No. 65, 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 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. 489, A bill for an act relating to employment; regulating fair share fees, unfair labor practices, arbitration procedures and grievance procedures; amending Minnesota Statutes 1988, sections 179.02, by adding a subdivision; 179A.03, subdivision 7; 179A.05, subdivision 6; 179A.06, subdivision 3; 179A.13, subdivision 1; 179A.14, subdivision 1; 179A.16, subdivisions 1, 2, 3, and 4; and 179A.20, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

Dawkins moved that the House refuse to concur in the Senate amendments to H. F. No. 489, 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 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. 826, A bill for an act relating to the collection and

dissemination of data; providing access to private and confidential data related to delinquent acts for law enforcement purposes; amending Minnesota Statutes 1988, sections 13.84, subdivision 5a; and 260.161, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Weaver moved that the House refuse to concur in the Senate amendments to H. F. No. 826, 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 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. 1734, A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; creating tax exemptions; changing the computation, administration, and payment of aids, credits, and refunds; providing new aids and credits; making technical corrections and clarifications; changing proposed property tax notice provisions; changing levy limits and other local government powers and duties; providing for subordinate service districts; providing for accreditation of assessors; changing tax increment financing provisions; providing for payment of deferred taxes on sale of railroad operating property; extending valuation and deferment of agricultural property taxes in certain instances; authorizing the cities of Mankato and Hopkins to establish special service districts; authorizing establishment of an economic development authority in the city of Otsego and in Kandiyohi county; exempting Itasca county from a levy limit penalty; providing for payment of certain aid to the cities of Falcon Heights and Lauderdale; extending the duration of a tax increment financing district in the city of Moorhead; granting certain powers to towns; appropriating money; amending Minnesota Statutes 1988, sections 38.27, subdivision 1; 60A.15, subdivision 1; 93.55, subdivision 4; 124A.03, subdivision 2; 256.018; 256.82, subdivision 1; 256.871, subdivision 6; 256B.041, subdivision 5; 270.052; 270.067, subdivisions 1 and 2; 270.071, subdivision 6; 270.072, subdivisions 2 and 3; 270.075, subdivision 2; 270.12, subdivision 2, and by adding a subdivision; 270.485; 270.80, subdivision 1; 272.01, subdivision 2; 272.02, subdivision 1, and by adding a subdivision; 273.01; 273.061, subdivisions 1 and 2; 273.11, by adding a subdivision; 273.111, subdivision 3; 273.112, subdivision 3, and by adding a subdivision; 273.119, subdivision 2; 273.123, subdivisions 4 and 5; 273.124, subdivisions 6, 8, 9, 12, 13, and by adding a subdivision; 273.13,

subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.135, subdivisions 2 and 2a; 273.1391, subdivisions 2 and 2a; 273.1392; 273.1393; 273.1398, subdivisions 1, 2, 3, 4, and by adding a subdivision; 275.07, subdivision 1; 275.08, subdivision 1c; 275.28, subdivision 1; 275.50, subdivisions 2, 5, and by adding a subdivision; 275.51, subdivisions 3f, 3g, 3h, 3i, 3j, 4, and 6; 275.58, subdivision 1; 276.04; 278.03; 278.05, subdivisions 4 and 5; 279.01, subdivisions 1 and 3; 279.37, subdivision 7; 290.015, subdivisions 3 and 4; 290.05, subdivision 3; 290.06, subdivisions 1 and 21; 290.067, subdivision 2, and by adding a subdivision; 290.0802, subdivision 1; 290.091, subdivision 2; and by adding a subdivision; 290.17, by adding a subdivision; 290.21, subdivision 4; 290.37, subdivision 1; 290.38; 290.92, subdivision 4b, as added; 290.934, subdivision 3a; 290A.03, subdivision 12; 290A.04, subdivisions 2, 2h, and by adding a subdivision; 295.34, subdivision 1; 297.01, subdivision 13, and by adding a subdivision; 297.03, subdivision 6; 297.04, subdivisions 4, 5, and 6; 297.041, subdivision 1; 297.08, subdivision 1; 297.31, by adding a subdivision; 297.33, subdivisions 4, 5, 6, 7, and 8; 297A.01, subdivision 3; 297A.15, by adding a subdivision; 297A.25, subdivision 3, and by adding subdivisions; 297A.257, by adding a subdivision; 297B.03; 297C.03, subdivision 1; 297C.09; 349.12, subdivisions 11, 13, and by adding subdivisions; 349.15; 349.16, by adding a subdivision; 349.212, subdivision 4, and by adding a subdivision; 349.214, subdivision 4; 373.40, subdivisions 1, 2, 4, and 6; 375.192, subdivision 2; 444.075, subdivision 1; 444.16; 444.17; 444.18; 444.19; 444.20; 459.14, by adding a subdivision; 469.012, by adding a subdivision; 469.040, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivision 10, and by adding a subdivision; 469.175, subdivisions 3, 7, and by adding a subdivision; 469.176, subdivisions 1, 4c, 6, and by adding a subdivision; 469.177, subdivision 10; 473.167, subdivisions 3 and 5; 473.249, subdivision 1; 473F.08, subdivision 3; 473H.10, subdivision 3; 477A.011, subdivisions 1a and 15; and 477A.013, subdivisions 1, 3, and 4; Laws 1988, chapter 719, articles 1, section 22; 7, section 9; 8, section 37; and 12, sections 29 and 30, as amended; proposing coding for new law in Minnesota Statutes, chapters 273; 275; 276; 297A; 365B; and 469; proposing coding for new law as Minnesota Statutes, chapter 365B; repealing Minnesota Statutes 1988, sections 38.17; 38.27, subdivision 3; 38.28; 60A.151; 271.061; 275.065; 275.57; 275.58, subdivision 4; 276.13; 276.14; 297.01, subdivision 15; 297.03, subdivision 12; 297.04, subdivision 10; 297.33, subdivision 13; 297C.03, subdivisions 4 and 4a; and 473.249, subdivision 3; Laws 1988, chapter 719, article 8, section 35; and Laws 1989, chapter 27, article 2, sections 2 and 3.

PATRICK E. FLAHAVER, Secretary of the Senate

Long moved that the House refuse to concur in the Senate amendments to H. F. No. 1734, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 698, 468, 933, 929, 997, 1074, 1332, 253, 339, 956 and 1174.

PATRICK E. FLAHAVER, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1020, 1417, 1418, 661, 808, 1271 and 1618.

PATRICK E. FLAHAVER, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 698, A bill for an act relating to motor vehicles; defining physically handicapped person for purposes of obtaining special license plates; amending Minnesota Statutes 1988, section 169.345, subdivision 2.

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

S. F. No. 468, A bill for an act relating to human services; clarifying methods of determining the cost of care rendered at state facilities; allowing the commissioner of human services to charge on a fee for service basis; clarifying responsibility for collection of the cost of care at state-operated, community-based programs for persons with mental retardation or related conditions; amending Minnesota Statutes 1988, sections 246.50, subdivisions 3, 4, and 5; 246.51, by adding a subdivision; and 246.54; repealing Minnesota Statutes 1988, section 246.50, subdivisions 3a, 4a, and 9.

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

S. F. No. 933, A bill for an act relating to local government; providing for the board membership of the Moose Lake and Windemere sanitary sewer district; amending Laws 1974, chapter 400, section 4, subdivision 2, as amended.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 929, A bill for an act relating to natural resources; establishing the Minnesota conservation corps; prescribing powers and duties of the commissioner of natural resources; proposing coding for new law in Minnesota Statutes, chapter 84; repealing Minnesota Statutes 1988, section 86.33, subdivisions 2 and 3.

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

S. F. No. 997, A bill for an act relating to the environment; authorizing the pollution control agency to assist persons in reviewing real property for petroleum tank releases and to be paid for such assistance; authorizing expenditures from the petroleum tank release compensation fund; changing the terms for reimbursement of petroleum tank release costs by the petroleum tank release compensation board; requiring notification by owners of aboveground tanks; amending Minnesota Statutes 1988, sections 115C.03, by adding a subdivision; 115C.08, subdivision 4; 115C.09; and 116.48.

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

S. F. No. 1074, A bill for an act relating to elections; making various changes in laws applicable to school district elections; amending Minnesota Statutes 1988, sections 201.071, subdivision 3; 203B.08, subdivision 3; 204B.08, subdivision 3; 204B.14, subdivision 5; 204B.17; 204B.44; 204C.22, subdivisions 9, 10, 15, and by adding a subdivision; 204D.04, subdivision 2; 205A.05, subdivision 1; 205A.07, by adding a subdivision; 205A.09, subdivision 2; 205A.10; subdivisions 2 and 3; 205A.11; 209.02, subdivision 1; 209.021, subdivision 1; 209.03; 209.09, subdivision 1; and 211A.01, subdivision 6.

The bill was read for the first time.

McEachern moved that S. F. No. 1074 and H. F. No. 1147, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1332, A bill for an act relating to agriculture; increasing the value for destroyed livestock; amending Minnesota Statutes 1988, section 3.737, subdivision 1.

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

S. F. No. 253, A bill for an act relating to education; authorizing the use of community education funds to acquire equipment to be used exclusively in community education programs; amending Minnesota Statutes 1988, section 124.271, subdivision 4.

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

S. F. No. 339, A bill for an act relating to health; including anabolic steroids in the list of controlled substances; amending Minnesota Statutes 1988, section 152.02, subdivision 5.

The bill was read for the first time.

Limmer moved that S. F. No. 339 and H. F. No. 337, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 956, A bill for an act relating to waste management; requiring a county that enters a contract with the state for the siting and development of a stabilization and containment facility to hold a binding referendum on implementation of the contract; amending Minnesota Statutes 1988, section 115A.191, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 1174, A bill for an act relating to public lands; conditions for acceptance of transfers from the federal government; proposing coding for new law in Minnesota Statutes, chapter 84.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 1020, A bill for an act relating to education; authorizing and establishing procedures for the sale of all or part of the Minnesota Educational Computing Corporation; amending Minnesota Statutes 1988, sections 119.04, subdivision 2, and by adding subdivisions; 119.06, subdivision 3; and 119.09.

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

S. F. No. 1417, A bill for an act relating to state lands; authorizing the sale of certain state lands bordering on public waters; authorizing the exchange of certain land in Benton county; authorizing the sale of certain trust fund land in Itasca, St. Louis, and Cook counties; authorizing the sale of certain surplus land for recreational purposes in the cities of Faribault, Warroad, and Ortonville, and Anoka county; authorizing the sale of a certain gifted city lot in the city of Brainerd; authorizing the private sale of certain land in Goodhue and Otter Tail counties to resolve an inadvertent trespass; authorizing conveyance of interest in certain land in Goodhue county to correct a survey error; authorizing transfer of certain land in Carlton county from the department of transportation to the department of natural resources.

The bill was read for the first time.

McGuire moved that S. F. No. 1417 and H. F. No. 1668, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1418, A bill for an act relating to metropolitan government; requiring the metropolitan council to prepare water use and supply plans; proposing coding for new law in Minnesota Statutes, chapter 473.

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

S. F. No. 661, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited land that borders public water in Aitkin county.

The bill was read for the first time.

Carlson, D., moved that S. F. No. 661 and H. F. No. 843, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 808, A bill for an act relating to credit unions; authorizing the elimination or limitation of a director's liability in certain circumstances; amending Minnesota Statutes 1988, section 52.09, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Financial Institutions and Housing.

S. F. No. 1271, A resolution memorializing the President and

Congress to address problems in the solid waste stream caused by the amount and types of materials used to package consumer products.

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

S. F. No. 1618, A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; providing for regulation of certain activities and practices; requiring studies and reports; fixing and limiting fees; amending Minnesota Statutes 1988, sections 12.14; 41A.09; 43A.08, subdivision 1; 237.30; 341.10; 473.384, subdivision 7; and 473.386, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 299C.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Anderson, G., moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1618 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Anderson, G., moved that the Rules of the House be so far suspended that S. F. No. 1618 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1618 was read for the second time.

Anderson, G., moved to amend S. F. No. 1618, as follows:

Delete everything after the enacting clause and insert:

“Section 1. [TRANSPORTATION AND OTHER AGENCIES; APPROPRIATIONS.]

The sums shown in the columns marked “APPROPRIATIONS” are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures “1990” and “1991,” where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1990, or June 30, 1991, respectively.

SUMMARY BY FUND

	1990	1991	TOTAL
General	\$ 97,952,000	\$ 96,224,000	\$ 194,176,000
Special Revenue	5,802,000	5,963,000	11,765,000
Airports	14,128,000	13,956,000	28,084,000
M.S.A.S.	77,640,000	79,915,000	157,555,000
C.S.A.H.	240,115,000	247,544,000	487,659,000
Tr. Hwy.	798,339,000	819,111,000	1,617,450,000
Hwy. User	11,097,000	11,367,000	22,464,000
Transit			
Assistance	20,975,000	24,568,000	45,543,000
Motor Vehicle			
Transfer	869,000	869,000	1,738,000
Petroleum Tank			
Release			
Cleanup	56,000	56,000	112,000
Transfers to			
Other Direct	(2,931,000)	(2,832,000)	(5,763,000)
TOTAL	\$1,264,042,000	\$1,296,741,000	\$2,560,783,000

APPROPRIATIONS
Available for the Year
Ending June 30

1990 1991

Sec. 2. TRANSPORTATION

Subdivision 1.
Total Appropriation \$1,080,565,000 \$1,114,566,000

Approved Complement -	4,798
General -	14
State Airports -	41
Trunk Highway -	4,727
Federal -	16

The appropriations in this section are from the trunk highway fund, except where another fund is named.

Summary by Fund

General	\$4,638,000	\$3,918,000
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	1990	1991
	\$	\$
Airports	\$ 14,128,000	\$ 13,956,000
M.S.A.S.	\$ 77,640,000	\$ 79,915,000
C.S.A.H.	\$240,115,000	\$247,544,000
Trunk Highway	\$734,810,000	\$757,576,000
Transit Assistance Fund	\$ 8,365,000	\$ 10,788,000
Motor Vehicle Transfer	\$ 869,000	\$ 869,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Highway Development 759,383,000 797,409,000.

Summary by Fund

M.S.A.S.	\$ 77,640,000	\$ 79,915,000
C.S.A.H.	\$240,115,000	\$247,544,000
Trunk Highway	\$440,759,000	\$469,081,000
Motor Vehicle Transfer	\$ 869,000	\$ 869,000

(a) Trunk Highways

	1990	1991
	\$432,177,000	\$425,952,000

Summary by Fund

Trunk Highway	\$431,308,000	\$425,083,000
Motor Vehicle Transfer	\$ 869,000	\$ 869,000

It is estimated that the appropriation from the trunk highway fund will be funded as follows:

	\$	1990	\$	1991
Federal Highway Aid				
		\$210,000,000		\$210,000,000
Highway User Taxes				
		\$221,308,000		\$215,083,000

The commissioner of transportation shall notify the chair of the senate finance committee and chair of the house appropriations committee promptly of any events that should cause these estimates to change.

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways. This includes the cost of actual payment to land owners for lands acquired for highway right-of-way, payment to lessees, interest subsidies, and relocation expenses.

(b) County State Aids

\$240,115,000 \$247,544,000

This appropriation is from the county state-aid highway fund and is available until spent.

(c) Municipal State Aids

\$77,640,000 \$79,915,000

This appropriation is from the municipal state-aid street fund and is available until spent.

If an appropriation for either county state aids or municipal state aids does not exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance, upon request of the commissioner of transportation, shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the remainder and shall then add that amount to the appropriation. The amount added is appropriated for the purposes of county state

	1990	1991
	\$	\$
aids or municipal state aids, as appropriate.		

(d) Highway Debt Service
 \$9,451,000 \$43,998,000

\$9,057,000 the first year and \$8,704,000 the second year are for transfer to the state bond fund.

If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation.

Any excess appropriation must be canceled to the trunk highway fund.

Subd. 3. Public Transit Assistance	12,277,000	13,982,000
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Summary by Fund

General	\$3,912,000	\$ 3,194,000
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Transit Assistance	\$8,365,000	\$10,788,000
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Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Up to \$100,000 of this appropriation from the general fund may be used for a study of transportation services provided by volunteer drivers, including, but not limited to, identification of issues relating to insurance availability and cost. The commissioner shall report the findings of the study to the 1991 legislature.

	1990	1991
	\$	\$
(a) Light Rail Transit		
\$4,170,000	\$5,874,000	

This appropriation is from the transit assistance fund and must be distributed as provided in Minnesota Statutes, section 174.32, subdivision 2, paragraph (b).

(b) Greater Minnesota Transit Assistance

General

\$3,912,000 \$3,194,000

Transit Assistance

\$4,195,000 \$4,914,000

Subd. 4. Aeronautics 10,431,000 10,181,000

This appropriation is from the state airports fund.

(a) Airport Development and Assistance

\$10,366,000 \$10,116,000

\$1,746,000 the first year and \$1,746,000 the second year are for navigational aids.

\$400,000 is for the purchase of a hangar for use by the office of aeronautics. The commissioner shall collect charges from other agencies of the state for use of space in the hangar, and shall pay these charges into the state treasury for credit to the state airports fund.

\$6,039,000 the first year and \$6,089,000 the second year are for airport construction grants.

\$1,773,000 the first year and \$1,773,000 the second year are for airport maintenance grants.

\$400,000 the first year and \$500,000 the second year are for air service grants.

1990

1991

\$

\$

If the appropriation for either year for navigational aids, airport construction grants, airport maintenance grants, or air service grants is insufficient, the appropriation for the other year is available for it. The appropriations for construction grants and maintenance grants must be expended only for grant-in-aid programs for airports that are not state owned.

These appropriations must be expended in accordance with Minnesota Statutes, section 360.305, subdivision 4.

The commissioner of transportation may transfer unencumbered balances among the appropriations for airport development and assistance with the approval of the governor after consultation with the legislative advisory commission.

\$8,000 the first year and \$8,000 the second year are for maintenance of the Pine Creek Airport.

(b) Civil Air Patrol

\$65,000 \$65,000

Subd. 5. Operations 188,931,000 189,617,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Maintenance

\$129,227,000 \$129,546,000

(b) Construction Support

\$ 59,704,000 \$ 60,071,000

Subd. 6. Technical Services 57,876,000 57,098,000

The amounts that may be spent from this appropriation for each activity are as follows:

	\$	1990	\$	1991
(a) Program Delivery				
	\$54,114,000	\$53,336,000		

\$75,000 the first year and \$75,000 the second year are for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The department is directed to seek federal funding for all or part of the costs associated with construction and operation of the cold region test facility. The local road research board may contribute available research funds to the department to further the development of this facility.

(b) State Aid Technical Assistance				
	\$ 946,000	\$ 946,000		
(c) Electronic Communications				
	\$2,816,000	\$2,816,000		

Subd. 7. Program Management	11,934,000	11,333,000
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Summary by Fund

General	\$ 684,000	\$ 682,000
Trunk Highway	\$7,807,000	\$7,098,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Highway Program Administration				
	\$1,850,000	\$1,850,000		

Summary by Fund

General	\$ 75,000	\$ 75,000
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	1990	1991
	\$	\$
Trunk Highway	\$1,775,000	\$1,775,000

\$243,000 the first year and \$243,000 the second year are available for grants to regional development commissions outside the seven-county metropolitan area for transportation studies to identify critical concerns, problems, and issues.

(b) Motor Carrier Administration
 \$1,212,000 \$1,212,000

(c) Railroads and Waterways
 \$ 962,000 \$ 961,000

Summary by Fund

General	\$ 237,000	\$ 236,000
Trunk Highway	\$ 725,000	\$ 725,000
(d) Transit Administration	\$ 592,000	\$ 596,000

Summary by Fund

General	\$ 372,000	\$ 371,000
Trunk Highway	\$ 225,000	\$ 225,000
(e) Aeronautics Administration	\$3,443,000	\$3,553,000

This appropriation is from the state airports fund.

(f) Transportation Data Analysis
 \$3,870,000 \$3,161,000

Subd. 8. General Support Services	39,733,000	34,946,000
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	1990	1991
	\$	\$
Summary by Fund		
General	\$ 42,000	\$ 42,000
Airports	\$ 254,000	\$ 222,000
Trunk Highway	\$39,437,000	\$34,682,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) General Administration	\$12,622,000	\$12,644,000
(b) General Services	\$ 7,033,000	\$ 6,518,000

Summary by Fund		
General	\$ 42,000	\$ 42,000
Airports	\$ 131,000	\$ 120,000
Trunk Highway	\$ 6,860,000	\$ 6,356,000
(c) Equipment	\$18,858,000	\$14,564,000

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund		
Airports	\$ 69,000	\$ 48,000
Trunk Highway	\$18,789,000	\$14,516,000
(d) Legal Services	\$ 1,166,000	\$ 1,166,000

This appropriation is for the purchase of legal services from or through the attorney general.

	1990.	1991
	\$	\$
(e) Air Transportation Services		
\$54,000	\$54,000	

This appropriation is from the state airports fund.

Subd. 9. Data Processing Development

If an appropriation in this section for data processing development for either year is insufficient, the appropriation for the other year is available for it.

Subd. 10. Transfers

The commissioner of transportation with the approval of the commissioner of finance may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. No transfer may be made from the appropriation for trunk highway development. No transfer may be made from the appropriations for debt service to any other appropriation. Transfers may not be made between funds. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Subd. 11. Contingent Appropriations

(a) The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission, may transfer all or part of the unappropriated balance in the state airports fund to an appropriation for state airports purposes in order to meet an emergency or to take advantage of an unanticipated receipt of income to the state airports fund. The amount transferred is appropriated for the purpose of the account to which it is transferred.

	1990	1991
	\$	\$
<p>(b) The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation for trunk highway purposes in order to meet an emergency or to take advantage of an unanticipated receipt of income to the trunk highway fund. The amount transferred is appropriated for the purpose of the account to which it is transferred.</p>		

Sec. 3. REGIONAL TRANSIT BOARD

Subdivision 1. Total Appropriation	24,088,000	22,507,000
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Summary by Fund

General	\$11,478,000	\$ 8,727,000	
Transit Assistance	\$12,610,000	\$13,780,000	

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

For the purpose of improving air quality and promoting alternative energy sources in the metropolitan area, the regional transit board shall evaluate and promote the use of vehicles that operate on clean-burning alternative fuels, including natural gas, methanol, and ethanol. The board shall: evaluate the feasibility and effectiveness of using the fuels; review the efforts of other public agencies in the use of the fuels; and examine opportunities and demon-

	1990	1991
	\$	\$

strate, when technically and economically feasible, the use of the fuels in vehicles and buses operated by the board, the metropolitan transit commission, and other transit operators and in the vehicle fleets of other metropolitan agencies. In its 1990 and 1991 reports to the legislature, the board shall include a report on its activities in carrying out the provisions of this paragraph.

Subd. 2. Regular Route Service		
	\$12,087,000	\$10,220,000
Subd. 3. Metro Mobility		
	\$10,125,000	\$10,125,000
Subd. 4. Small Urban, Rural, and Replacement Services		
	\$ 776,000	\$ 812,000
Subd. 5. Planning and Programs		
	\$ 750,000	\$ 900,000
Subd. 6. Administration		
	\$ 350,000	\$ 450,000
Sec. 4. TRANSPORTATION REGULATION BOARD	629,000	609,000
Approved Complement -	9.5	

This appropriation is from the trunk highway fund.

Sec. 5. PUBLIC SAFETY		
Subdivision 1. Total Appropriation	95,360,000	94,686,000
	1990	1991
Approved Complement -	1,804.5	1,827.5
General -	399.2	405.2
Special Revenue -	22.5	26.5
Trunk Highway -	1,161.4	1,174.4
Highway User -	172.6	172.6
Federal -	48.8	48.8

1990

1991

\$

\$

The above approved complement includes 531 the first year and 541 the second year for state-funded, unclassified patrol officers and supervisors of the state patrol. Nothing in this provision is intended to limit the authority of the commissioner of public safety to transfer personnel, with the approval of the commissioner of finance, among the various units and divisions within this section, provided that the above complement must be reduced accordingly.

Summary by Fund

General

	\$23,611,000	\$24,382,000
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Trunk Highway

	\$62,029,000	\$60,055,000
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Highway User

	\$10,972,000	\$11,242,000
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Special Revenue

	\$ 1,679,000	\$ 1,839,000
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Transfers to Other Direct

	(\$ 2,931,000)	(\$ 2,832,000)
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The amounts shown in the program totals are reduced by \$186,000 the first year and \$185,000 the second year from the general fund. Reductions must be made from appropriations that will not reduce revenue to the general fund.

Subd. 2. Administration and Related Services

	\$5,976,000	\$5,853,000
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Summary by Fund

General

	\$ 53,000	\$ 53,000
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	1990	1991
	\$	\$
Trunk Highway		
\$5,833,000	\$5,710,000	
Highway User		
\$ 90,000	\$ 90,000	

\$967,000 the first year and \$549,000 the second year from the trunk highway fund are for management information systems. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$495,000 the first year and \$787,000 the second year from the trunk highway fund are for optical disk storage and retrieval. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Subd. 3. Emergency Management
 \$ 950,000 \$ 950,000

\$426,000 the first year and \$426,000 the second year are for nuclear plant preparedness. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Subd. 4. Criminal Apprehension
 \$12,790,000 \$13,610,000

Summary by Fund

General	\$11,341,000	\$12,161,000
Special Revenue	\$ 480,000	\$ 480,000
Trunk Highway	\$ 969,000	\$ 969,000

\$223,000 the first year and \$223,000 the second year are for use by the bureau of criminal apprehension for the purpose of investigating cross-juris-

	1990	1991
	\$	\$

dictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$171,000 the first year and \$171,000 the second year from the general fund are for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$96,000 the first year and \$96,000 the second year from the Bureau of Criminal Apprehension Account in the special revenue fund are for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$384,000 the first year and \$384,000 the second year from the Bureau of Criminal Apprehension Account in the special revenue fund are for laboratory activities.

\$730,000 in the second year from the general fund is for the purchase of an automated fingerprint identification system through lease-purchase.

Subd. 5. Fire Safety
 \$ 1,859,000 \$ 2,005,000

Subd. 6. State Patrol
 \$39,478,000 \$39,366,000

This appropriation is from the trunk highway fund.

This appropriation includes \$100,000 in the first year from the trunk highway fund to install Minnesota State Emergency Frequency (MINSEF) Base

	1990	1991
	\$	\$

Stations at the following six locations: Dresbach, Hader, Biscay, Truman, Erhard, and Crookston.

No more than five positions, excluding the chief patrol officer, in the state patrol support activity may be filled by state troopers.

The commissioner may not require the use of gasohol in the operation of state patrol vehicles.

During the biennium ending June 30, 1991, and notwithstanding other law to the contrary, the commissioner shall authorize the appointing authority to permit the donation of up to eight hours of accumulated vacation time in each year by each employee who is a member of the law enforcement unit number 1 to the employee's union representative for the purpose of carrying out the duties of office.

\$1,328,000 the first year and \$1,147,000 the second year from the trunk highway fund are to consolidate and modernize the two metropolitan area radio communications centers. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Subd. 7. Capitol Security	\$ 1,585,000	\$ 1,594,000
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Subd. 8. Driver and Vehicle Licensing	\$29,634,000	\$28,100,000
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Summary by Fund

General	\$ 4,502,000	\$ 4,498,000
Trunk Highway	\$15,749,000	\$14,010,000
Highway User	\$ 9,383,000	\$ 9,592,000

	1990	1991
	\$	\$
\$431,000 the first year and \$431,000 the second year are for alcohol assessment reimbursements to counties.		

Subd. 9. Liquor Control
 \$ 738,000 \$ 738,000

Subd. 10. Ancillary Services
 \$2,536,000 \$2,655,000

Summary by Fund

General	\$1,337,000	\$1,296,000
Special Revenue	\$1,199,000	\$1,359,000
(a) Pipeline Safety Special Revenue	\$ 549,000	\$ 709,000

The appropriation from the special revenue fund is from the pipeline safety account. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

(b) Crime Victims Reparations Board

Summary by Fund

General	\$840,000	\$840,000
Special Revenue	\$550,000	\$550,000

The appropriation from the special revenue fund is from the crime victim and witness account. Any unencumbered balance remaining the first year does not cancel but is available for the second year.

Notwithstanding any other law to the contrary, the crime victims reparations board shall, to the extent possible, distribute the appropriation in equal

	1990	1991
	\$	\$
monthly increments. In no case shall the total awards exceed the appropriation made in this subdivision.		

- | | | |
|-----------------------------------|-----------|-----------|
| (c) Emergency Response Commission | | |
| | \$442,000 | \$401,000 |
| (d) Children's Trust Fund | | |
| | \$100,000 | \$100,000 |

This appropriation is from the special revenue fund.

- | | | |
|---|----------|----------|
| (e) Private Detective and Protective Agency Licensing Board | | |
| | \$55,000 | \$55,000 |

Subd. 11. Transfers

The commissioner of public safety with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs within a fund. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Subd. 12. Reimbursements

(a) \$1,432,000 for the first year and \$1,272,000 for the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1990, and January 1, 1991, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

(b) \$505,000 for the first year and \$533,000 for the second year are appropriated from the highway user tax dis-

	1990	1991
	\$	\$
tribution fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1990, and January 1, 1991, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user fund purposes in the administration and related services program.		

(c) \$994,000 for the first year and \$1,027,000 for the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the general fund on January 1, 1990, and January 1, 1991, respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.

Sec. 6. BOARD OF PEACE OFFICER STANDARDS AND TRAINING

General Operations and Management	3,600,000	3,600,000
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Approved Complement - 11

These appropriations are from the peace officers training account in the special revenue fund.

Notwithstanding other law to the contrary, if any presently duly elected sheriff is not licensed by the board as a peace officer as defined in Minnesota Statutes, section 626.84, subdivision 1, paragraph (c), by July 1, 1989, the county board of that county may, after notice to the sheriff and a public hearing, declare by resolution that the office of sheriff in that county is vacant and may schedule a special election to fill

	1990	1991
	\$	\$

the office. Any presently duly elected sheriff who is not licensed by the board on July 1, 1989, may continue to serve in that office without being licensed only until a successor is duly elected at a special election or, if no special election is held, until the expiration of the term for which the sheriff was elected.

Sec. 7. AGRICULTURE

Subdivision 1. Total Appropriation	11,537,000	11,562,000
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	1990	1991
Approved Complement -	496.8	497.8
General -	200.8	201.8
Special/Revolving -	277.7	277.7
Federal -	18.3	18.3

Summary by Fund

General	\$11,352,000	\$11,377,000
Special Revenue	\$ 185,000	\$ 185,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The amounts shown in the program totals are reduced by \$81,000 the first year and \$80,000 the second year from the general fund. Reductions must be made from appropriations that will not reduce revenue to the general fund. These reductions do not apply to subdivision 7.

Subd. 2. Protection Service	\$4,537,000	\$4,537,000
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Subd. 3. Promotion and Marketing	\$ 657,000	\$ 657,000
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\$200,000 the first year and \$200,000 the second year are for transfer to the Minnesota grown account.

	1990	1991
	\$	\$
Subd. 4. Family Farm Security		
	\$1,548,000	\$1,548,000

\$962,000 the first year and \$962,000 the second year are for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. No new loans may be approved in fiscal year 1990 or 1991. The participant's interest in a family farm loan guarantee executed before June 30, 1987, may be assigned to a new participant.

\$289,000 the first year and \$289,000 the second year are for farm crisis assistance.

Subd. 5. Administrative Support and Grants		
	\$4,876,000	\$4,900,000

Summary by Fund

General	\$4,691,000	\$4,715,000
Special Revenue	\$ 185,000	\$ 185,000

\$300,000 the first year and \$300,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture. If a project cost is more than \$25,000, the amount above \$25,000 must be cost-shared at a state-applicant ratio of one to one. Priorities must be given for projects involving multiple parties. Up to \$20,000 each year may be used for dissemination of information about the demonstration grant projects.

\$31,000 the first year and \$31,000 the second year are for payment of claims relating to livestock damaged by endangered animal species. If the appropriation for either year is insufficient,

	1990	1991
	\$	\$

the appropriation for the other year is available for it.

\$40,000 the first year and \$40,000 the second year are for payment of claims relating to agricultural crops damaged by elk.

\$103,000 the first year and \$103,000 the second year are for the seaway port authority of Duluth.

Subd. 6. Transfers

The commissioner of agriculture with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 8. WORLD TRADE CENTER CORPORATION

1,350,000

800,000

This appropriation includes \$450,000 in the first year to cover part of the cost of conducting the World Assembly in Minnesota in 1990. It is the intent of the legislature that the World Trade Center Corporation secure an additional \$300,000 from sources other than state funds to cover the cost of conducting this event. The corporation shall report the results of its efforts to the legislature by January 15, 1991.

Any unencumbered balance remaining in fiscal year 1989 does not cancel but is available for fiscal year 1990 and any unencumbered balance remaining in fiscal year 1990 does not cancel but is available for fiscal year 1991.

Sec. 9. BOARD OF WATER AND SOIL RESOURCES

6,375,000

7,395,000

	1990	1991
	\$	\$
Approved Complement -	28	

\$10,000 the first year and \$10,000 the second year are for the International Water Coalition.

\$978,000 the first year and \$978,000 the second year are for general purpose grants to soil and water conservation districts, including conservation tillage and review and comment on water permits. On approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts.

\$199,000 the first year and \$199,000 the second year are for grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for flood plain management.

\$1,501,000 the first year and \$1,501,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management.

The appropriations in this section for the southern Minnesota river basin study area 2 and for grants to soil and water districts for cost-sharing contracts for erosion control and water quality management are available until expended.

\$159,000 the first year and \$159,000 the second year are for grants-in-aid to soil and water conservation districts and local units of government to assist them in solving sediment and erosion control problems. Grants must not exceed 50 percent of total project costs or

\$ 1990 \$ 1991

50 percent of the local share if federal money is used. Priority must be given to projects designed to solve lakeshore, stream bank, and roadside erosion and to projects eligible for federal matching money.

\$65,000 the first year and \$365,000 the second year are for a well sealing cost-share program.

\$1,404,000 the first year and \$2,125,000 the second year are for increased local water resources protection and management.

\$902,000 the first year and \$902,000 the second year are for technical services and implementation of the conservation reserve program. Of this appropriation, \$750,000 the first year and \$750,000 the second year must be distributed to soil and water conservation districts.

Sec. 10. BOARD OF ANIMAL HEALTH	1,870,000	1,850,000
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Approved Complement -	37	
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This appropriation includes \$25,000 the first year and \$25,000 the second year for payment of indemnities. If the appropriation for indemnities for either year is insufficient, the appropriation for the other year is available for it. Indemnities of less than \$1 must not be paid.

Sec. 11. COMMERCE

Subdivision 1. Total Appropriation	10,294,000	10,330,000
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Approved Complement -	230	
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General -	225	
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	1990	1991
Special Revenue -	\$ 3	\$
Petroleum Tank Release Cleanup -	2	

Summary by Fund

General	\$9,965,000	\$10,000,000
Special Revenue	\$ 273,000	\$ 274,000
Petroleum Tank Release Cleanup	\$ 56,000	\$ 56,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Financial Examinations
\$4,166,000 \$4,166,000

Subd. 3. Registration and Analysis
\$1,863,000 \$1,863,000

Subd. 4. Petroleum Tank Release
Cleanup Board
\$ 56,000 \$ 56,000

This appropriation is from the Petroleum Tank Release Cleanup Fund for administration.

Subd. 5. Administrative Services
\$1,602,000 \$1,637,000

Subd. 6. Enforcement and Licensing
\$2,607,000 \$2,608,000

Summary by Fund

General	\$2,334,000	\$2,334,000
Special Revenue	\$ 273,000	\$ 274,000

\$273,000 the first year and \$274,000 the second year are from the real estate education, research, and recovery ac-

	1990	1991
	\$	\$

count in the special revenue fund for the purpose of Minnesota Statutes, section 82.34, subdivision 6. If the appropriation from the special revenue fund for either year is insufficient, the appropriation for the other year is available for it.

Subd. 7. Transfers

The commissioner with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Up to \$50,000 may be used to study the cost effectiveness of care provided by members of the healing arts, as defined in Minnesota Statutes, chapter 146. The commissioner shall report the findings to the legislature by January 1, 1990.

Sec. 12. NON-HEALTH-RELATED BOARDS

Subdivision 1. Total for this section	964,000	955,000
Subd. 2. Board of Abstractors	9,000	8,000
Subd. 3. Board of Accountancy	358,000	358,000
Approved Complement -	5	
Subd. 4. Board of Architecture, Engineering, Land Surveying, and Landscape Architecture	411,000	403,000
Approved Complement -	6.5	
Subd. 5. Board of Barber Examiners	127,000	127,000
Approved Complement -	2.5	

	1990	1991
	\$	\$
Subd. 6. Board of Boxing	59,000	59,000
Approved Complement -	1.5	
Subd. 7. Board of Electricity		
Approved Complement -	20	
Sec. 13. PUBLIC UTILITIES COMMISSION	2,060,000	2,050,000
Approved Complement -	39	

Notwithstanding Minnesota Statutes, section 216B.243, subdivision 6, for any certificate of need application for expansion of the storage capacity for spent nuclear fuel rods, the commission and department shall assess actual amounts billed by the office of administrative hearings and up to \$300,000 of reasonable costs of the commission and department pursuant to Minnesota Statutes, section 216B.62, subdivision 6, during the biennium, subject to the limitations of Minnesota Statutes, section 216B.62, subdivision 2.

Sec. 14. PUBLIC SERVICE

Subdivision 1. Total Appropriation	6,519,000	6,523,000
Approved Complement -	141.8	
General -	124.3	
Special Revenue -	7.5	
Federal -	10	

Summary by Fund

General	\$6,454,000	\$6,458,000
Special Revenue	\$ 65,000	\$ 65,000

	1990	1991
	\$	\$

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The amounts shown in the program totals are reduced by \$58,000 the first year and \$58,000 the second year from the general fund. Reductions must be made from appropriations that will not reduce revenue to the general fund.

Subd. 2. Utility Regulation	\$1,974,000	\$1,974,000
Subd. 3. Weights and Measures	\$1,973,000	\$1,977,000
Subd. 4. Administrative Services	\$ 665,000	\$ 665,000
Subd. 5. Energy	\$1,965,000	\$1,965,000

Summary by Fund

General	\$1,900,000	\$1,900,000
Special Revenue	\$ 65,000	\$ 65,000
Subd. 6. Transfers		

The department of public service, with the approval of the commissioner of finance, may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations in the house of representatives.

Sec. 15. RACING COMMISSION	930,000	935,000
Approved Complement -	9.5	
General -	8	
Special Revenue -	1.5	

	1990	1991
	\$	\$
Sec. 16. ETHICAL PRACTICES BOARD	277,000	276,000
Approved Complement -	6	
Sec. 17. MINNESOTA MUNICIPAL BOARD	252,000	253,000
Approved Complement -	4	
Sec. 18. MINNESOTA-WISCONSIN BOUNDARY AREA COMMISSION	111,000	115,000
Sec. 19. UNIFORM LAWS COMMISSION	16,000	16,000
Sec. 20. VOYAGEURS NATIONAL PARK CITIZEN'S COUNCIL	71,000	71,000

Notwithstanding other law to the contrary, the citizen's council on Voyageurs National Park is extended until June 30, 1991.

Sec. 21. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. Total Appropriation	11,239,000	11,707,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The amounts shown in subdivisions 2 to 5 are reduced by \$93,000 the first year and \$92,000 the second year from the general fund. Reductions must be made from appropriations that will not reduce revenue to the general fund.

This appropriation includes funds to continue the copying and cataloguing of Hubert H. Humphrey Film Archives material as determined by the society.

	1990	1991
	\$	\$

The society shall cooperate with the supreme court to ensure that the marble fountain which occupied space in the former mechanic arts high school building is installed in the judicial building, using funds included in the supreme court appropriation for this purpose.

The appropriation in subdivisions 2 to 6 includes no money for compensation increases. The Minnesota historical society is eligible for a salary supplement in the same manner as state agencies. The commissioner of finance will determine the amount of the salary supplement based on available appropriations. Employees of the Minnesota historical society will be paid in accordance with the appropriate pay plan.

Any unencumbered balance remaining in this section at the end of the first year does not cancel but is available for the second year.

Subd. 2. Minnesota Historical Society Operations	6,681,000	6,681,000
Subd. 3. Historic Site Operations	3,188,000	3,188,000
Subd. 4. State History Center	279,000	841,000

Notwithstanding any other law to the contrary, unencumbered balances from appropriations in Minnesota Session Laws 1983, chapter 344, section 13, are reappropriated to the Minnesota historical society for the state history center building and exhibit construction purposes. The Minnesota historical society shall report to the chair of the senate committee on finance and the chair of the house of representatives committee on appropriations on expenditures made under this subdivision. The purpose of the reappropriation is to

	1990	1991
	\$	\$
cover existing projects and not to cover expansion of projects.		

Subd. 5. Repair and Replacement	450,000	450,000
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If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 6. Grant-In-Aid	337,000	292,000
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(a) Historic Preservation	\$265,000	\$265,000
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For historic site grants to encourage local historic preservation projects.

To be eligible for a grant, a county or local project group must provide a 50 percent match, in accordance with the historical society's guidelines.

(b) Archaeology	\$27,000	\$27,000
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(c) Special Projects	\$45,000	
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This appropriation is available until expended for the following purposes: \$15,000 to the Southwest Regional Development Commission for the Prairieland Expo Center for project assistance; \$25,000 to the Leech Lake Band of Chippewa Indians for project planning assistance relating to Battle Point; and \$5,000 to Houston county to relocate the Mayville town hall.

Subd. 7. Fiscal Agent	397,000	347,000
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(a) Sibley House Association	\$93,000	\$93,000
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This appropriation includes \$20,000 the first year and \$20,000 the second year for repairs. The repair funds are to be expended as approved by the Minnesota historical society working in coop-

	1990	1991
	\$	\$
eration with the Sibley House association.		

This appropriation is available for operation and maintenance of the Sibley House and related buildings on the Old Mendota state historic site owned by the Sibley House association.

The historical society should seek an agreement with the Sibley House association whereby the historical society will make payments to the association for this purpose and will provide the association with technical assistance in applying for federal grants.

Notwithstanding any other law, the Sibley House association may purchase fire, wind, hail, and vandalism insurance, and insurance coverage for fine art objects from this appropriation.

The Minnesota historical society shall conduct an interim study during the 1990-1991 biennium relating to the ownership and management of the Sibley historic site properties, which include the Sibley, Faribault, and Du Puis houses, for the purpose of transferring these properties to the state of Minnesota for inclusion in the state's historic site network. The study must include, but is not limited to, ownership, management, and governance structure of the site; funding needed to repair and restore the site; restoration priorities; funding needed to operate the site; and ownership of the collections. The study must contain joint recommendations of the society and the Sibley House association regarding these issues, and a recommendation on when the site should be turned over to the state. The society shall report the findings to the governor and the legislature by July 1, 1990.

	1990	1991
	\$	\$
(b) Minnesota Humanities Commission		
\$147,000	\$147,000	
(c) Minnesota International Center		
\$ 38,000	\$ 38,000	
(d) Minnesota Military Museum		
\$ 30,000		
(e) Minnesota Air National Guard Museum		
\$ 20,000		
(f) Government Learning Center		
\$ 69,000	\$ 69,000	

This appropriation is for Project 120.

Sec. 22. BOARD OF THE ARTS	4,164,000	4,164,000
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	1990
Approved Complement -	16
General -	13
Federal -	3

\$1,382,000 the first year and \$1,382,000 the second year are for the support of regional arts councils throughout the state.

Any unencumbered balance remaining in this section the first year does not cancel but is available for the second year.

Sec. 23. MINNESOTA HORTICULTURAL SOCIETY	68,000	68,000
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Sec. 24. MINNESOTA ACADEMY OF SCIENCE	28,000	28,000
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Sec. 25. SCIENCE MUSEUM OF MINNESOTA	638,000	638,000
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Sec. 26. MINNESOTA SAFETY COUNCIL	71,000	71,000
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This appropriation is from the trunk highway fund and includes \$20,000

	1990	1991
	\$	\$
each year for state involvement in the National Safety Kids campaign, to reduce childhood accidental injury and death resulting from vehicle traffic or related causes.		

Sec. 27. VETERANS OF FOREIGN WARS	31,000	31,000
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For carrying out the provisions of Laws 1945, chapter 455.

Sec. 28. MILITARY ORDER OF THE PURPLE HEART	10,000	10,000
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Sec. 29. GENERAL CONTINGENT ACCOUNTS	325,000	325,000
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The appropriations in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund

Trunk Highway Fund	\$200,000	\$200,000
Highway User Tax Distribution Fund	\$125,000	\$125,000

Sec. 30. TORT CLAIMS	600,000	600,000
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To be spent by the commissioner of finance.

This appropriation is from the trunk highway fund.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 31. [COMMISSIONER TO ACT AS AGENT.]

The commissioner of transportation is authorized and directed to act as agent for the Bois Fort Indian Reservation in the use of federal demonstration funds and state matching funds for the design and construction of a proposed highway project in the Lake Vermilion Indian Reservation Recreational Complex as authorized in the Surface Transportation and Uniform Relocation Assistance Act of 1987, Public Law Number 100-17.

Sec. 32. [SPECIAL GREAT RIVER ROAD ACCOUNT.]

Subdivision 1. [ACCOUNT CREATED.] There is created in the state treasury a special Great River Road account, consisting of money credited under subdivision 2.

Subd. 2. [ACCOUNT FUNDED.] Notwithstanding Minnesota Statutes, section 297B.09 or other law, in the fiscal year ending June 30, 1990, the first \$750,000 that would otherwise be credited to the highway user tax distribution fund under Minnesota Statutes, section 297B.09, must be set aside and credited to the special Great River Road account created in subdivision 1.

Subd. 3. [DISTRIBUTION OF ACCOUNT.] The commissioner shall distribute money in the special Great River Road account and provide for distribution of money in the fund for the development of the Great River Road established under Minnesota Statutes, section 161.142. In providing assistance to any political subdivision, the commissioner shall follow the general policy of the Mississippi River parkway commission and shall give principal consideration on how the project would promote public safety, recreation, travel, trade, and the general welfare of the state. Priority should be given to new construction of the Great River Road system, to projects that provide local or federal matching assistance, and to projects for which highway user tax distribution funds are not available.

Subd. 4. [TERMINATION OF ACCOUNT.] The account created in subdivision 1, expires June 30, 1991. The state treasurer shall credit all undistributed money in the account on that date to the highway user tax distribution fund.

Subd. 5. [REPEALER.] This section is repealed effective July 1, 1991.

Sec. 33. [TRUNK HIGHWAY SYSTEM; REMOVAL OF ROUTE NO. 249.]

Subdivision 1. [ROUTE DISCONTINUED.] Legislative Route No. 249 as contained and described in Minnesota Statutes 1988, section

161.115, is discontinued and removed from the trunk highway system.

Subd. 2. [AGREEMENT REQUIRED.] Legislative Route No. 249 is not removed from the trunk highway system until transfer of jurisdiction has been agreed to by the commissioner of transportation and Houston county and a copy of the agreement, signed by the commissioner and chair of the Houston county board, has been filed in the office of the commissioner.

Subd. 3. [REVISOR INSTRUCTION.] The revisor of statutes shall delete the route identified in subdivision 1 in the next and subsequent editions of Minnesota Statutes following the completion of the agreement.

Subd. 4. [EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 34. [CONSTRUCTION OF EXIT ON T.H. 65.]

The commissioner of transportation shall construct by January 1, 1990, an exit from marked trunk highway No. 65 in Anoka county, within one-fourth mile of the intersection of the highway with marked trunk highway No. 242 and Anoka county highway No. 14, under the following conditions:

(1) the exit has been studied and approved for safety purposes by a qualified consultant;

(2) the exit must be constructed to state standards;

(3) the cost of the project must be paid by Anoka county; and

(4) the exit will be removed at no cost to the state if necessitated by a reconstruction of the intersection of marked trunk highway No. 65 with marked trunk highway No. 242 and Anoka county highway No. 14.

Sec. 35. [EXCHANGE OF INTERESTS IN LANDS.]

(a) The commissioner of transportation shall convey to the regional railroad authority of St. Louis and Lake counties a 25-foot wide easement for railroad purposes lying generally southerly and southeasterly of the northbound lane of marked interstate highway 35 between 10th Avenue West and 5th Avenue East in Duluth. The easement must include two spur lines in the vicinity of the Duluth steam plant and a crossover connection, approximately 1,000 feet in length, in the vicinity of 9th Avenue West. This crossover connection is intended to allow a reconnection of railroad track with the Lake Superior Museum of Transportation. The commissioner shall

also convey easements necessary to provide a continuous 25-foot wide easement for railroad purposes lying generally southeasterly and easterly of the northbound lane of marked interstate highway 35 between 14th Avenue East and 26th Avenue East in Duluth. The commissioner of transportation shall maintain a temporary construction easement as required to complete the marked interstate highway 35 extension, provided the easement does not interfere with operation of the railroad after June 1, 1990.

As consideration, the St. Louis and Lake counties regional railroad authority shall grant to either the department of transportation or the department of natural resources an option to establish an easement for a multiuse recreation trail along the regional rail authority-owned railway right-of-way between the municipalities of Duluth and Two Harbors. This easement must begin at a point east of the Lester River (Milepost 8) and shall continue to the Two Harbors Depot (Milepost 26.5).

The conveyances of the exchanged properties must be in a form approved by the attorney general. The regional rail authority and commissioner of transportation shall provide complete and accurate property descriptions of the lands to be exchanged.

The rail authority retains the right to determine where on their right-of-way this easement may be granted and may impose restrictions or alterations if it determines that the recreational trail interferes with the operation of the railroad right-of-way or any of its revenue-related uses.

This easement is conveyed exclusively to the regional railroad authority and is terminated if the line is abandoned.

(b) This section is effective the day following final enactment.

Sec. 36. Minnesota Statutes 1988, section 12.14, is amended to read:

12.14 [ASSESSMENT FOR NUCLEAR SAFETY PREPAREDNESS ACT.]

Any person, firm, corporation, or association in the business of owning or operating a nuclear fission electrical generating plant located in Minnesota, shall pay an assessment to cover the cost of nuclear power plant emergency response plans and other programs necessary to deal with incidents resulting from the operation of nuclear fission electrical generating plants. An assessment of ~~\$137,500~~ \$177,500 per plant shall be paid to the commissioner of public safety on July 1 of each year.

Sec. 37. Minnesota Statutes 1988, section 43A.08, subdivision 1, is amended to read:

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

- (a) chosen by election or appointed to fill an elective office;
- (b) heads of agencies required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, bureaus, divisions, and institutions specifically established by law in the unclassified service;
- (c) deputy and assistant agency heads and one confidential secretary in the agencies listed in subdivision 1a;
- (d) the confidential secretary to each of the elective officers of this state and, for the secretary of state, state auditor, and state treasurer, an additional deputy, clerk, or employee;
- (e) intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;
- (f) employees in the offices of the governor and of the lieutenant governor and one confidential employee for the governor in the office of the adjutant general;
- (g) employees of the Washington, D.C., office of the state of Minnesota;
- (h) employees of the legislature and of legislative committees or commissions; provided that employees of the legislative audit commission, except for the legislative auditor, the deputy legislative auditors, and their confidential secretaries, shall be employees in the classified service;
- (i) presidents, vice-presidents, deans, other managers and professionals in academic and academic support programs, administrative or service faculty, teachers, research assistants, and student employees eligible under terms of the federal economic opportunity act work study program in the school and resource center for the arts, state universities and community colleges, but not the custodial, clerical, or maintenance employees, or any professional or managerial employee performing duties in connection with the business administration of these institutions;
- (j) officers and enlisted persons in the national guard;
- (k) attorneys, legal assistants, examiners, and three confidential

employees appointed by the attorney general or employed with the attorney general's authorization;

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

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

(n) chaplains employed by the state;

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

(p) student workers; and

(q) one position in the hazardous substance notification and response activity in the department of public safety; and

(r) employees unclassified pursuant to other statutory authority.

Sec. 38. Minnesota Statutes 1988, section 44A.023, subdivision 2, is amended to read:

Subd. 2. [OTHER POWERS.] The board may:

(1) define, formulate, administer, and deliver programs and services through the world trade center;

(2) establish satellite operations of the Minnesota world trade center within the continental United States;

(3) accept gifts and grants from other sources;

(4) set and collect fees for services and programs;

(5) adopt membership requirements for an association of members of the Minnesota world trade center;

(6) participate jointly with private persons, firms, corporations, or organizations or with public entities in appropriate programs or projects and enter into contracts to spend money to carry out those programs or projects;

(7) have a seal and alter it at will;

(8) acquire and dispose of personal property, including inchoate and intellectual property, royalties, stock, and stock warrants;

(9) enter into contracts or agreements with a federal or state agency, individual, business entity, or other organization;

(10) acquire and dispose of real property or an interest in real property;

(11) purchase insurance;

(12) spend money appropriated to it for its purposes, including expenditures for the food, lodging, and travel of consultants and speakers hired by the board, and for publications, advertising, and promotional activities; and

(13) hold and maintain membership for the Minnesota world trade center in the world trade centers association; and

(14) utilize the established network of world trade centers in the world trade centers association as the official foreign trade offices of the state of Minnesota, and enter into contracts or other agreements, including agreements to establish and maintain offices and other types of representation in foreign countries to promote international trade and attract investment from foreign countries.

Sec. 39. Minnesota Statutes 1988, section 44A.023, is amended by adding a subdivision to read:

Subd. 3. [FISCAL AGENT.] The board shall contract with the commissioner of agriculture to have the department of agriculture act as fiscal agent for the corporation, handling all payroll and financial transactions, financial accounting, and deposits into and expenditures from the World Trade Center Corporation fund.

Sec. 40. Minnesota Statutes 1988, section 116J.966, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) The commissioner shall promote, develop, and facilitate trade and foreign investment in Minnesota. In furtherance of these goals, and in addition to the powers granted by section 116J.035, the commissioner may:

(1) locate, develop, and promote international markets for Minnesota products and services;

(2) arrange and lead trade missions, utilizing the established network of world trade centers in the world trade centers association, to countries with promising international markets for Minnesota goods, technology, services, and agricultural products;

(3) promote Minnesota products and services at domestic and international trade shows;

(4) organize, promote, and present domestic and international trade shows featuring Minnesota products and services;

(5) host trade delegations and assist foreign traders in contacting appropriate Minnesota businesses and investments;

(6) develop contacts with Minnesota businesses and gather and provide information to assist them in locating and communicating with international trading or joint venture counterparts;

(7) provide information, education, and counseling services to Minnesota businesses regarding the economic, commercial, legal, and cultural contexts of international trade;

(8) provide Minnesota businesses with international trade leads and information about the availability and sources of services relating to international trade, such as export financing, licensing, freight forwarding, international advertising, translation, and custom brokering;

(9) locate, attract, and promote foreign investment and business development in Minnesota to enhance employment opportunities in Minnesota;

(10) provide foreign businesses and investors desiring to locate facilities in Minnesota information regarding sources of governmental, legal, real estate, financial, and business services;

(11) undertake activities to support the world trade center; and

(12) enter into contracts or other agreements with private persons and public entities, ~~including agreements to establish and maintain offices and other types of representation in foreign countries,~~ to carry out the purposes of promoting international trade and attracting investment from foreign countries to Minnesota and to carry out this section, without regard to sections 16B.07 and 16B.09; and

(13) utilize the Minnesota world trade center corporation's established network of world trade centers in the world trade centers association, in fulfilling Minnesota's foreign trade office and staffing needs.

(b) The programs and activities of the commissioner of trade and economic development and the Minnesota trade division may not duplicate programs and activities of the commissioner of agriculture or the Minnesota world trade center corporation.

(e) The commissioner shall notify the chairs of the senate finance and house appropriations committees of each agreement under this subdivision to establish and maintain an office or other type of representation in a foreign country.

Sec. 41. Minnesota Statutes 1988, section 168.33, subdivision 2, is amended to read:

Subd. 2. [POWERS.] The registrar shall have the power to appoint, hire and discharge and fix the compensation of the necessary employees, in the manner provided by law, as may be required to enable the registrar to properly carry out the duties imposed by the provisions of this chapter. As of April 14, 1976, the registrar may appoint, and for cause discontinue, a deputy registrar for any city as the public interest and convenience may require, without regard to whether the county auditor of the county in which the city is situated has been appointed as the deputy registrar for the county or has been discontinued as the deputy registrar for the county, and without regard to whether the county in which the city is situated has established a county license bureau which issues motor vehicle licenses as provided in section 373.32.

Effective August 1, 1976, the registrar may appoint, and for cause discontinue, a deputy registrar for any city as the public interest and convenience may require, if the auditor for the county in which the city is situated chooses not to accept appointment as the deputy registrar for the county or is discontinued as a deputy registrar, or if the county in which the city is situated has not established a county license bureau which issues motor vehicle license as provided in section 373.32. Any person appointed by the registrar as a deputy registrar for any city shall be a resident of the county in which the city is situated.

The registrar may appoint, and for cause discontinue, the county auditor of each county as a deputy registrar. Upon approval of the county board, the auditor, with the approval of the director of motor vehicles, may appoint, and for cause discontinue, the clerk or equivalent officer of each city or any other person as a deputy registrar as public interest and convenience may require, regardless of the appointee's county of residence. Notwithstanding any other provision, a person other than a county auditor or a director of a county license bureau, who was appointed by the registrar before August 1, 1976, as a deputy registrar for any city, may continue to serve as deputy registrar and may be discontinued for cause only by the registrar. The county auditor who appointed the deputy registrars shall be responsible for the acts of deputy registrars appointed by the auditor. Each such deputy, before entering upon the discharge of duties, shall take and subscribe an oath to faithfully discharge the duties and to uphold the laws of the state. If a deputy registrar appointed hereunder is not an officer or employee of a county or city, such deputy shall in addition give bond to the state in the sum of

\$10,000, or such larger sum as may be required by the registrar, conditioned upon the faithful discharge of duties as deputy registrar. A corporation governed by chapter 302A may be appointed a deputy registrar. Upon application by an individual serving as a deputy registrar and the giving of the requisite bond as provided in subdivision 2, personally assured by the individual or another individual approved by the commissioner of public safety, a corporation named in an application shall become the duly appointed and qualified successor to the deputy registrar. Each deputy registrar appointed hereunder shall keep and maintain, in a convenient public place within or in close proximity to the place for which appointed, a registration and motor vehicle tax collection bureau, to be approved by the registrar, for the registration of motor vehicles and the collection of motor vehicle taxes thereon. The deputy registrar shall keep such records and make such reports to the registrar as that officer, from time to time, may require. Such records shall be maintained at the facility of the deputy registrar. The records and facilities of the deputy registrar shall at all times be open to the inspection of the registrar or the registrar's agents. The deputy registrar shall report to the registrar by the next working day following receipt all registrations made and taxes and fees collected by the deputy registrar. The filing fee imposed pursuant to subdivision 7 shall be deposited in the treasury of the place for which appointed, or if not a public official, such deputy shall retain the filing fee, but the registration tax and any additional fees for delayed registration the deputy registrar has collected the deputy registrar shall deposit by the next working day following receipt in an approved state depository to the credit of the state through the state treasurer. The place for which the deputy registrar is appointed through its governing body shall provide the deputy registrar with facilities and personnel to carry out the duties imposed by this subdivision if such deputy is a public official. In all other cases, the deputy shall maintain a suitable facility for serving the public.

Sec. 42. Minnesota Statutes 1988, section 168.33, subdivision 7, is amended to read:

Subd. 7. [FEES.] In addition to all other statutory fees and taxes, a filing fee of ~~\$3.25~~ \$3.75 is imposed on every application; except that a filing fee may not be charged for a document returned for a refund or for a correction of an error made by the department or a deputy registrar. The filing fee shall be shown as a separate item on all registration renewal notices sent out by the department of public safety. No filing fee or other fee may be charged for the permanent surrender of a certificate of title and license plates for a motor vehicle.

Sec. 43. Minnesota Statutes 1988, section 173.25, is amended to read:

173.25 [AVAILABILITY OF FEDERAL AID.]

The commissioner of transportation shall not expend money for the acquisition of advertising devices controlled under this chapter, except those for which acquisition proceedings were begun before June 8, 1979 or for which federal money has been appropriated by Congress and the federal share has been made available to the commissioner. No advertising device legal under Laws 1971, chapter 883, shall be required to be removed or relocated until payment as provided in Laws 1971, chapter 883, is tendered by the commissioner of transportation. No further state funds shall be used for any existing or proposed acquisitions other than those funds necessary to obtain full federal participation in the acquisition proceeding pursuant to United States Code, title 23, "Highways."

Sec. 44. Minnesota Statutes 1988, section 237.30, is amended to read:

237.30 [TELEPHONE INVESTIGATION REVOLVING FUND.]

The sum of \$25,000 is hereby appropriated out of any moneys in the state treasury not otherwise appropriated, to establish and provide a revolving fund to be known as the Minnesota Telephone Investigation Fund for the use of the department of public service and of the attorney general in investigations, valuations, and revaluations under section 237.295. All sums paid by the telephone companies to reimburse the department of public service for its expenses pursuant to section 237.295 shall be credited to the revolving fund and shall be deposited in a separate bank account and not commingled with any other state funds or moneys, but any balance in excess of \$25,000 in the revolving fund at the end of each fiscal year shall be paid into the state treasury and credited to the general fund. The sum of \$25,000 herein appropriated and all subsequent credits to said revolving fund shall be paid upon the warrant of the commissioner of finance upon application of the department or of the attorney general to an aggregate amount of not more than one-half of such sums to each of them, which proportion shall be constantly maintained in all credits and withdrawals from the revolving fund.

Sec. 45. [299C.23] [CONTINUING EDUCATION FEES; APPROPRIATED.]

The commissioner of public safety may charge tuition to cover the cost of continuing education courses provided by the bureau of criminal apprehension when money available to the commissioner for this purpose is not adequate to pay these costs. The tuition fees collected are appropriated to the commissioner.

Sec. 46. Minnesota Statutes 1988, section 326.165, subdivision 2, is amended to read:

Subd. 2. [PRACTICE OF PUBLIC ACCOUNTING.] The "practice

of public accounting" is: (a) holding one's self out to the public as skilled in the knowledge and practice of accounting; or (b) expressing any form of assurance on financial statements; or (c) expressing opinions on financial statements for credit purposes, for use in courts and for other purposes involving third parties. "Practice of public accounting" means the performance or the offering to perform by a person or firm holding itself out to the public as a licensee, for a client or potential client, of one or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements, or of one or more kinds of management advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.

Sec. 47. Minnesota Statutes 1988, section 341.10, is amended to read:

341.10 [LICENSE FEES.]

The board shall have authority to collect and require the payment of a license fee in an amount set by the board from the owners of franchises or licenses. The board shall require the payment of the fee at the time of the issuance of the license or franchise to the owner. The moneys so derived shall be collected by the board and paid to the state treasurer. The board shall have authority to license all boxers, managers, seconds, referees and judges and may require them to pay a license fee. All moneys collected by the board from such licenses shall be paid to the state treasurer. The board is exempt from the requirements of section 16A.128, subdivision 1a.

Sec. 48. Minnesota Statutes 1988, section 373.35, subdivision 1, is amended to read:

Subdivision 1. The county auditor shall serve as the director of the county license bureau or, if the auditor chooses not to serve, the county board shall appoint any other county officer or employee, or any other person, to serve as the director upon the terms and conditions the county board deems advisable. The county board shall set the compensation of the director and may provide for the expenses of the office including the premium of any bond required to be furnished by the director. The director shall have the powers and duties imposed on the county officer who previously had the authority to issue or process the application for any license referred to in section 373.32.

Notwithstanding section 168.33, subdivision 2, the commissioner of public safety may appoint, and for cause discontinue, the director as the deputy registrar of motor vehicles in the county. If appointed a deputy registrar the director shall have the same authority as a county auditor to appoint one or more deputy registrars as provided in section 168.33, subdivision 2. If the director is a deputy registrar,

all provisions of section 168.33 and Minnesota Rules, chapter 7406, apply to a county license bureau.

Sec. 49. Minnesota Statutes 1988, section 505.1792, subdivision 1, is amended to read:

Subdivision 1. In order to give supplemental information to the public as to the location of streets, county roads, county state-aid highways, and town roads, and other transportation corridors, and the right of way thereof, the governing body of any city, town, or county may file for record in the office of the county recorder and the registrar of titles of said county such maps or plats showing such information as the governing body shall determine necessary. The map or plat shall be subscribed by the mayor or chair of the governing body and the county surveyor, together with a certified copy of the resolution of the governing body setting forth the necessity for said plat, and shall be entitled to record without compliance with the provisions of this chapter. Any amendments, alterations, or vacations of such maps or plats so filed may be entitled to record in like manner."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; providing for regulation of certain activities and practices; providing for disposition of state highways and land; requiring studies and reports; fixing and limiting accounts and fees; amending Minnesota Statutes 1988, sections 12.14; 43A.08, subdivision 1; 44A.023, subdivision 2, and by adding a subdivision; 116J.966, subdivision 1; 168.33, subdivisions 2 and 7; 173.25; 237.30; 326.165, subdivision 2; 341.10; 373.35, subdivision 1; and 505.1792, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 299C."

The motion prevailed and the amendment was adopted.

The Speaker called Anderson, G., to the Chair.

Frerichs moved to amend S. F. No. 1618, as amended, as follows:

Page 37, line 6, delete "\$3.75" and insert "\$3.50"

The motion did not prevail and the amendment was not adopted.

Speaker pro tempore Anderson, G., called Quinn to the Chair.

McDonald, Omann and McPherson moved to amend S. F. No. 1618, as amended, as follows:

Page 17, delete line 37, and insert:

"CORPORATION	1,100,000	548,000"
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Page 17, delete line 56, and insert:

"RESOURCES	6,625,000	7,647,000"
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Page 18, after line 59, insert:

"\$250,000 the first year and \$252,000 the second year are for water quality demonstration farms to demonstrate proper crop and soil management, promote limited and effective use of fertilizer and pesticide, and illustrate groundwater protection concepts. The approved complement of the board is increased by one staff position for a soil scientist to administer the program and solicit support from other agencies and groups."

A roll call was requested and properly seconded.

The question was taken on the McDonald et al amendment and the roll was called. There were 50 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Kelso	Omann	Schreiber
Bennett	Gruenes	Knickerbocker	Onnen	Seaberg
Blatz	Gutknecht	Limmer	Ozment	Stanis
Boo	Hartle	Lynch	Pauly	Sviggum
Burger	Haukoos	Macklin	Pellow	Swenson
Carlson, D.	Heap	McDonald	Poppenhagen	Tjornhom
Dempsey	Henry	McPherson	Redalen	Tompkins
Dille	Himle	Miller	Richter	Valento
Forsythe	Hugoson	Morrison	Runbeck	Waltman
Frederick	Johnson, V.	Olsen, S.	Schafer	Weaver

Those who voted in the negative were:

Anderson, G.	Carlson, L.	Greenfield	Johnson, R.	Lieder
Anderson, R.	Carruthers	Hasskamp	Kahn	Long
Battaglia	Clark	Jacobs	Kalis	Marsh
Bauerly	Conway	Janezich	Kelly	McEachern
Beard	Cooper	Jaros	Kinkel	McGuire
Begich	Dauner	Jefferson	Kostohryz	McLaughlin
Bertram	Dawkins	Jennings	Krueger	Milbert
Brown	Dorn	Johnson, A.	Lasley	Munger

Murphy	Orenstein	Pugh	Scheid	Vellenga
Nelson, C.	Osthoff	Quinn	Segal	Wagenius
Nelson, K.	Ostrom	Reding	Simoneau	Welle
Neuenschwander	Otis	Rest	Solberg	Wenzel
O'Connor	Pappas	Rice	Sparby	Williams
Ogren	Pelowski	Rodosovich	Steensma	Winter
Olson, E.	Peterson	Rukavina	Trimble	Wynia
Olson, K.	Price	Sarna	Tunheim	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Forsythe moved to amend S. F. No. 1618, as amended, as follows:

Page 40, after line 5, insert:

"Sec. 49. Minnesota Statutes 1988, section 473.384, subdivision 7, is amended to read:

Subd. 7. [MTC IMPACT ASSESSMENT.] Prior to entering into a contract for operating assistance with a recipient other than the transit commission the board shall evaluate the effect, if any, of the contract on the ridership, routes, schedules, fares, and staffing levels of the existing and proposed service provided by the commission. A copy of the assessment must be provided to the commission. The board may enter into the contract only if it determines that the service to be assisted under the contract will not impose an undue hardship on the ridership or financial condition of the commission, or cause the dismissal of persons that are employed by the commission."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 13, after the third semicolon insert "473.384; subdivision 7;"

The motion prevailed and the amendment was adopted.

Burger moved to amend S. F. No. 1618, as amended, as follows:

Page 40, after line 22, insert:

"Sec. 50. [REDUCTIONS.]

Subdivision 1. Each item of appropriation in the preceding sections of this act, except those dedicated to the purpose of the appropriation by the Minnesota Constitution or federal law is reduced by eight percent.

Subd. 2. The amount of money by which appropriations are reduced pursuant to subdivision 1 is appropriated in part as provided in this subdivision.

(a) One-eighth is appropriated to the commissioner of education to be disbursed to improve the quality of education in grades kindergarten through 12.

(b) One-eighth is appropriated to the higher education coordinating board to be disbursed to improve the quality of post-secondary education.

(c) One-eighth is appropriated to a special account in the general fund to be appropriated by other law in 1990 to provide property tax relief to commercial and industrial property.

Each disbursement under paragraphs (a) and (b) must be referred to the legislative advisory commission for its comment. If the commission does not comment on a disbursement within 60 days after the intention to make a disbursement is referred, its opinion shall be deemed to be favorable."

A roll call was requested and properly seconded.

The question was taken on the Burger amendment and the roll was called. There were 34 yeas and 90 nays as follows:

Those who voted in the affirmative were:

Blatz	Gutknecht	Macklin	Poppenhagen	Swenson
Burger	Haukoos	McDonald	Redalen	Tjornhom
Dempsey	Henry	McPherson	Richter	Tompkins
Dille	Himle	Miller	Schafer	Valento
Forsythe	Hugoson	Morrison	Schreiber	Waltman
Frederick	Limmer	Onnen	Seaberg	Weaver
Girard	Lynch	Pauly	Sviggum	

Those who voted in the negative were:

Abrams	Cooper	Kalis	Murphy	Peterson
Anderson, R.	Dauner	Kelly	Nelson, C.	Price
Battaglia	Dawkins	Kelso	Nelson, K.	Pugh
Bauerly	Dorn	Kinkel	Neuenschwander	Quinn
Beard	Greenfield	Knickerbocker	O'Connor	Reding
Begich	Gruenes	Kostohryz	Ogren	Rest
Bennett	Hasskamp	Krueger	Olsen, S.	Rice
Bertram	Heap	Lasley	Olson, E.	Rodosovich
Bishop	Jacobs	Lieder	Olson, K.	Rukavina
Boo	Janezich	Long	Orenstein	Sarna
Brown	Jaros	Marsh	Ostrom	Scheid
Carlson, D.	Jefferson	McEachern	Otis	Segal
Carlson, L.	Jennings	McGuire	Ozment	Simoneau
Carruthers	Johnson, A.	McLaughlin	Pappas	Solberg
Clark	Johnson, R.	Milbert	Pellow	Sparby
Conway	Johnson, V.	Munger	Pelowski	Stanius

Steensma
Trimble

Tunheim
Vellenga

Welle
Wenzel

Williams
Winter

Wynia
Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

CALL OF THE HOUSE

On the motion of Schreiber and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abrams	Girard	Lieder	Osthoff	Segal
Anderson, G.	Greenfield	Limmer	Ostrom	Simoneau
Anderson, R.	Gruenes	Long	Otis	Solberg
Battaglia	Gutknecht	Lynch	Ozment	Sparby
Bauerly	Hartle	Macklin	Pappas	Stanius
Beard	Hasskamp	Marsh	Pauly	Steensma
Begich	Haukoos	McDonald	Pellow	Sviggum
Bennett	Heap	McEachern	Pelowski	Swenson
Bertram	Henry	McGuire	Peterson	Tjornhom
Bishop	Himle	McLaughlin	Poppenhagen	Tompkins
Blatz	Hugoson	McPherson	Price	Trimble
Boo	Jacobs	Milbert	Pugh	Tunheim
Brown	Janezich	Miller	Quinn	Valento
Burger	Jaros	Morrison	Redalen	Vellenga
Carlson, L.	Jefferson	Murphy	Reding	Wagenius
Carruthers	Jennings	Nelson, C.	Rest	Waltman
Clark	Johnson, A.	Nelson, K.	Rice	Weaver
Conway	Johnson, R.	Neuenschwander	Richter	Welle
Cooper	Johnson, V.	O'Connor	Rodosovich	Wenzel
Dauner	Kalis	Ogren	Rukavina	Williams
Dawkins	Kelly	Olsen, S.	Runbeck	Winter
Dempsey	Kelso	Olson, E.	Sarna	Wynia
Dorn	Kinkel	Olson, K.	Schafer	Spk. Vanasek
Forsythe	Knickerbocker	Omann	Scheid	
Frederick	Krueger	Onnen	Schreiber	
Frerichs	Lasley	Orenstein	Seaberg	

Schreiber moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

MOTION FOR RECONSIDERATION

Munger moved that the vote whereby the Forsythe amendment to S. F. No. 1618, as amended, which was adopted earlier today be now reconsidered.

A roll call was requested and properly seconded.

The question was taken on the Munger motion and the roll was called. There were 62 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Hasskamp	McGuire	Peterson	Sparby
Battaglia	Jacobs	McLaughlin	Price	Trimble
Beard	Janezich	Milbert	Pugh	Vellenga
Begich	Jaros	Munger	Quinn	Wagenius
Brown	Jefferson	Murphy	Reding	Welle
Carlson, L.	Johnson, A.	Nelson, K.	Rest	Wenzel
Carruthers	Kahn	Neuenschwander	Rice	Williams
Clark	Kalis	O'Connor	Rodosovich	Winter
Conway	Kelly	Ogren	Rukavina	Wynia
Cooper	Kinkel	Orenstein	Sarna	Spk. Vanasek
Dauner	Lieder	Osthoff	Segal	
Dawkins	Long	Otis	Simoneau	
Greenfield	McEachern	Pappas	Solberg	

Those who voted in the negative were:

Abrams	Frerichs	Knickerbocker	Olson, E.	Scheid
Anderson, G.	Girard	Kostohryz	Olson, K.	Schreiber
Bauerly	Gruenes	Krueger	Omann	Seaberg
Bennett	Gutknecht	Lasley	Onnen	Stanius
Bertram	Hartle	Limmer	Ostrom	Steensma
Bishop	Haukoos	Lynch	Ozment	Swiggum
Blatz	Heap	Macklin	Pauly	Swenson
Boo	Henry	Marsh	Pellow	Tjornhom
Burger	Himle	McDonald	Pelowski	Tompkins
Dempsey	Hugoson	McPherson	Poppenhagen	Tunheim
Dille	Jennings	Miller	Redalen	Valento
Dorn	Johnson, R.	Morrison	Richter	Waltman
Forsythe	Johnson, V.	Nelson, C.	Runbeck	Weaver
Frederick	Kelso	Olsen, S.	Schafer	

The motion did not prevail.

Waltman moved to amend S. F. No. 1618, as amended, as follows:

Page 33, after line 3, insert:

"Sec. 40. Minnesota Statutes 1988, section 89.72, is amended to read:

89.72 [COUNTY FOREST ACCESS ROAD ACCOUNT.]

(a) There is created in the state treasury a county forest access road account in the special revenue fund, consisting of money credited under section 296.421, subdivision 8. Money in the county forest access road account is appropriated to the commissioner for distribution to counties managing forest lands administered through a county land department under the jurisdiction of a land commissioner appointed under section 282.13. The payments must be made by July 15 and January 15 of each year through the commissioner and in proportion to each county's ownership of commercial forest lands, for purposes of constructing, reconstructing, acquiring, and maintaining county management access roads, including the acquisition of rights-of-way or easements as may be needed.

(b) Notwithstanding the provisions of paragraph (a), the commissioner shall distribute the first \$40,000 in money credited to the county forest access road account after July 1, 1989, to the town board of Minneiska township for the purpose of improving a town road which provides access to a state-operated public launching site on the Mississippi River."

Renumber sections in sequence

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Waltman amendment and the roll was called.

Rice moved that those not voting be excused from voting. The motion prevailed.

There were 44 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Knickerbocker	Olsen, S.	Schafer
Bennett	Gruenes	Limmer	Omann	Schreiber
Bishop	Gutknecht	Lynch	Ozment	Stanius
Blatz	Hartle	Macklin	Pauly	Sviggum
Burger	Haukoos	Marsh	Pellow	Swenson
Dempsey	Heap	McDonald	Poppenhagen	Tompkins
Forsythe	Henry	McPherson	Redalen	Valento
Frederick	Himle	Miller	Richter	Waltman
Frerichs	Hugoson	Morrison	Runbeck	

Those who voted in the negative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Segal
Battaglia	Hasskamp	Long	Ostrom	Simoneau
Bauerly	Jacobs	McEachern	Otis	Solberg
Beard	Janezich	McGuire	Pappas	Sparby
Begich	Jaros	McLaughlin	Pelowski	Steensma
Bertram	Jefferson	Munger	Peterson	Tjornhom
Brown	Jennings	Murphy	Price	Trimble
Carlson, L.	Johnson, A.	Nelson, C.	Pugh	Tunheim
Carruthers	Johnson, R.	Nelson, K.	Quinn	Vellenga
Clark	Kalis	Neuenschwander	Reding	Wagenius
Conway	Kelly	O'Connor	Rest	Weaver
Cooper	Kelso	Ogren	Rice	Welle
Dauner	Kinkel	Olson, E.	Rodosovich	Wenzel
Dawkins	Kostohryz	Olson, K.	Rukavina	Williams
Dille	Krueger	Onnen	Sarna	Winter
Dorn	Lasley	Orenstein	Scheid	Wynia
				Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Schreiber moved to amend S. F. No. 1618, as amended, as follows:

Pages 26 and 27, delete section 32

Renumber the sections in sequence

A roll call was requested and properly seconded.

The question was taken on the Schreiber amendment and the roll was called.

Rice moved that those not voting be excused from voting. The motion prevailed.

There were 38 yeas and 90 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Hugoson	Onnen	Stanius
Bennett	Gruenes	Knickerbocker	Pauly	Sviggum
Blatz	Gutknecht	Limmer	Pellow	Swenson
Boo	Hartle	Lynch	Redalen	Tjornhom
Dempsey	Haukoos	Marsh	Richter	Valento
Dille	Heap	McDonald	Schafer	Waltman
Forsythe	Henry	McPherson	Scheid	
Frederick	Himle	Miller	Schreiber	

Those who voted in the negative were:

Anderson, G.	Greenfield	Lieder	Omann	Sarna
Anderson, R.	Hasskamp	Long	Orenstein	Seaberg
Battaglia	Jacobs	Macklin	Osthoff	Segal
Bauerly	Janezich	McEachern	Ostrom	Simoneau
Beard	Jaros	McGuire	Otis	Solberg
Begich	Jefferson	McLaughlin	Ozment	Sparby
Bertram	Jennings	Milbert	Pappas	Steensma
Brown	Johnson, A.	Morrison	Pelowski	Trimble
Carlson, D.	Johnson, R.	Munger	Peterson	Tunheim
Carlson, L.	Johnson, V.	Murphy	Price	Vellenga
Carruthers	Kahn	Nelson, C.	Pugh	Wagenius
Clark	Kalis	Nelson, K.	Quinn	Weaver
Conway	Kelly	Neuenschwander	Reding	Welle
Cooper	Kelso	O'Connor	Rest	Wenzel
Dauner	Kinkel	Ogren	Rice	Williams
Dawkins	Kostohryz	Olsen, S.	Rodosovich	Winter
Dorn	Krueger	Olson, E.	Rukavina	Wynia
Ferichs	Lasley	Olson, K.	Runbeck	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

McPherson moved to amend S. F. No. 1618, as amended, as follows:

Page 34, after line 27, insert:

"Section 41. Minnesota Statutes 1988, section 168.123, subdivision 2, is amended to read:

Subd. 2. [DESIGN.] The commissioner of veterans affairs shall design the special plates, subject to the approval of the registrar, that satisfy the following requirements:

(a) For a Vietnam veteran who served after July 1, 1961, and before July 1, 1978, the special plates must bear the inscription "VIETNAM VET" and the letters "V" and "V" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

(b) For a veteran stationed on the island of Oahu, Hawaii, or offshore, during the attack on Pearl Harbor on December 7, 1941, the special plates must bear the inscription "PEARL HARBOR SURVIVOR" and the letters "P" and "H" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

(c) For a veteran who served during World War I or World War II, the special plates must bear the inscription "WORLD WAR VET" and:

(1) for a World War I veteran, the characters "W" and "I" with the first character directly above the second character and both characters just preceding the first numeral of the special license plate number; or

(2) for a World War II veteran, the characters "W" and "II" with the first character directly above the second character and both characters just preceding the first numeral of the special license plate number.

(d) For a veteran who served during the Korean Conflict, the special plates must bear the inscription "KOREAN VET" and the letters "K" and "V" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

(e) For a combat wounded veteran who is a recipient of the purple heart medal, the special plates must bear the inscription "COMBAT WOUNDED VET" and inscribed with a facsimile of the official purple heart medal and the letters "c" over "w" with the first letter directly over the second letter just preceding the first numeral of the special license plate number."

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Kelly, Trimble, Vellenga, Price, Long, Otis, Valento, Pappas, Orenstein, Carruthers, Weaver, Forsythe, Pauly, Morrison and Tjornhom moved to amend S. F. No. 1618, as amended, as follows:

Page 5, after line 5, insert:

"A grant for light rail transit service within the seven-county metropolitan area must be made only with the approval of the regional transit board."

The motion prevailed and the amendment was adopted.

McLaughlin moved to amend S. F. No. 1618, as amended, as follows:

Page 40, after line 5, insert:

"Sec. 49. Minnesota Statutes 1988, section 473.384, subdivision 7, is amended to read:

Subd. 7. [MTC IMPACT ASSESSMENT.] Prior to entering into a contract for operating assistance with a recipient other than the transit commission the board shall evaluate the effect, if any, of the contract on the ridership, routes, schedules, fares, and staffing levels of the existing and proposed service provided by the commission. A copy of the assessment must be provided to the commission. The board may enter into the contract only if it determines that the service to be assisted under the contract will not impose an undue hardship on the ridership or financial condition of the commission, or cause the dismissal of persons that are employed by the commission. The requirements of this subdivision do not apply to contracts for assistance to recipients who, as part of a negotiated cost-sharing arrangement with the board, pay a substantial part of the cost of services that directly benefit the recipient as an institution or organization."

Renumber the following section in sequence

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1618, A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions;

providing for regulation of certain activities and practices; requiring studies and reports; fixing and limiting fees; amending Minnesota Statutes 1988, sections 12.14; 41A.09; 43A.08, subdivision 1; 237.30; 341.10; 473.384, subdivision 7; and 473.386, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 299C.

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 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Knickerbocker	Olson, K.	Schafer
Anderson, G.	Frerichs	Kostohryz	Omann	Scheid
Anderson, R.	Girard	Krueger	Omen	Schreiber
Battaglia	Greenfield	Lasley	Orenstein	Seaberg
Bauerly	Gruenes	Lieder	Osthoff	Segal
Beard	Gutknecht	Limmer	Ostrom	Simoneau
Begich	Hartle	Lynch	Otis	Solberg
Bennett	Hasskamp	Macklin	Ozment	Sparby
Bertram	Haukoos	Marsh	Pappas	Stanius
Bishop	Heap	McDonald	Pauly	Steenma
Blatz	Henry	McEachern	Pellow	Sviggum
Boo	Himle	McGuire	Pelowski	Swenson
Brown	Hugoson	McLaughlin	Peterson	Tjornhom
Burger	Jacobs	McPherson	Poppenhagen	Tompkins
Carlson, D.	Janezich	Milbert	Price	Trimble
Carlson, L.	Jaros	Miller	Pugh	Tunheim
Carruthers	Jefferson	Morrison	Quinn	Valento
Clark	Jennings	Munger	Redalen	Vellenga
Conway	Johnson, A.	Murphy	Reding	Wagenius
Cooper	Johnson, R.	Nelson, C.	Rest	Waltman
Dauner	Johnson, V.	Nelson, K.	Rice	Weaver
Dawkins	Kahn	Neuenschwander	Richter	Welle
Dempsey	Kalis	O'Connor	Rodosovich	Wenzel
Dille	Kelly	Ogren	Rukavina	Williams
Dorn	Kelso	Olsen, S.	Runbeck	Winter
Forsythe	Kinkel	Olson, E.	Sarna	Wynia
				Spk. Vanasek

Those who voted in the negative were:

Long

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

CALL OF THE HOUSE LIFTED

McLaughlin moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

Otis was excused between the hours of 2:45 p.m. and 6:50 p.m.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Anderson, G., requested immediate consideration of H. F. No. 1759.

H. F. No. 1759 was reported to the House.

POINT OF ORDER

Miller raised a point of order pursuant to section 121, paragraph 1, of "Mason's Manual of Legislative Procedure" relating to breaches of the order of the House. Speaker pro tempore Quinn ruled the point of order not well taken.

Frerichs moved to amend H. F. No. 1759, as follows:

Page 6, line 5, delete "12,894,000" and insert "12,767,000"; delete "11,464,000" and insert "11,374,000"

Page 10, line 48, delete "509,618,000" and insert "514,231,000"; delete "548,850,000" and insert "553,463,000"

Page 12, after line 30, insert:

"Of this amount, \$4,000,000 is for rate years beginning July 1, 1989 and July 1, 1990 for the commissioner to pay facilities the lesser of actual workers' compensation insurance premiums or 120 percent of workers' compensation insurance reported on the facilities' cost report.

The biennial amount of \$5,226,000 is to pay for a wage disparity adjustment per diem for nursing homes, intermediate care facilities for the mentally retarded, and for day training and habilitation services."

Page 14, line 40, delete "206,313,000" and insert "204,529,000"; delete "205,772,000" and insert "196,574,000"

Page 14, line 44, delete "and"

Page 14, delete line 45

Page 15, delete lines 29 to 41

Page 15, delete lines 49 to 55.

Page 17, line 41, delete "18,117,000" and insert "19,117,000"; delete "18,117,000" and insert "19,117,000"

Page 17, after line 44, insert:

"Of this amount, \$1,000,000 each year shall be expended by the commissioner to develop additional work sites under the extended employment program."

Adjust totals accordingly

Page 299, line 10, after "home" insert "and for rate years beginning July 1, 1989, and July 1, 1990, the commissioner shall include workers' compensation insurance costs, provided the nursing home submits by April 5 a copy of its actual invoice for workers' compensation insurance for coverage which most nearly approximates the nursing home's rate year. The commissioner shall substitute the amount of the annual actual workers' compensation insurance premium for the amount of workers' compensation insurance reported on the cost report at an amount that is the lesser of the actual workers' compensation insurance premium submitted or 120 percent of workers' compensation insurance reported on the cost report. If the actual invoice for workers' compensation insurance is not provided by April 5, the commissioner shall disallow the nursing home's workers' compensation insurance. The disallowance shall remain in effect until the nursing home provides the actual invoice for workers' compensation insurance and amends its cost report as provided in Minnesota Rules, part 9549.0041, subpart 14. Upon receipt of that invoice, the commissioner shall adjust the nursing home's payment rate accordingly."

Page 299, line 19, after "contribution," insert "workers' compensation insurance increase,"

Page 246, after line 29, insert:

"Sec. . . . Minnesota Statutes 1988, section 252.46, is amended by adding a subdivision to read:

Subd. 15. [RATES FOR DAY TRAINING AND HABILITATION; SALARY ADJUSTMENT.] For the 12-month contract period beginning January 1, 1990, the county must recommend payment rates for day training and habilitation services for approval by the commissioner that are adjusted according to clauses (1) and (2). To be eligible for the adjustment in payment rates, the county shall require a written affidavit signed by the vendor. The affidavit must include assurances that the entire amount paid under this provision

shall be used for equitable increases for employee salaries, payroll taxes, and fringe benefits included in clause (1). That portion of the payment rate increase attributable to compliance with this subdivision and recommended for approval to the commissioner under subdivision 5, is exempt from the limits in subdivision 3. The county shall determine the salary adjustment on payment rates by:

(1) multiplying each vendor's eligible salary expenses, payroll taxes, and fringe benefits for calendar year 1989 by three and one-half percent in addition to the annual cost-of-living increase recommended under subdivision 3; and

(2) then dividing the amount in clause (1) by the total number of service units projected to be provided for the contract period.

Counties that contract for salary increases under this subdivision shall monitor expenditures according to section 252.44 and shall report the actual salary expenses and annual salary increases of vendors to the department on forms prescribed by the commissioner. This subdivision does not apply to state-operated services."

Page 332, after line 20, insert:

"Sec. . . . Minnesota Statutes 1988, section 256B.501, is amended by adding a subdivision to read:

Subd. 12. [RATES FOR INTERMEDIATE CARE FACILITIES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS; SALARY ADJUSTMENT.] For the rate period January 1, 1990, to September 30, 1991, the commissioner shall add the appropriate salary adjustment per diem calculated in clauses (1) and (2) to the total operating cost payment rate of each eligible facility. For a facility to be eligible for a salary adjustment per diem, the commissioner shall require a written affidavit signed by the provider of each facility. The affidavit must include assurances that at least 50 percent of the amount of the increase resulting from the application of the statewide composite index for the rate year beginning October 1, 1989, and the entire amount paid under this provision, shall be used for equitable increases to facility employee salaries, fringe benefits, and payroll taxes included in clause (1). Facilities with rates governed by section 252.292 or Minnesota Rules, part 9553.0075, or which are newly developed or established with payment rates effective on or after July 1, 1989, are not eligible for payments under this subdivision. The commissioner shall determine the salary adjustment per diem by:

(1) multiplying each eligible facility's total salaries, payroll taxes, and fringe benefits allowed after desk audit in each operating cost category, for the reporting year ending December 31, 1988, by three and one-half percent; and

(2) then dividing the amount in clause (1) by the facility's resident days."

Page 302, after line 36, insert:

"[WAGE DISPARITY ADJUSTMENT PER DIEM; 1988-1990.] For the rate period October 1, 1989, to June 30, 1991, the commissioner shall add the appropriate salary adjustment per diem calculated under clauses (1) to (3) to the total operating cost payment rate of each nursing home. The salary adjustment per diem for each nursing home must be determined as follows:

(1) All nursing homes must be grouped according to Minnesota hospital association districts as indicated in the Minnesota salary survey of hospitals and nursing homes for 1988 as published by the department of jobs and training. The percentage adjustment is determined according to the percentage disparity that exists between the care-related salaries of hospital employees and nursing home employees in each district. For this purpose the disparity is determined as follows:

(i) The median hourly wage for staff nurses, licensed practical nurses, and nurse assistants employed in nursing homes in each district is combined on a district basis. A corresponding value is determined for hospitals in each district.

(ii) The value determined in subclause (i) for hospital employees is divided by the corresponding value for the nursing home wages determined in subclause (i). The resulting value is the wage disparity for each district.

(iii) Nursing homes with disparity values of greater than one but less than or equal to 1.1 will receive a one percent adjustment. Nursing homes with a disparity value of greater than 1.1 but less than or equal to 1.2 will receive a two percent adjustment. Nursing homes with a disparity value of greater than 1.2 will receive a three percent adjustment.

(2) For each nursing home that reports salaries for registered nurses, licensed practical nurses, and aides, orderlies and attendants separately, the commissioner shall determine the salary adjustment per diem by multiplying the total salaries, payroll taxes, and fringe benefits allowed in each operating cost category, except management fees and administrator and central office salaries and the related payroll taxes and fringe benefits, by the appropriate percentage determined under clause (1) and then dividing the resulting amount by the nursing home's actual resident days.

(3) For each nursing home that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and

attendants separately, the salary adjustment per diem is the weighted average salary adjustment per diem increase determined under clause (2) for the district in which the nursing home is located.

Each nursing home that receives a salary adjustment per diem pursuant to this clause must adjust nursing home employee salaries by a minimum of the amount determined under clauses (1) to (3). The commissioner shall review allowable salary costs, including payroll taxes and fringe benefits, for the reporting year ending September 30, 1990, to determine whether or not each nursing home complied with this requirement. The commissioner shall report the extent to which each nursing home complied with the legislative commission on long-term care by August 1, 1991.

Until January 1, 1990, the state shall pay any increased cost to the counties resulting from implementation of the wage disparity adjustment."

Page 510, line 3, before the period, insert "for a period not to exceed four months"

Pages 565 to 572, delete section 16 and insert:

"Sec. 16. [252.501] [SERVICES FOR DEVELOPMENTALLY DISABLED PERSONS AT REGIONAL TREATMENT CENTERS.]

Subdivision 1. [CRISIS SERVICES.] Within the limits of the appropriation, technical assistance shall be available at regional treatment centers to assist counties, residential and day programming staff, and families to prevent or resolve crises that could lead to a shift in placement.

Technical assistance and consultation shall also be available in each region to providers and counties. Staff will be available to provide:

- (1) individual assessments;
- (2) program plan development and implementation assistance;
- (3) analysis of service delivery problems; and
- (4) assistance with transition planning, including technical assistance to counties and providers to develop new services, site such services, and assist with community acceptance.

By 1995, the commissioner shall develop crisis units to be operated in conjunction with the regional technical assistance services. Crisis units, not to exceed four beds per unit, shall be developed at

the regional treatment centers at Cambridge, Fergus Falls, Moose Lake, Willmar, and Faribault. These services will be available within the limits of the appropriation, when assistance at home is not possible or has failed.

Subd. 2. [REGIONAL TREATMENT CENTERS.] (a) The regional treatment centers shall provide services for persons for whom appropriate community services have not yet been identified or developed including:

(1) persons with developmental disabilities who are mentally ill;

(2) persons with developmental disabilities with such medical fragility that skilled nursing is needed; and

(3) persons with severe aggressive behavior who are self-injurious or who place others at risk.

(b) By June 1993, the commissioner shall reduce the population of the regional treatment centers to the following levels:

(1) For persons who are medically fragile, up to 60 beds will be maintained at the Faribault regional center.

(2) For persons who are mentally retarded and mentally ill, up to 35 beds will be maintained at the St. Peter regional treatment center.

(c) The commissioner shall also maintain services for an additional 100 persons at Faribault regional center for whom adequate services could not be planned and implemented by June, 1993. This group of 100 people shall be moved into community placements as appropriate services are developed, with a goal of placing all of them by July 1, 1995.

(d) The commissioner shall maintain two 15-bed residential units at Willmar regional treatment center for persons with developmental disabilities and shall plan to move the remaining residential and habilitation services for persons with developmental disabilities from that facility to the community, by June 30, 1991.

(e) The commissioner shall plan to move residential and habilitation services for persons with developmental disabilities at Moose Lake regional treatment center to community-based services by June 30, 1991.

(f) The commissioner shall plan to move residential and habilitation services for persons with developmental disabilities at the regional centers at Cambridge and Brainerd to community-based services by June 30, 1992, and by that date, all persons with

developmental disabilities at St. Peter regional center who are not dually diagnosed as mentally ill and mentally retarded will be discharged.

(g) The commissioner shall maintain one 15-bed residential unit for persons with developmental disabilities at the Fergus Falls regional treatment center and shall plan to move the remaining residential and habilitation services for persons with developmental disabilities from that facility to the community by June 30, 1992.

(h) The commissioner shall reassess the objectives and dates detailed in this subdivision as part of each biennial budget planning.

(i) No person will be discharged before an appropriate community placement is available.

Subd. 3. [SPIRITUAL CARE SERVICES.] An organized means for providing spiritual care services and follow-up shall be established as part of the comprehensive health care, congruent with the operational philosophy of the department of human services, to clients of residential group homes including residents of regional treatment centers discharged to private facilities, by persons certified for ministry in specialized settings.

Subd. 4. [EVALUATION OF COMMUNITY-BASED SERVICES DEVELOPMENT.] The commissioner shall develop an integrated approach to assessing and improving the quality of community-based services for persons with developmental disabilities.

The commissioner shall evaluate the progress of the development and quality of community-based services to determine if further development can proceed. The commissioner shall report results of the evaluation to the legislature by January 31, 1991, and January 31, 1993.

Subd. 5. [DISCHARGE OF PERSONS WITH MENTAL RETARDATION OR A RELATED CONDITION.] (a) Prior to discharge of persons with mental retardation or a related condition, a screening shall be conducted pursuant to section 256B.092, subdivision 8, and a plan developed pursuant to section 256B.092, subdivision 1a. The screening team shall determine that the services outlined in the plan can be made available in the community. For persons who have overriding health care needs or behaviors which cause injury to self or others, or cause damage to property which is an immediate threat to the physical safety of the persons or others, the following additional conditions must be met:

(1) For persons with overriding health care needs, a registered nurse or a licensed physician shall review the proposed community

services to assure that the medical needs of the person have been planned for adequately.

(2) For persons with behaviors which cause injury to self or others, or cause damage to property which is an immediate threat to the physical safety of the person or others, a qualified mental retardation professional, as that term is defined in section 256B.092, subdivision 7, shall review the proposed community services to assure that the behavioral needs of the person have been planned for adequately. The qualified mental retardation professional must have one year of experience in the areas of assessment, planning, implementation, and monitoring of individual habilitation plans which have used behavior intervention techniques.

(3) For purposes of this section, "overriding health care needs" means a medical condition that requires daily clinical monitoring by a licensed nurse.

(b) No person with mental retardation or a related condition may be discharged before an appropriate community placement is available to receive the person.

(c) A person, legal representative, or near relative may object to a proposed discharge by using the procedures in section 252.515."

Page 579, after line 16, insert:

"Sec. 26. [REPEALER.]

Minnesota Statutes 1988, section 252.50, is repealed."

Renumber sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Frerichs amendment and the roll was called. There were 26 yeas and 95 nays as follows:

Those who voted in the affirmative were:

- | | | | | |
|---------|-----------|---------------|----------|-----------|
| Abrams | Frederick | Knickerbocker | Miller | Redalen |
| Burger | Frerichs | Limmer | Morrison | Richter |
| Conway | Gruenes | Marsh | Onnen | Schafer |
| Dempsey | Gutknecht | McDonald | Osthoff | Schreiber |
| Dille | Haukoos | McPherson | Pellow | Sviggum |
| | | | | Waltman |

Those who voted in the negative were:

Anderson, R.	Hartle	Lasley	Omann	Seaberg
Battaglia	Hasskamp	Lieder	Orenstein	Segal
Bauerly	Heap	Long	Ostrom	Simoneau
Beard	Himle	Lynch	Ozment	Sparby
Begich	Hugoson	Macklin	Pauly	Stanius
Bennett	Jacobs	McEachern	Pelowski	Steenasma
Bertram	Janezich	McGuire	Peterson	Swenson
Blatz	Jaros	McLaughlin	Poppenhagen	Tjornhom
Boo	Jefferson	Milbert	Price	Tompkins
Brown	Jennings	Munger	Pugh	Tunheim
Carlson, D.	Johnson, A.	Murphy	Quinn	Vellenga
Carlson, L.	Johnson, R.	Nelson, C.	Reding	Wagenius
Carruthers	Johnson, V.	Nelson, K.	Rest	Weaver
Clark	Kalis	Neuenschwander	Rice	Welle
Cooper	Kelly	O'Connor	Rodosovich	Wenzel
Dawkins	Kelso	Ogren	Rukavina	Williams
Dorn	Kinkel	Olsen, S.	Runbeck	Winter
Girard	Kostohryz	Olson, E.	Sarna	Wynia
Greenfield	Krueger	Olson, K.	Scheid	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Hasskamp and Wenzel moved to amend H. F. No. 1759, as follows:

Page 557, line 34, after "Anoka," insert "Brainerd,"

Page 563, line 23, delete the second comma and insert "authorize the placement of beds at the Brainerd regional treatment center, and shall,"

Page 574, line 10, after "Anoka," insert "Brainerd,"

A roll call was requested and properly seconded.

The question was taken on the Hasskamp and Wenzel amendment and the roll was called. There were 41 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Abrams	Dempsey	Krueger	Olsen, S.	Scheid
Bauerly	Dille	Limmer	Olson, K.	Solberg
Beard	Hartle	McDonald	Pellow	Sparby
Bennett	Hasskamp	McEachern	Peterson	Svigum
Bertram	Heap	McGuire	Redalen	Tjornhom
Boo	Henry	Milbert	Richter	Tompkins
Burger	Jaros	Miller	Rukavina	Waltman
Carruthers	Knickerbocker	Morrison	Schafer	Welle
				Wenzel

Those who voted in the negative were:

Anderson, G.	Begich	Brown	Clark	Dauner
Anderson, R.	Bishop	Carlson, D.	Conway	Dawkins
Battaglia	Blatz	Carlson, L.	Cooper	Dorn

Forsythe	Johnson, R.	Murphy	Price	Tunheim
Frederick	Johnson, V.	Nelson, K.	Pugh	Valento
Frerichs	Kahn	Neuenschwander	Quinn	Vellenga
Girard	Kalis	O'Connor	Reding	Wagenius
Greenfield	Kostohryz	Ogren	Rice	Weaver
Gruenes	Lasley	Olson, E.	Rodosovich	Williams
Haukoos	Lieder	Onnen	Runbeck	Winter
Himle	Long	Orenstein	Sarna	Wynia
Hugoson	Lynch	Ostrom	Schreiber	Spk. Vanasek
Janezich	Macklin	Ozment	Seaberg	
Jefferson	Marsh	Pauly	Segal	
Jennings	McLaughlin	Pelowski	Stanius	
Johnson, A.	Munger	Poppenhagen	Swenson	

The motion did not prevail and the amendment was not adopted.

Stanius and Simoneau moved to amend H. F. No. 1759, as follows:

Page 187, line 21, after the period, insert "A town, municipal, or county zoning authority may require a conditional use or special use permit to assure proper maintenance and operation of a residential program. Conditions imposed on the residential program must not be more restrictive than those imposed on other conditional uses or special uses of residential property in the same zones, unless the additional conditions are necessary to protect the health and safety of the adults or children being served by the program."

Page 187, line 25, delete everything after the period and insert "A town, municipal, or county zoning authority may require a conditional use or special use permit to assure proper maintenance and operation of a residential program."

Page 187, delete line 26

Page 187, line 27, delete everything up to and including the period

Page 188, delete lines 22 to 24

A roll call was requested and properly seconded.

Lasley moved to amend the Stanius and Simoneau amendment to H. F. No. 1759, as follows:

Page 1, line 6, after "residential" insert "corrections"

Page 1, line 7, after "residential" insert "corrections"

Page 1, line 15, after "residential" insert "corrections"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 69 yeas and 57 nays as follows:

Those who voted in the affirmative were:

Abrams	Dorn	Kostohryz	Olson, E.	Runbeck
Battaglia	Greenfield	Lasley	Omann	Sarna
Bauerly	Hartle	Lieder	Osthoff	Segal
Beard	Haukoos	Long	Ostrom	Simoneau
Begich	Heap	Lynch	Ozment	Skoglund
Bertram	Jacobs	Macklin	Pappas	Sparby
Bishop	Jaros	McGuire	Pelowski	Steensma
Boo	Jefferson	McLaughlin	Poppenhagen	Sviggrum
Carlson, L.	Johnson, A.	McPherson	Price	Trimble
Clark	Johnson, R.	Murphy	Quinn	Wagenius
Conway	Kahn	Nelson, C.	Rest	Williams
Dauner	Kelly	O'Connor	Rice	Winter
Dawkins	Kelso	Ogren	Rodosovich	Spk. Vanasek
Dille	Knickerbocker	Olsen, S.	Rukavina	

Those who voted in the negative were:

Anderson, G.	Frerichs	Krueger	Pellow	Tjornhom
Anderson, R.	Girard	Limmer	Peterson	Tompkins
Bennett	Gruenes	Marsh	Pugh	Tunheim
Blatz	Gutknecht	McDonald	Redalen	Valento
Brown	Hasskamp	McEachern	Reding	Vellenga
Burger	Henry	Milbert	Richter	Waltman
Carlson, D.	Himle	Miller	Schafer	Weaver
Carruthers	Hugoson	Morrison	Scheid	Welle
Cooper	Janezich	Neuenschwander	Schreiber	Wenzel
Dempsey	Jennings	Olson, K.	Solberg	
Forsythe	Johnson, V.	Onnen	Stanius	
Frederick	Kinkel	Pauly	Swenson	

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Stanius and Simoneau amendment, as amended, and the roll was called. There were 102 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Johnson, R.	Milbert	Price
Anderson, G.	Frederick	Johnson, V.	Miller	Pugh
Bauerly	Frerichs	Kalis	Morrison	Quinn
Beard	Girard	Kelly	Munger	Redalen
Begich	Gruenes	Kelso	Neuenschwander	Reding
Bennett	Gutknecht	Kinkel	O'Connor	Richter
Bertram	Hartle	Knickerbocker	Ogren	Rukavina
Bishop	Hasskamp	Kostohryz	Olsen, S.	Runbeck
Boo	Haukoos	Krueger	Olson, E.	Sarna
Brown	Heap	Lasley	Olson, K.	Schafer
Burger	Henry	Lieder	Onnen	Scheid
Carlson, D.	Himle	Limmer	Osthoff	Schreiber
Carruthers	Hugoson	Lynch	Ostrom	Seaberg
Conway	Jacobs	Macklin	Ozment	Skoglund
Cooper	Janezich	Marsh	Pellow	Solberg
Dempsey	Jaros	McDonald	Pelowski	Sparby
Dille	Jennings	McEachern	Peterson	Stanius
Dorn	Johnson, A.	McPherson	Poppenhagen	Steensma

Swenson
Tjornhom
Tompkins

Tunheim
Valento
Wagenius

Waltman
Weaver
Welle

Wenzel
Williams
Winter

Those who voted in the negative were:

Battaglia
Blatz
Carlson, L.
Clark
Dauner
Dawkins

Greenfield
Jefferson
Kahn
Long
McGuire
McLaughlin

Murphy
Nelson, C.
Nelson, K.
Orenstein
Pappas
Pauly

Rest
Rice
Rodosovich
Segal
Sviggum
Trimble

Vellenga
Spk. Vanasek

The motion prevailed and the amendment, as amended, was adopted.

Forsythe; Stanius; Boo; Omann; Henry; McPherson; Lynch; Frerichs; Gruenes; Girard; Frederick; Abrams; Carlson, D.; Pauly; Johnson, V.; Sviggum; Burger; Blatz; Gutknecht; Bennett; Limmer; Tompkins; Knickerbocker; Weaver; Heap; Pellow and Bishop moved to amend H. F. No. 1759, as amended, as follows:

Page 12, line 8, before "Payments" insert:

"Of this appropriation, \$6,555,000 in fiscal year 1990 and \$9,061,000 in fiscal year 1991 is for the increased costs of changing the base year for reimbursing certain medical assistance vendors. Agency base spending shall be reduced by these amounts each fiscal year. Beginning July 1, 1989,"

Page 12, line 18, delete "continue to"

Page 12, line 21, delete "1982" and insert "1984"

A roll call was requested and properly seconded.

The question was taken on the Forsythe et al amendment and the roll was called. There were 71 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Abrams
Beard
Bennett
Bertram
Bishop
Blatz
Boo
Burger
Carlson, D.
Cooper
Dauner

Dempsey
Dille
Forsythe
Frederick
Frerichs
Girard
Gruenes
Gutknecht
Hartle
Hasskamp
Haukoos

Heap
Henry
Himle
Hugoson
Johnson, V.
Kelso
Kinkel
Knickerbocker
Kostohryz
Krueger
Limmer

Lynch
Macklin
Marsh
McDonald
McGuire
McPherson
Miller
Morrison
Olsen, S.
Olson, K.
Omann

Onnen
Ozment
Pauly
Pellow
Peterson
Poppenhagen
Redalen
Reding
Richter
Runbeck
Schafer

Schreiber	Stanius	Tjornhom	Weaver
Seaberg	Steensma	Tompkins	Welle
Solberg	Swiggum	Valento	Wenzel
Sparby	Swenson	Waltman	Winter

Those who voted in the negative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Scheid
Anderson, R.	Jacobs	Long	Ostrom	Segal
Battaglia	Janezich	McEachern	Pappas	Simoneau
Bauerly	Jaros	McLaughlin	Pelowski	Skoglund
Begich	Jefferson	Munger	Price	Trimble
Brown	Jennings	Murphy	Pugh	Tunheim
Carlson, L.	Johnson, A.	Nelson, C.	Quinn	Vellenga
Carruthers	Johnson, R.	Nelson, K.	Rest	Wagenius
Clark	Kahn	Neuenschwander	Rice	Williams
Conway	Kalis	O'Connor	Rodosovich	Wynia
Dawkins	Kelly	Olson, E.	Rukavina	Spk. Vanasek
Dorn	Lasley	Orenstein	Sarna	

The motion prevailed and the amendment was adopted.

Pauly moved to amend H. F. No. 1759, as amended, as follows:

Page 88, line 7, after the period insert:

“The portion of the plan relating to a city within the county may be prepared by the city and must include a division of the city into from 6 to 30 areas or neighborhoods of approximately equal population, and a procedure for placement of state-licensed residential facilities so that none of the city’s areas or neighborhoods shall contain a second state-licensed residential facility until each area or neighborhood contains at least one. The plan must provide a similar policy for placement of additional state-licensed residential facilities after the first so that they are evenly dispersed throughout each city.”

The motion prevailed and the amendment was adopted.

CALL OF THE HOUSE

On the motion of Anderson, G., and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abrams	Brown	Forsythe	Himle	Kelso
Anderson, G.	Burger	Frederick	Hugoson	Kinkel
Anderson, R.	Carlson, D.	Frerichs	Jacobs	Knickerbocker
Battaglia	Carlson, L.	Girard	Janezich	Krueger
Bauerly	Greenfield	Jaros	Jaros	Lasley
Beard	Clark	Gruenes	Jefferson	Lieder
Begich	Conway	Gutknecht	Johnson, A.	Limmer
Bennett	Cooper	Hartle	Johnson, R.	Long
Bertram	Dauner	Hasskamp	Johnson, V.	Lynch
Bishop	Dawkins	Haukoos	Kahn	Macklin
Blatz	Dempsey	Heap	Kalis	Marsh
Boo	Dorn	Henry	Kelly	McDonald

McEachern	Olsen, S.	Peterson	Schafer	Trimble
McGuire	Olson, E.	Poppenhagen	Scheid	Tunheim
McLaughlin	Olson, K.	Price	Schreiber	Valento
McPherson	Omman	Pugh	Seaberg	Vellenga
Milbert	Onnen	Quinn	Segal	Wagenius
Morrison	Orenstein	Redalen	Skoglund	Waltman
Munger	Osthoff	Reding	Sparby	Weaver
Murphy	Ostrom	Rest	Stanius	Welle
Nelson, C.	Ozment	Richter	Steenmsa	Wenzel
Nelson, K.	Pappas	Rodosovich	Sviggum	Williams
Neuenschwander	Pauly	Rukavina	Swenson	Winter
O'Connor	Pellow	Runbeck	Tjornhom	Wynia
Ogren	Pelowski	Sarna	Tompkins	Spk. Vanasek

Wynia moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Tompkins; Valento; Heap; Poppenhagen; Lynch; Onnen; Seaberg; Pellow; Girard; Johnson, V.; Schafer; Frerichs; McDonald; Ozment; Henry; Richter; Hugoson; Frederick; Abrams; McPherson; Macklin; Dauner; Haukoos and Tjornhom moved to amend H. F. No. 1759, as amended, as follows:

Page 299, line 10, after "home" insert ", and for rate years beginning July 1, 1989, and July 1, 1990, the commissioner shall include workers' compensation insurance costs, provided the nursing home submits by April 5 a copy of its actual invoice for workers' compensation insurance for coverage which most nearly approximates the nursing home's rate year. The commissioner shall substitute the amount of the annual actual workers' compensation insurance premium for the amount of workers' compensation insurance reported on the cost report at an amount that is the lesser of the actual workers' compensation insurance premium submitted or 120 percent of workers' compensation insurance reported on the cost report. If the actual invoice for workers' compensation insurance is not provided by April 5, the commissioner shall disallow the nursing home's workers' compensation insurance. The disallowance shall remain in effect until the nursing home provides the actual invoice for workers' compensation insurance and amends its cost report as provided in Minnesota Rules, part 9549.0041, subpart 14. Upon receipt of that invoice, the commissioner shall adjust the nursing home's payment rate accordingly."

Page 299, line 19, after "contribution," insert "workers' compensation insurance increase,"

Page 302, after line 36, insert:

"[WAGE DISPARITY ADJUSTMENT PER DIEM; 1988-1990.] For the rate period October 1, 1989, to June 30, 1991, the commissioner shall add the appropriate salary adjustment per diem calculated under clauses (1) to (3) to the total operating cost payment rate

of each nursing home. The salary adjustment per diem for each nursing home must be determined as follows:

(1) All nursing homes must be grouped according to Minnesota hospital association districts as indicated in the Minnesota salary survey of hospitals and nursing homes for 1988 as published by the department of jobs and training. The percentage adjustment is determined according to the percentage disparity that exists between the care-related salaries of hospital employees and nursing home employees in each district. For this purpose the disparity is determined as follows:

(i) The median hourly wage for staff nurses, licensed practical nurses, and nurse assistants employed in nursing homes in each district is combined on a district basis. A corresponding value is determined for hospitals in each district.

(ii) The value determined in subclause (i) for hospital employees is divided by the corresponding value for the nursing home wages determined in subclause (i). The resulting value is the wage disparity for each district.

(iii) Nursing homes with disparity values of greater than one but less than or equal to 1.1 will receive a one percent adjustment. Nursing homes with a disparity value of greater than 1.1 but less than or equal to 1.2 will receive a two percent adjustment. Nursing homes with a disparity value of greater than 1.2 will receive a three percent adjustment.

(2) For each nursing home that reports salaries for registered nurses, licensed practical nurses, and aides, orderlies and attendants separately, the commissioner shall determine the salary adjustment per diem by multiplying the total salaries, payroll taxes, and fringe benefits allowed in each operating cost category, except management fees and administrator and central office salaries and the related payroll taxes and fringe benefits, by the appropriate percentage determined under clause (1) and then dividing the resulting amount by the nursing home's actual resident days.

(3) For each nursing home that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the salary adjustment per diem is the weighted average salary adjustment per diem increase determined under clause (2) for the district in which the nursing home is located.

Each nursing home that receives a salary adjustment per diem pursuant to this clause must adjust nursing home employee salaries by a minimum of the amount determined under clauses (1) to (3). The commissioner shall review allowable salary costs, including payroll taxes and fringe benefits, for the reporting year ending

September 30, 1990, to determine whether or not each nursing home complied with this requirement. The commissioner shall report the extent to which each nursing home complied with the legislative commission on long-term care by August 1, 1991."

Page 304, line 14, delete "a subdivision" and insert "subdivisions"

Page 304, after line 28, insert:

"Subd. 21. [CASE MIX COST ALLOCATION ADJUSTMENT.] For rate years beginning after June 30, 1989, the commissioner shall adjust a nursing home's total payment rate established in Minnesota Rules, part 9549.0070, subpart 1, according to paragraphs (a) to (h):

(a) A nursing home whose nursing facility beds are not 100 percent certified for Medicare by the end of the reporting year ending September 30, 1988, and each full reporting year thereafter, is not eligible for a case mix cost allocation adjustment per diem.

(b) The commissioner shall calculate each nursing home's Medicare case mix score by dividing each home's standardized Medicare resident days by its actual Medicare resident days for the reporting year.

(c) The commissioner shall calculate each nursing home's total case mix score by dividing each home's standardized resident days by its actual resident days for the reporting year.

(d) The commissioner shall subtract the nursing home's total case mix score from the home's Medicare case mix score and multiply the difference by the allowable historical case mix operating cost standardized per diem, as established in Minnesota Rules, part 9549.0054, subpart 3.

(e) The commissioner shall calculate the case mix cost allocation adjustment factor by multiplying the amount calculated in paragraph (c) by the number of actual Medicare resident days in the reporting year.

(f) The commissioner shall calculate the case mix cost allocation adjustment per diem by multiplying the case mix cost allocation adjustment factor by the care-related annual adjustment factor, as established in Minnesota Rules, part 9549.0055, subpart 1, item A, and dividing the product by the sum of the number of actual medical assistance resident days and private pay resident days in the reporting year.

(g) The commissioner shall add the case mix cost allocation

adjustment per diem calculated in paragraph (e) to the nursing home's total payment rate.

(h) A case mix cost allocation adjustment paid under this subdivision is subject to retroactive recovery if the Health Care Financing Administration disapproves the commissioner's state plan amendment."

Page 309, after line 1, insert:

"(f) [CAPITAL ASSET REPLACEMENT FUND.] For rate years beginning on or after July 1, 1990, the commissioner shall establish a capital asset replacement fund per diem for each nursing home. The capital asset replacement fund per diem equals the nursing home's allowable appraised value multiplied by .03, divided by the home's capacity days as determined under Minnesota Rules, part 9549.0060, subpart 11, as modified by paragraph (c) for the preceding reporting year. The nursing home must establish, manage, and use the capital asset replacement fund as provided in clauses 1 to 7.

(1) The nursing home must annually deposit to the capital asset replacement fund, within 30 days after the end of the reporting year, an amount equal to the capital asset replacement fund per diem multiplied by the nursing home's proportion of resident days appropriate to the capital asset replacement fund per diem established for that reporting year. For the reporting year ending September 30, 1989, the nursing home's resident days must be multiplied by .25.

(2) Capital asset replacement funds must be invested in liquid marketable investments such as savings or money market accounts, certificates of deposit and United States treasury bills. A separate capital asset replacement fund account must be maintained for each nursing home.

(3) Capital asset replacement funds and the interest income earned on the capital asset replacement funds may only be used for the cost of capitalized repair, renovation, or replacement of the nursing home's buildings, attached fixtures, or land improvements that were incurred after June 30, 1990.

(4) Capital asset replacement funds and the interest income earned on the capital asset replacement funds attach to the nursing home, and shall remain the property of the nursing home regardless of a sale, change of ownership, or reorganization of provider entity. If the nursing home is decertified or delicensed, and the nursing home's beds are not replaced as certified nursing home beds under the medical assistance program, the commissioner shall recapture all remaining capital asset replacement funds, including any interest income earned thereon.

(5) Capital asset replacement funds managed or used contrary to any of the provisions of this paragraph must be recaptured by the commissioner through desk audit or field audit adjustments.

(6) The terms "renovation" and "replacement" have the meanings given them in section 144A.073, subdivision 1.

(7) The terms "reporting year," "rate year," "buildings," "attached fixtures," "land improvements," "repairs," and "resident days," have the meanings given them in Minnesota Rules, parts 9549.0010 to 9549.0080."

Page 309, line 2, delete "(f)" and insert "(g)"

Page 317, line 28, delete "20" and insert "35"

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Hasskamp moved to amend H. F. No. 1759, as amended, as follows:

Page 564, lines 29 to 33, delete the new language

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

MOTION FOR RECONSIDERATION

Krueger moved that the vote whereby the Forsythe et al amendment to H. F. No. 1759, as amended, which was adopted earlier today be now reconsidered.

A roll call was requested and properly seconded.

The question was taken on the Krueger motion and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 76 yeas and 51 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dorn	Lasley	Orenstein	Sarna
Anderson, R.	Greenfield	Lieder	Osthoff	Segal
Battaglia	Jacobs	Long	Ostrom	Skoglund
Bauerly	Janezich	McEachern	Pappas	Solberg
Beard	Jefferson	McGuire	Pelowski	Sparby
Begich	Jennings	McLaughlin	Peterson	Steenasma
Bertram	Johnson, A.	Munger	Price	Trimble
Brown	Johnson, R.	Murphy	Pugh	Tunheim
Carlson, L.	Kahn	Nelson, C.	Quinn	Vellenga
Carruthers	Kalis	Nelson, K.	Redalen	Wagenius
Clark	Kelly	Neuenschwander	Reding	Welle
Conway	Kelso	O'Connor	Rest	Wenzel
Cooper	Kinkel	Ogren	Rice	Williams
Dauner	Kostohryz	Olson, E.	Rodosovich	Winter
Dawkins	Krueger	Olson, K.	Rukavina	Wynia
				Spk. Vanasek

Those who voted in the negative were:

Abrams	Frederick	Hugoson	Morrison	Schafer
Bennett	Frerichs	Johnson, V.	Olsen, S.	Schreiber
Bishop	Girard	Knickerbocker	Omann	Seaberg
Blatz	Gruenes	Limmer	Onnen	Stanius
Boo	Gutknecht	Lynch	Ozment	Svigum
Burger	Hartle	Macklin	Pauly	Swenson
Carlson, D.	Haukoos	Marsh	Pellow	Tjornhom
Dempsey	Heap	McDonald	Poppenhagen	Tompkins
Dille	Henry	McPherson	Richter	Valento
Forsythe	Himle	Miller	Runbeck	Waltman
				Weaver

The motion prevailed.

The Forsythe et al amendment to H. F. No. 1759, as amended, was reported to the House.

Forsythe; Stanius; Boo; Omann; Henry; McPherson; Lynch; Frerichs; Gruenes; Girard; Frederick; Abrams; Carlson, D.; Pauly; Johnson, V.; Sviggum; Burger; Blatz; Gutknecht; Bennett; Limmer; Tompkins; Knickerbocker; Weaver; Heap; Pellow and Bishop moved to amend H. F. No. 1759, as amended, as follows:

Page 12, line 8, before "Payments" insert:

"Of this appropriation, \$6,555,000 in fiscal year 1990 and \$9,061,000 in fiscal year 1991 is for the increased costs of changing the base year for reimbursing certain medical assistance vendors. Agency base spending shall be reduced by these amounts each fiscal year. Beginning July 1, 1989,"

Page 12, line 18, delete "continue to"

Page 12, line 21, delete "1982" and insert "1984"

A roll call was requested and properly seconded.

The question was taken on the Forsythe et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 59 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Kinkel	Olson, K.	Schreiber
Bennett	Gruenes	Knickerbocker	Omann	Seaberg
Bishop	Gutknecht	Kostohryz	Onnen	Solberg
Blatz	Hartle	Limmer	Osthoff	Stanius
Boo	Hasskamp	Lynch	Ozment	Swiggum
Burger	Haukoos	Macklin	Pauly	Swenson
Carlson, D.	Heap	Marsh	Pellow	Tjornhom
Dempsey	Henry	McDonald	Poppenhagen	Tompkins
Dille	Himle	McPherson	Redalen	Valento
Forsythe	Hugoson	Miller	Richter	Waltman
Frederick	Johnson, R.	Morrison	Runbeck	Weaver
Frerichs	Johnson, V.	Olsen, S.	Schafer	

Those who voted in the negative were:

Anderson, G.	Dawkins	Lieder	Pappas	Sparby
Anderson, R.	Dorn	Long	Pelowski	Steensma
Battaglia	Greenfield	McEachern	Peterson	Trimble
Bauerly	Jacobs	McLaughlin	Price	Tunheim
Beard	Janezich	Munger	Quinn	Vellenga
Begich	Jefferson	Murphy	Reding	Wagenius
Bertram	Jennings	Nelson, C.	Rest	Welle
Brown	Johnson, A.	Nelson, K.	Rice	Wenzel
Carlson, L.	Kahn	Neuenschwander	Rodosovich	Williams
Carruthers	Kalis	O'Connor	Rukavina	Winter
Clark	Kelly	Ogren	Sarna	Wynia
Conway	Kelso	Olson, E.	Scheid	Spk. Vanasek
Cooper	Krueger	Orenstein	Segal	
Dauner	Lasley	Ostrom	Skoglund	

The motion did not prevail and the amendment was not adopted.

Skoglund was excused for the remainder of today's session.

Burger moved to amend H. F. No. 1759, as amended, as follows:

Page 579, after line 16, insert:

"ARTICLE 7
REDUCTIONS

Sec. 26. [REDUCTIONS.]

Subdivision 1. Each item of appropriation in the preceding sec-

tions of this act, except those dedicated to the purpose of the appropriation by the Minnesota Constitution or federal law, is reduced by eight percent.

Subd. 2. The amount of money by which appropriations are reduced pursuant to subdivision 1 is appropriated in part as provided in this subdivision.

(a) One-eighth is appropriated to the commissioner of education to be disbursed to improve the quality of education in grades kindergarten through 12.

(b) One-eighth is appropriated to the higher education coordinating board to be disbursed to improve the quality of post-secondary education.

(c) One-eighth is appropriated to a special account in the general fund to be appropriated by other law in 1990 to provide property tax relief to commercial and industrial property.

Each disbursement under paragraphs (a) and (b) must be referred to the legislative advisory commission for its recommendation. Its recommendation is advisory only. Failure or refusal of the commission to make a recommendation promptly is a negative recommendation."

A roll call was requested and properly seconded.

The question was taken on the Burger amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 44 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Limmer	Omann	Seaberg
Bishop	Girard	Lynch	Onnen	Sviggum
Blatz	Gutknecht	Macklin	Osthoff	Swenson
Boo	Haukoos	Marsh	Pellow	Tjornhom
Burger	Heap	McDonald	Poppenhagen	Tompkins
Dempsey	Henry	McPherson	Redalen	Valento
Dille	Himle	Miller	Richter	Waltman
Forsythe	Hugoson	Morrison	Schafer	Weaver
Frederick	Knickerbocker	Olsen, S.	Schreiber	

Those who voted in the negative were:

Anderson, G.	Battaglia	Beard	Bennett	Brown
Anderson, R.	Bauerly	Begich	Bertram	Carlson, D.

Carlson, L.	Jennings	McGuire	Pappas	Solberg
Carruthers	Johnson, A.	McLaughlin	Pelowski	Sparby
Clark	Johnson, R.	Milbert	Peterson	Stanius
Conway	Johnson, V.	Munger	Price	Steensma
Cooper	Kahn	Murphy	Pugh	Trimble
Dauner	Kalis	Nelson, C.	Quinn	Tunheim
Dawkins	Kelly	Nelson, K.	Reding	Vellenga
Dorn	Kelso	Neuenschwander	Rest	Wagenius
Greenfield	Kinkel	O'Connor	Rice	Welle
Gruenes	Kostohryz	Ogren	Rodosovich	Wenzel
Hartle	Krueger	Olson, E.	Rukavina	Williams
Hasskamp	Lasley	Olson, K.	Runbeck	Winter
Jacobs	Lieder	Orenstein	Sarna	Wynia
Janezich	Long	Ostrom	Scheid	Spk. Vanasek
Jefferson	McEachern	Ozment	Segal	

The motion did not prevail and the amendment was not adopted.

Stanius; Gruenes; Johnson, V.; Miller; Sviggum; Bennett; Poppenhagen; Forsythe and Swenson moved to amend H. F. No. 1759, as amended, as follows:

Page 437, line 35, delete everything after the semicolon

Page 437, line 36, delete everything up to and including the semicolon

Page 438, line 16, after the second comma, insert "and"

Page 438, line 17, delete ", and the food stamp"

Page 440, line 5, delete "sum of the" and "and the full"

Page 440, line 6, delete "cash value of food stamps"

Page 440, line 12, delete everything after the period

Page 440, delete lines 13 to 19

Page 442, line 14, delete the comma

Page 442, line 15, delete "food stamp,"

Page 442, line 21, delete ", food stamp,"

Page 442, line 26, delete "food stamp,"

Page 442, line 32, delete "food coupons or"

Page 443, line 4, delete everything after the period

Page 443, delete lines 5 to 11

Page 443, line 36, delete everything up to and including the semicolon

Page 446, line 2, after "256.74" delete the remainder of the line

Page 446, delete line 3

Page 447, line 4, delete "amended,"

Page 449, line 11, delete "according to the processing" and insert "but, in any event,"

Page 449, delete line 12

Pages 449 and 450, delete subdivisions 6 to 9

A roll call was requested and properly seconded.

The question was taken on the Stanius et al amendment and the roll was called.

McLaughlin moved that those not voting be excused from voting. The motion prevailed.

There were 63 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Johnson, V.	Olson, E.	Schreiber
Bennett	Frederick	Knickerbocker	Olson, K.	Seaberg
Bertram	Frerichs	Limmer	Omann	Stanius
Bishop	Girard	Lynch	Onnen	Sviggum
Blatz	Gruenes	Macklin	Ozment	Swenson
Boo	Gutknecht	Marsh	Pauly	Tjornhom
Burger	Hartle	McDonald	Pellow	Tompkins
Carlson, D.	Haukoos	McPherson	Pelowski	Tunheim
Cooper	Heap	Miller	Poppenhagen	Valento
Dauner	Henry	Morrison	Redalen	Waltman
Dempsey	Himle	Munger	Richter	Weaver
Dille	Hugoson	Neuenschwander	Runbeck	
Dorn	Jennings	Olsen, S.	Schafer	

Those who voted in the negative were:

Anderson, G.	Greenfield	Kostohryz	Ogren	Rice
Anderson, R.	Jacobs	Krueger	Orenstein	Rodosovich
Battaglia	Janezich	Lasley	Osthoft	Rukavina
Beard	Jefferson	Long	Ostrom	Sarna
Begich	Johnson, A.	McEachern	Pappas	Scheid
Brown	Johnson, R.	McGuire	Peterson	Segal
Carlson, L.	Kahn	McLaughlin	Price	Simoneau
Carruthers	Kalis	Murphy	Pugh	Solberg
Clark	Kelly	Nelson, C.	Quinn	Sparby
Conway	Kelso	Nelson, K.	Reding	Steensma
Dawkins	Kinkel	O'Connor	Rest	Trimble

Vellenga
Wagenius

Welle
Wenzel

Williams
Winter

Wynia
Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Macklin; Limmer; Heap; Bertram; Swenson; Valento; Tjornhom; Pellow; McDonald; Jennings; Henry; Blatz; Stanius; Tompkins; Richter; Seaberg; Frerichs; Johnson, R.; Kinkel; Bennett; Scheid; Runbeck and Frederick moved to amend H. F. No. 1759, as amended, as follows:

Page 504, line 20, before "Each" insert "Except as provided in section 256D.06, subdivision 1d,"

Page 509, line 35, before "A" insert "Except as provided in section 256D.06, subdivision 1d,"

Page 520, after line 9, insert:

"Sec. 69. Minnesota Statutes 1988, section 256D.06, is amended by adding a subdivision to read:

Subd. 1d. [GENERAL ASSISTANCE AND WORK READINESS FOR NEW RESIDENTS.] This subdivision applies to assistance units without minor children who have been residing in the state less than six months. General assistance and work readiness assistance shall be granted to an eligible unit in an amount that, when added to the nonexempt income actually available to the assistance unit, will equal the amount of assistance that the unit received or was eligible to receive in the last state in which the unit resided, up to a maximum amount. The maximum amount shall be the assistance that would be paid to the unit under subdivision 1. Nonexempt income is the income considered available under Minnesota Rules, parts 9500.1200 to 9500.1270."

Renumber sections in sequence

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Macklin et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 107 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Knickerbocker	Olson, E.	Schafer
Anderson, G.	Frerichs	Kostohryz	Olson, K.	Scheid
Anderson, R.	Girard	Krueger	Omann	Schreiber
Bauerly	Gruenes	Lasley	Onnen	Seaberg
Beard	Gutknecht	Lieder	Osthoff	Solberg
Begich	Hartle	Limmer	Ostrom	Sparby
Bennett	Hasskamp	Long	Ozment	Stanius
Bertram	Haukoos	Lynch	Pauly	Steensma
Bishop	Heap	Macklin	Pellow	Sviggum
Blatz	Henry	Marsh	Pelowski	Swenson
Boo	Himle	McDonald	Peterson	Tjornhom
Brown	Hugoson	McEachern	Poppenhagen	Tompkins
Burger	Jacobs	McGuire	Price	Tunheim
Carlson, D.	Janezich	McPherson	Pugh	Valento
Carlson, L.	Jennings	Milbert	Quinn	Waltman
Carruthers	Johnson, A.	Miller	Redalen	Weaver
Conway	Johnson, R.	Morrison	Reding	Welle
Cooper	Johnson, V.	Munger	Rest	Wenzel
Dauner	Kalis	Nelson, C.	Richter	Winter
Dempsey	Kelly	Neuenschwander	Rukavina	
Dille	Kelso	O'Connor	Runbeck	
Forsythe	Kinkel	Olsen, S.	Sarna	

Those who voted in the negative were:

Battaglia	Jefferson	Ogren	Segal	Spk. Vanasek
Clark	Kahn	Orenstein	Simoneau	
Dawkins	McLaughlin	Pappas	Vellenga	
Dorn	Murphy	Rice	Wagenius	
Greenfield	Nelson, K.	Rodosovich	Wynia	

The motion prevailed and the amendment was adopted.

Schreiber moved to amend H. F. No. 1759, as amended, as follows:

Page 444, line 28, delete "24" and insert "12"

Page 444, line 29, delete "36" and insert "18"; delete "25th" and insert "13th"

Page 447, line 3, delete "24" and insert "12"; delete "36" and insert "24"

Page 449, line 4, delete "18" and insert "nine"; delete "36" and insert "18"

Page 449, line 6, delete "24th" and insert "13th"

The motion did not prevail and the amendment was not adopted.

Hasskamp and Wenzel moved to amend H. F. No. 1759, as amended, as follows:

Page 573, line 9, delete "a" and insert "their"

The motion prevailed and the amendment was adopted.

Gruenes, Waltman, Stanius, Frederick, Sviggum, Onnen, Bennett, Forsythe and Gutknecht moved to amend H. F. No. 1759, as amended, as follows:

Page 6, line 5, delete "11,464,000" and insert "10,594,000"

Page 6, line 17, delete "4,565,000" and insert "4,139,000"

Page 6, line 28, delete "127,243,000" and insert "123,491,000"

Page 8, line 2, delete "156,550,000" and insert "156,507,000"

Page 10, line 48, delete "\$509,618,000" and insert "\$520,332,000"

Page 10, line 48, delete "\$548,850,000" and insert "\$547,663,000"

Page 12, after line 30, insert:

"Of this amount, \$10,000,000 is for rate years beginning after June 30, 1989, for a case mix cost allocation adjustment per diem for nursing homes that are 100 percent Medicare certified."

Page 13, line 7, delete "\$24,960,000" and insert "\$24,785,000"

Page 14, line 40, delete "205,772,000" and insert "201,708,000"

Page 16, line 28, delete "1,018,000" and insert "821,000"

Adjust totals accordingly

Page 304, line 14, delete "a subdivision" and insert "subdivisions"

Page 304, after line 28, insert:

"Subd. 21. [CASE MIX COST ALLOCATION ADJUSTMENT.] For rate years beginning after June 30, 1989, the commissioner shall adjust a nursing home's total payment rate established in Minnesota Rules, part 9549.0070, subpart 1, according to paragraphs (a) to (h):

(a) A nursing home whose nursing facility beds are not 100 percent certified for Medicare by the end of the reporting year ending September 30, 1988, and each full reporting year thereafter, is not eligible for a case mix cost allocation adjustment per diem.

(b) The commissioner shall calculate each nursing home's Medicare case mix score by dividing each home's standardized Medicare resident days by its actual Medicare resident days for the reporting year.

(c) The commissioner shall calculate each nursing home's total case mix score by dividing each home's standardized resident days by its actual resident days for the reporting year.

(d) The commissioner shall subtract the nursing home's total case mix score from the home's Medicare case mix score and multiply the difference by the allowable historical case mix operating cost standardized per diem, as established in Minnesota Rules, part 9549.0054, subpart 3.

(e) The commissioner shall calculate the case mix cost allocation adjustment factor by multiplying the amount calculated in paragraph (c) by the number of actual Medicare resident days in the reporting year.

(f) The commissioner shall calculate the case mix cost allocation adjustment per diem by multiplying the case mix cost allocation adjustment factor by the care-related annual adjustment factor, as established in Minnesota Rules, part 9549.0055, subpart 1, item A, and dividing the product by the sum of the number of actual medical assistance resident days and private pay resident days in the reporting year.

(g) The commissioner shall add the case mix cost allocation adjustment per diem calculated in paragraph (e) to the nursing home's total payment rate.

(h) A case mix cost allocation adjustment paid under this subdivision is subject to retroactive recovery if the Health Care Financing Administration disapproves the commissioner's state plan amendment."

Page 557, line 9, delete "1990" and insert "1991"

Page 566, line 20, delete "1990" and insert "1991"

Page 574, line 22, delete "1990" and insert "1991"

Page 574, line 25, delete "1990" and insert "1991"

Page 576, line 2, delete "1990" and insert "1991"

Page 577, line 32, delete "1989" and insert "1990"

Page 577, line 34, delete "1988" and insert "1989"

Page 578, line 1, delete "1989" and insert "1991"

Page 578, line 9, delete "1990" and insert "1991"

Page 579, after line 16, insert:

"Sec. 25. [EFFECTIVE DATE.]

Article 6 is effective July 1, 1990."

A roll call was requested and properly seconded.

The question was taken on the Gruenes et al amendment and the roll was called.

McLaughlin moved that those not voting be excused from voting. The motion prevailed.

There were 61 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abrams	Dempsey	Heap	McPherson	Runbeck
Anderson, G.	Dille	Henry	Miller	Schafer
Bennett	Dorn	Himle	Morrison	Schreiber
Bertram	Forsythe	Hugoson	Olsen, S.	Seaberg
Bishop	Frederick	Johnson, V.	Omann	Stanius
Blatz	Frerichs	Kelso	Onnen	Sviggum
Boo	Girard	Knickerbocker	Pauly	Swenson
Brown	Gruenes	Limmer	Pellow	Tjornhom
Burger	Gutknecht	Lynch	Pelowski	Tompkins
Carlson, D.	Hartle	Macklin	Poppenhagen	Valento
Cooper	Hasskamp	Marsh	Redalen	Waltman
Dauner	Haukoos	McDonald	Richter	Weaver
				Wenzel

Those who voted in the negative were:

Anderson, R.	Janezich	McEachern	Peterson	Simoneau
Battaglia	Jaros	McLaughlin	Price	Solberg
Bauerly	Jefferson	Munger	Pugh	Sparby
Beard	Johnson, A.	Murphy	Quinn	Steensma
Begich	Kahn	O'Connor	Reding	Trimble
Carlson, L.	Kalis	Ogren	Rest	Tunheim
Carruthers	Kelly	Olson, E.	Rice	Vellenga
Clark	Kinkel	Orenstein	Rodosovich	Wagenius
Conway	Kostohryz	Osthoff	Rukavina	Welle
Dawkins	Krueger	Ostrom	Sarna	Williams
Greenfield	Lasley	Ozment	Scheid	Winter
Jacobs	Long	Pappas	Segal	Wynia
				Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Ogren, Welle, Cooper, Rukavina, Sviggum and Onnen moved to amend H. F. No. 1759, as amended, as follows:

Page 288, after line 30, insert:

“Sec. 62. Minnesota Statutes 1988, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. [TRANSPORTATION COSTS.] Medical assistance covers transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this subdivision, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory. Medical assistance does not cover the cost of ambulance transportation services provided to ambulatory persons for the purpose of obtaining nonemergency medical care, unless under a physician's order.

Special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, Item F, provided to nonambulatory persons who are not developmentally disabled may be reimbursed at a lower rate than special transportation provided to nonambulatory persons who are developmentally disabled.”

Page 290, after line 8, insert:

“Sec. 65. Minnesota Statutes 1988, section 256B.0625, is amended by adding a subdivision to read:

Subd. 28. [TRANSSEXUAL SURGERY.] Medical assistance does not cover procedures and services related to transsexual surgery.”

Page 337, line 16, after “care.” insert “General assistance medical care does not cover the cost of ambulance transportation services provided to ambulatory persons for the purposes of obtaining nonemergency medical care, unless under a physician's order.”

Renumber sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Gutknecht, Sviggum, Miller, Boo, Henry, Swenson and Frerichs moved to amend H. F. No. 1759, as amended, as follows:

Page 7, line 54, delete "186,130,000" and insert "183,130,000"

Page 7, line 54, delete "188,545,000" and insert "185,545,000"

Page 10, line 48, delete "509,618,000" and insert "512,618,000"

Page 10, line 48, delete "548,850,000" and insert "551,850,000"

Page 246, after line 29, insert:

"Sec. . . . Minnesota Statutes 1988, section 252.46, is amended by adding a subdivision to read:

Subd. 15. [RATES FOR DAY TRAINING AND HABILITATION; SALARY ADJUSTMENT.] For the 12-month contract period beginning January 1, 1990, the county must recommend payment rates for day training and habilitation services for approval by the commissioner that are adjusted according to clauses (1) and (2). To be eligible for the adjustment in payment rates, the county shall require a written affidavit signed by the vendor. The affidavit must include assurances that the entire amount paid under this provision shall be used for equitable increases for employee salaries, payroll taxes, and fringe benefits included in clause (1). That portion of the payment rate increase attributable to compliance with this subdivision and recommended for approval to the commissioner under subdivision 5, is exempt from the limits in subdivision 3. The county shall determine the salary adjustment on payment rates by:

(1) multiplying each vendor's eligible salary expenses, payroll taxes, and fringe benefits for calendar year 1989 by three and one-half percent in addition to the annual cost-of-living increase recommended under subdivision 3; and

(2) then dividing the amount in clause (1) by the total number of service units projected to be provided for the contract period.

Counties that contract for salary increases under this subdivision shall monitor expenditures according to section 252.44 and shall report the actual salary expenses and annual salary increases of vendors to the department on forms prescribed by the commissioner. This subdivision does not apply to state-operated services."

Page 332, after line 20, insert:

"Sec. . . . Minnesota Statutes 1988, section 256B.501, is amended by adding a subdivision to read:

Subd. 12. [RATES FOR INTERMEDIATE CARE FACILITIES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS; SALARY ADJUSTMENT.] For the rate period Jan-

uary 1, 1990, to September 30, 1991, the commissioner shall add the appropriate salary adjustment per diem calculated in clauses (1) and (2) to the total operating cost payment rate of each eligible facility. For a facility to be eligible for a salary adjustment per diem, the commissioner shall require a written affidavit signed by the provider of each facility. The affidavit must include assurances that at least 50 percent of the amount of the increase resulting from the application of the statewide composite index for the rate year beginning October 1, 1989, and the entire amount paid under this provision, shall be used for equitable increases to facility employee salaries, fringe benefits, and payroll taxes included in clause (1). Facilities with rates governed by section 252.292 or Minnesota Rules, part 9553.0075, or which are newly developed or established with payment rates effective on or after July 1, 1989, are not eligible for payments under this subdivision. The commissioner shall determine the salary adjustment per diem by:

(1) multiplying each eligible facility's total salaries, payroll taxes, and fringe benefits allowed after desk audit in each operating cost category, for the reporting year ending December 31, 1988, by three and one-half percent; and

(2) then dividing the amount in clause (1) by the facility's resident days."

Page 302, after line 36, insert:

"[WAGE DISPARITY ADJUSTMENT PER DIEM; 1988-1990.] For the rate period October 1, 1989, to June 30, 1991, the commissioner shall add the appropriate salary adjustment per diem calculated under clauses (1) to (3) to the total operating cost payment rate of each nursing home. The salary adjustment per diem for each nursing home must be determined as follows:

(1) All nursing homes must be grouped according to Minnesota hospital association districts as indicated in the Minnesota salary survey of hospitals and nursing homes for 1988 as published by the department of jobs and training. The percentage adjustment is determined according to the percentage disparity that exists between the care-related salaries of hospital employees and nursing home employees in each district. For this purpose the disparity is determined as follows:

(i) The median hourly wage for staff nurses, licensed practical nurses, and nurse assistants employed in nursing homes in each district is combined on a district basis. A corresponding value is determined for hospitals in each district.

(ii) The value determined in subclause (i) for hospital employees is divided by the corresponding value for the nursing home wages

determined in subclause (i). The resulting value is the wage disparity for each district.

(iii) Nursing homes with disparity values of greater than one but less than or equal to 1.1 will receive a one percent adjustment. Nursing homes with a disparity value of greater than 1.1 but less than or equal to 1.2 will receive a two percent adjustment. Nursing homes with a disparity value of greater than 1.2 will receive a three percent adjustment.

(2) For each nursing home that reports salaries for registered nurses, licensed practical nurses, and aides, orderlies and attendants separately, the commissioner shall determine the salary adjustment per diem by multiplying the total salaries, payroll taxes, and fringe benefits allowed in each operating cost category, except management fees and administrator and central office salaries and the related payroll taxes and fringe benefits, by the appropriate percentage determined under clause (1) and then dividing the resulting amount by the nursing home's actual resident days.

(3) For each nursing home that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the salary adjustment per diem is the weighted average salary adjustment per diem increase determined under clause (2) for the district in which the nursing home is located.

Each nursing home that receives a salary adjustment per diem pursuant to this clause must adjust nursing home employee salaries by a minimum of the amount determined under clauses (1) to (3). The commissioner shall review allowable salary costs, including payroll taxes and fringe benefits, for the reporting year ending September 30, 1990, to determine whether or not each nursing home complied with this requirement. The commissioner shall report the extent to which each nursing home complied with the legislative commission on long-term care by August 1, 1991.

Until January 1, 1990, the state shall pay any increased cost to the counties resulting from implementation of the wage disparity adjustment."

Page 510, line 3, before the period, insert "for a period not to exceed four months"

Renumber sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Gutknecht et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 56 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Johnson, V.	Morrison	Runbeck
Bennett	Frederick	Kelso	Olsen, S.	Schafer
Bishop	Frerichs	Knickerbocker	Omann	Schreiber
Blatz	Girard	Limmer	Onnen	Seaberg
Boo	Gruenes	Lynch	Ozment	Stanius
Burger	Gutknecht	Macklin	Pauly	Sviggum
Carlson, D.	Hartle	Marsh	Pellow	Swenson
Dauner	Haukoos	McDonald	Pelowski	Tjornhom
Dempsey	Heap	McPherson	Poppenhagen	Tompkins
Dille	Henry	Milbert	Redalen	Valento
Dorn	Hugoson	Miller	Richter	Waltman
				Weaver

Those who voted in the negative were:

Anderson, G.	Hasskamp	McEachern	Otis	Solberg
Anderson, R.	Jacobs	McGuire	Pappas	Sparby
Battaglia	Janezich	McLaughlin	Peterson	Steensma
Bauerly	Jaros	Munger	Price	Trimble
Beard	Jefferson	Murphy	Pugh	Tunheim
Begich	Johnson, A.	Nelson, C.	Quinn	Vellenga
Bertram	Kahn	Nelson, K.	Reding	Wagenius
Brown	Kalis	Neuenschwander	Rest	Welle
Carlson, L.	Kelly	O'Connor	Rice	Wenzel
Carruthers	Kinkel	Ogren	Rodosovich	Williams
Clark	Kostohryz	Olson, E.	Rukavina	Winter
Conway	Krueger	Olson, K.	Sarna	Wynia
Cooper	Lasley	Orenstein	Scheid	Spk. Vanasek
Dawkins	Lieder	Osthoff	Segal	
Greenfield	Long	Ostrom	Simoneau	

The motion did not prevail and the amendment was not adopted.

Hasskamp and Wenzel moved to amend H. F. No. 1759, as amended, as follows:

Page 568, line 34, before "Cambridge" insert "Brainerd,"

A roll call was requested and properly seconded.

The question was taken on the Hasskamp and Wenzel amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 48 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Krueger	Omamm	Solberg
Bauerly	Frerichs	McDonald	Osthoff	Stanius
Begich	Girard	McEachern	Ozment	Steensma
Bennett	Gutknecht	McGuire	Pellow	Sviggum
Bertram	Hasskamp	McPherson	Peterson	Tompkins
Boo	Johnson, R.	Milbert	Richter	Waltman
Brown	Johnson, V.	Miller	Rukavina	Wenzel
Carlson, D.	Kelly	O'Connor	Sarna	Winter
Carruthers	Kinkel	Olsen, S.	Schafer	
Cooper	Knickerbocker	Olson, K.	Scheid	

Those who voted in the negative were:

Anderson, G.	Hartle	Lasley	Onnen	Schreiber
Anderson, R.	Haukoos	Lieder	Orenstein	Seaberg
Battaglia	Heap	Limmer	Ostrom	Segal
Beard	Henry	Long	Otis	Simoneau
Bishop	Himle	Lynch	Pappas	Swenson
Blatz	Hugoson	Macklin	Pauly	Tjornhom
Burger	Jacobs	Marsh	Pelowski	Trimble
Carlson, L.	Janezich	McLaughlin	Poppenhagen	Tunheim
Conway	Jaros	Morrison	Price	Valento
Dauner	Jefferson	Munger	Pugh	Vellenga
Dawkins	Jennings	Murphy	Quinn	Wagenius
Dempsey	Johnson, A.	Nelson, C.	Reding	Weaver
Dorn	Kahn	Nelson, K.	Rest	Welle
Forsythe	Kalis	Neuenschwander	Rice	Williams
Greenfield	Kelso	Ogren	Rodosovich	Wynia
Gruenes	Kostohryz	Olson, E.	Runbeck	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Ogren, Welle, Onnen, Dauner and Sviggum moved to amend H. F. No. 1759, as amended, as follows:

Page 49, delete section 31

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 22, delete “, 3,”

A roll call was requested and properly seconded.

The question was taken on the Ogren et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 80 yeas and 51 nays as follows:

Those who voted in the affirmative were:

Battaglia	Frederick	Krueger	Olson, K.	Schafer
Bauerly	Frerichs	Lasley	Omann	Seaberg
Beard	Girard	Lieder	Onnen	Solberg
Begich	Gruenes	Macklin	Ostrom	Sparby
Bennett	Gutknecht	Marsh	Ozment	Steensma
Bertram	Hasskamp	McDonald	Pellow	Sviggum
Boo	Haukoos	McEachern	Pelowski	Swenson
Brown	Hugoson	McPherson	Peterson	Tompkins
Burger	Jacobs	Milbert	Poppenhagen	Tunheim
Carlson, D.	Janezich	Miller	Price	Waltman
Conway	Jaros	Morrison	Pugh	Weaver
Cooper	Jennings	Murphy	Quinn	Welle
Dauner	Johnson, R.	Nelson, C.	Redalen	Wenzel
Dempsey	Johnson, V.	Neuenschwander	Reding	Williams
Dille	Kalis	Ogren	Richter	Winter
Dorn	Kinkel	Olson, E.	Rukavina	Spk. Vanasek

Those who voted in the negative were:

Abrams	Greenfield	Knickerbocker	Orenstein	Scheid
Anderson, G.	Hartle	Kostohryz	Osthoff	Schreiber
Anderson, R.	Heap	Limmer	Otis	Segal
Bishop	Henry	Long	Pappas	Simoneau
Blatz	Himle	Lynch	Pauly	Stanius
Carlson, L.	Jefferson	McGuire	Rest	Tjornhom
Carruthers	Johnson, A.	McLaughlin	Rice	Trimble
Clark	Kahn	Nelson, K.	Rodosovich	Valento
Dawkins	Kelly	O'Connor	Runbeck	Vellenga
Forsythe	Kelso	Olsen, S.	Sarna	Wagenius
				Wynia

The motion prevailed and the amendment was adopted.

Speaker pro tempore Quinn called Long to the Chair.

Sviggum, Tjornhom, Henry, Limmer and Onnen moved to amend H. F. No. 1759, as amended, as follows:

Page 6, line 28, delete "122,195,000" and insert "122,545,000"; delete "127,243,000" and insert "127,593,000".

Page 7, after line 16, insert:

"Of this appropriation, \$700,000 is for the home delivered meal program to increase the number of meals served."

Page 19, line 6, delete "5,653,000" and insert "5,303,000"; delete "3,669,000" and insert "3,319,000"

Adjust totals accordingly

Page 173, delete lines 31 to 36

Page 174, delete lines 1 to 36

Page 175, delete lines 1 to 32

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Sviggum et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 50 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abrams	Gruenes	Limmer	Onnen	Seaberg
Bennett	Gutknecht	Lynch	Ostrom	Sparby
Blatz	Hartle	Macklin	Ozment	Stanius
Burger	Haukoos	Marsh	Pauly	Sviggum
Carlson, D.	Heap	McPherson	Pellow	Swenson
Dempsey	Henry	Miller	Poppenhagen	Tjornhom
Forsythe	Hugoson	Morrison	Redalen	Tompkins
Frederick	Jennings	Olsen, S.	Richter	Valento
Frerichs	Johnson, V.	Olson, K.	Schafer	Waltman
Girard	Knickerbocker	Omann	Schreiber	Weaver

Those who voted in the negative were:

Anderson, G.	Conway	Johnson, A.	McEachern	Orenstein
Anderson, R.	Cooper	Johnson, R.	McGuire	Osthoff
Battaglia	Dauner	Kahn	McLaughlin	Otis
Bauerly	Dawkins	Kalis	Milbert	Pappas
Beard	Dille	Kelly	Munger	Pelowski
Begich	Dorn	Kelso	Murphy	Peterson
Bertram	Greenfield	Kinkel	Nelson, C.	Price
Boo	Hasskamp	Kostohryz	Nelson, K.	Pugh
Brown	Jacobs	Krueger	Neuenschwander	Quinn
Carlson, L.	Janezich	Lasley	O'Connor	Reding
Carruthers	Jaros	Lieder	Ogren	Rest
Clark	Jefferson	Long	Olson, E.	Rice

Rodosovich	Scheid	Steenasma	Wagenius	Winter
Rukavina	Segal	Trimble	Welle	Wynia
Runbeck	Simoneau	Tunheim	Wenzel	Spk. Vanasek
Sarna	Solberg	Vellenga	Williams	

The motion did not prevail and the amendment was not adopted.

Speaker pro tempore Long called Quinn to the Chair.

Olsen, S.; Stanius; Johnson, V.; Runbeck; Pauly; Morrison; Henry; Lynch; Forsythe and McPherson moved to amend H. F. No. 1759, as amended, as follows:

Page 7, line 54, delete "186,130,000" and insert "183,130,000"

Page 7, line 54, delete "188,545,000" and insert "185,545,000"

Page 20, line 28, delete "24,916,000" and insert "27,916,000"

Page 20, line 28, delete "24,825,000" and insert "27,825,000"

Page 20, after line 28, insert:

"Of this appropriation, \$3,000,000 each year is for battered women grants to expand services in counties where access to services is limited or nonexistent and to increase grant funds for special projects."

Page 510, line 3, before the period insert "for a period not to exceed four months."

Adjust totals accordingly

A roll call was requested and properly seconded.

The question was taken on the Olsen, S., et al amendment and the roll was called.

McLaughlin moved that those not voting be excused from voting. The motion prevailed.

There were 54 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Abrams	Blatz	Burger	Cooper	Dille
Bennett	Boo	Carlson, D.	Dempsey	Dorn

Forsythe	Henry	McDonald	Pauly	Stanius
Frederick	Himle	McPherson	Pellow	Sviggum
Frerichs	Hugoson	Miller	Poppenhagen	Swenson
Girard	Johnson, V.	Morrison	Redalen	Tjornhom
Gruenes	Kelso	Munger	Richter	Tompkins
Gutknecht	Limmer	Olsen, S.	Runbeck	Valento
Hartle	Lynch	Omnn	Schafer	Waltman
Haukoos	Macklin	Onnen	Schreiber	Weaver
Heap	Marsh	Ozment	Seaberg	

Those who voted in the negative were:

Anderson, G.	Jacobs	Long	Otis	Solberg
Anderson, R.	Janezich	McEachern	Pappas	Sparby
Battaglia	Jaros	McGuire	Pelowski	Steensma
Bauerly	Jefferson	McLaughlin	Peterson	Trimble
Beard	Jennings	Milbert	Price	Tunheim
Begich	Johnson, A.	Murphy	Pugh	Vellenga
Bertram	Johnson, R.	Nelson, C.	Quinn	Wagenius
Brown	Kahn	Nelson, K.	Reding	Welle
Carlson, L.	Kalis	Neuenschwander	Rest	Wenzel
Carruthers	Kelly	O'Connor	Rice	Williams
Clark	Kinkel	Ogren	Rodosovich	Winter
Conway	Knickerbocker	Olson, E.	Rukavina	Wynia
Dauner	Kostohryz	Olson, K.	Sarna	Spk. Vanasek
Dawkins	Krueger	Orenstein	Scheid	
Greenfield	Lasley	Osthoff	Segal	
Hasskamp	Lieder	Ostrom	Simoneau	

The motion did not prevail and the amendment was not adopted.

Gruenes, Wenzel, Cooper, Dempsey, Bertram, Gutknecht, Steensma, Tjornhom and Hasskamp moved to amend H. F. No. 1759, as amended, as follows:

Page 472, line 4, after the period, insert "No money appropriated or received for purposes of this section shall be used for the performance, the referral, or the encouragement of voluntary termination of pregnancy."

A roll call was requested and properly seconded.

The question was taken on the Gruenes et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 99 yeas and 28 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bauerly	Bennett	Boo	Conway
Anderson, R.	Beard	Bertram	Brown	Cooper
Battaglia	Begich	Blatz	Carlson, D.	Dauner

Dempsey	Johnson, V.	Milbert	Pelowski	Solberg
Dille	Kalis	Miller	Peterson	Sparby
Dorn	Kelly	Morrison	Poppenhagen	Stanius
Forsythe	Kelso	Murphy	Price	Steensma
Frederick	Kinkel	Nelson, C.	Pugh	Sviggum
Frerichs	Knickerbocker	Neuenschwander	Quinn	Swenson
Girard	Kostohryz	O'Connor	Redalen	Tornhom
Gruenes	Krueger	Ogren	Reding	Tompkins
Gutknecht	Lasley	Olsen, S.	Rice	Tunheim
Hasskamp	Lieder	Olsen, E.	Richter	Valento
Haukoos	Limmer	Omann	Rodosovich	Waltman
Heap	Lynch	Onnen	Runbeck	Weaver
Henry	Macklin	Osthoff	Sarna	Welle
Himle	Marsh	Ostrom	Schafer	Wenzel
Hugoson	McDonald	Ozment	Scheid	Winter
Jacobs	McEachern	Pauly	Schreiber	Spk. Vanasek
Johnson, R.	McPherson	Pellow	Seaberg	

Those who voted in the negative were:

Abrams	Janezich	McGuire	Otis	Trimble
Carlson, L.	Jefferson	McLaughlin	Pappas	Vellenga
Carruthers	Jennings	Munger	Rest	Wagenius
Clark	Johnson, A.	Nelson, K.	Rukavina	Wynia
Dawkins	Kahn	Olson, K.	Segal	
Greenfield	Long	Orenstein	Simoneau	

The motion prevailed and the amendment was adopted.

Blatz moved to amend H. F. No. 1759, as amended, as follows:

Page 28, after line 18, insert:

"Section 1. Minnesota Statutes 1988, section 43A.27, subdivision 2, is amended to read:

Subd. 2. [ELECTIVE ELIGIBILITY.] The following persons, if not otherwise covered by section 43A.24, may elect coverage for themselves or their dependents at their own expense:

(a) a state employee, including persons on layoff from a civil service position as provided in collective bargaining agreements or a plan established pursuant to section 43A.18;

(b) an employee of the board of regents of the University of Minnesota, including persons on layoff, as provided in collective bargaining agreements or by the board of regents;

(c) an officer or employee of the state agricultural society, state horticultural society, Sibley house association, Minnesota humanities commission, Minnesota international center, Minnesota academy of science, science museum of Minnesota, Minnesota safety council, state office of disabled American veterans, state office of the American Legion and its auxiliary, or state office of veterans of

foreign wars and its auxiliary, or state office of the Military Order of the Purple Heart;

(d) a civilian employee of the adjutant general who is paid from federal funds and who is not eligible for benefits from any federal civilian employee group life insurance or health benefits program; and

(e) an officer or employee of the state capitol credit union or the highway credit union.”

Renumber the sections

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Rukavina; Johnson, R.; Ogren; Blatz; Himle; Kahn; McDonald; Carlson, D.; Knickerbocker; Battaglia; Heap; Begich and Lynch moved to amend H. F. No. 1759, as amended, as follows:

Page 190, after line 31, insert:

“Sec. 192. Minnesota Statutes 1988, section 518.551, is amended by adding a subdivision to read:

Subd. 5a. [ORDER FOR COMMUNITY SERVICES.] If the court finds that the obligor earns \$400 or less per month and does not have the ability to provide support based on the guidelines and factors under subdivision 5, the court may order the obligor to perform community services to fulfill the obligor's support obligation. In ordering community services under this subdivision, the court shall consider whether the obligor has the physical capability of performing community services, and shall order community services that are appropriate for the obligor's abilities.”

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Rukavina et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Onnen	Seaberg
Anderson, G.	Greenfield	Lieder	Orenstein	Segal
Anderson, R.	Gruenes	Limmer	Osthoff	Simoneau
Battaglia	Gutknecht	Long	Ostrom	Solberg
Bauerly	Hartle	Lynch	Otis	Sparby
Beard	Hasskamp	Macklin	Ozment	Stanius
Begich	Haukoos	Marsh	Pappas	Steensma
Bennett	Heap	McDonald	Pauly	Sviggum
Bertram	Henry	McEachern	Pellow	Swenson
Blatz	Himle	McGuire	Pelowski	Tjornhom
Boo	Hugoson	McLaughlin	Peterson	Tompkins
Brown	Jacobs	McPherson	Poppenhagen	Trimble
Burger	Janezich	Milbert	Price	Tunheim
Carlson, D.	Jaros	Miller	Pugh	Valento
Carlson, L.	Jefferson	Morrison	Quinn	Vellenga
Carruthers	Jennings	Munger	Redalen	Wagenius
Clark	Johnson, A.	Murphy	Reding	Waltman
Conway	Johnson, R.	Nelson, C.	Rest	Weaver
Cooper	Johnson, V.	Nelson, K.	Rice	Welle
Dauner	Kalis	Neuenschwander	Richter	Wenzel
Dempsey	Kelly	O'Connor	Rodosovich	Williams
Dille	Kelso	Ogren	Rukavina	Winter
Dorn	Kinkel	Olsen, S.	Sarna	Wynia
Forsythe	Knickerbocker	Olson, E.	Schafer	Spk. Vanasek
Frederick	Kostohryz	Olson, K.	Scheid	
Frerichs	Krueger	Omann	Schreiber	

The motion prevailed and the amendment was adopted.

Kelly moved to amend H. F. No. 1759, as amended, as follows:

Page 201, line 29, delete "1991" and insert "1990"

Page 202, line 22, delete "1992" and insert "1991"

The motion prevailed and the amendment was adopted.

Abrams, Jennings and Bishop moved to amend H. F. No. 1759, as amended, as follows:

Page 27, after line 38, insert:

"The commissioner of corrections shall provide a full-time work assignment for every inmate incarcerated in a state correctional institution at no additional cost to the state than the amount appropriated in other sections of this

bill for this purpose. The commissioner may excuse an inmate from work because of illness or physical disability or because no work assignment is available."

A roll call was requested and properly seconded.

The question was taken on the Abrams et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 124 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Kostohryz	Oison, K.	Schreiber
Anderson, G.	Frederick	Krueger	Omann	Seaberg
Anderson, R.	Frerichs	Lasley	Onnen	Segal
Battaglia	Girard	Lieder	Orenstein	Simoneau
Bauerly	Gruenes	Limmer	Osthoff	Solberg
Beard	Gutknecht	Lynch	Ostrom	Sparby
Begich	Hartle	Macklin	Otis	Stanius
Bennett	Hasskamp	Marsh	Ozment	Steensma
Bertram	Haukoos	McDonald	Pauly	Sviggum
Bishop	Heap	McEachern	Pellow	Swenson
Blatz	Henry	McGuire	Pelowski	Tjornhom
Boo	Himle	McLaughlin	Poppenhagen	Tompkins
Brown	Hugoson	McPherson	Price	Trimble
Burger	Jacobs	Milbert	Pugh	Tunheim
Carlson, D.	Janezich	Miller	Quinn	Valento
Carlson, L.	Jaros	Morrison	Redalen	Wagenius
Carruthers	Jennings	Munger	Reding	Waltman
Clark	Johnson, A.	Murphy	Rest	Weaver
Conway	Johnson, R.	Nelson, C.	Richter	Welle
Cooper	Johnson, V.	Nelson, K.	Rodosovich	Wenzel
Dauner	Kalis	Neuenschwander	Rukavina	Williams
Dawkins	Kelly	O'Connor	Runbeck	Winter
Dempsey	Kelso	Ogren	Sarna	Wynia
Dille	Kinkel	Olsen, S.	Schafer	Spk. Vanasek
Dorn	Knickerbocker	Olsen, E.	Scheid	

Those who voted in the negative were:

Greenfield	Kahn	Pappas	Vellenga
Jefferson	Long	Rice	

The motion prevailed and the amendment was adopted.

Stanius and Carlson, D., moved to amend H. F. No. 1759, as amended, as follows:

Page 85, line 14 to page 92, line 10, delete section 78

Page 187, line 9 to page 189, line 15, delete section 188

Renumber the sections in sequence

Correct internal references

Adjust the totals accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Stanius and Carlson, D., amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 84 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Jacobs	Miller	Richter
Anderson, G.	Dempsey	Jennings	Morrison	Schafer
Anderson, R.	Dille	Johnson, R.	Murphy	Scheid
Battaglia	Dorn	Johnson, V.	Nelson, C.	Schreiber
Bauerly	Forsythe	Kalis	Neuenschwander	Seaberg
Beard	Frederick	Kelso	Olsen, S.	Solberg
Begich	Frerichs	Kinkel	Olson, E.	Sparby
Bennett	Girard	Knickerbocker	Olson, K.	Stanius
Bertram	Gruenes	Lieder	Omamn	Steenasma
Bishop	Gutknecht	Limmer	Onnen	Tjornhom
Blatz	Hartle	Lynch	Ostrom	Tompkins
Boo	Hasskamp	Macklin	Pellow	Valento
Brown	Haukoos	Marsh	Pelowski	Waltman
Burger	Heap	McDonald	Peterson	Weaver
Carlson, D.	Henry	McEachern	Poppenhagen	Wenzel
Carruthers	Himle	McPherson	Pugh	Winter
Cooper	Hugoson	Milbert	Redalen	

Those who voted in the negative were:

Carlson, L.	Kelly	Ogren	Rice	Tunheim
Clark	Kostohryz	Orenstein	Rodosovich	Vellenga
Conway	Krueger	Osthoff	Rukavina	Wagenius
Dawkins	Lasley	Otis	Runbeck	Welle
Greenfield	Long	Ozment	Sarna	Williams
Janezich	McGuire	Pappas	Segal	Wynia
Jaros	McLaughlin	Price	Simoneau	Spk. Vanasek
Jefferson	Munger	Quinn	Sviggum	
Johnson, A.	Nelson, K.	Reding	Swenson	
Kahn	O'Connor	Rest	Trimble	

The motion prevailed and the amendment was adopted.

Wenzel, Kinkel and Hasskamp moved to amend H. F. No. 1759, as amended, as follows:

Page 569, lines 13 and 24, delete "1993" and insert "1995"

Page 569, line 26, delete "1995" and insert "1997"

Page 569, lines 32 and 36, delete "1991" and insert "1993"

Page 570, line 4, delete "1992" and insert "1995"

Page 570, line 13, delete "1992" and insert "1994"

A roll call was requested and properly seconded.

The question was taken on the Wenzel et al amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion prevailed.

There were 49 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Knickerbocker	Olsen, S.	Schreiber
Bauerly	Frerichs	Krueger	Olson, E.	Sparby
Begich	Girard	Limmer	Omann	Steensma
Bennett	Gutknecht	Lynch	Onnen	Tompkins
Bishop	Hasskamp	Marsh	Pellow	Tunheim
Blatz	Haukoos	McDonald	Peterson	Valento
Carruthers	Heap	McGuire	Redalen	Weaver
Dauner	Henry	McPherson	Richter	Wenzel
Dempsey	Johnson, V.	Milbert	Schafer	Winter
Dille	Kinkel	Miller	Scheid	

Those who voted in the negative were:

Anderson, G.	Greenfield	Lasley	Ostrom	Sarna
Anderson, R.	Hartle	Lieder	Otis	Seaberg
Battaglia	Himle	Long	Ozment	Segal
Beard	Hugoson	Macklin	Pappas	Simoneau
Bertram	Jacobs	McEachern	Pauly	Solberg
Boo	Janezich	McLaughlin	Pelowski	Stanius
Brown	Jaros	Munger	Poppenhagen	Sviggum
Burger	Jefferson	Murphy	Price	Swenson
Carlson, D.	Jennings	Nelson, C.	Pugh	Tjornhom
Carlson, L.	Johnson, A.	Nelson, K.	Quinn	Trimble
Clark	Johnson, R.	Neuenschwander	Reding	Vellenga
Conway	Kahn	O'Connor	Rest	Wagenius
Cooper	Kalis	Ogren	Rice	Waltman
Dawkins	Kelly	Olson, K.	Rodosovich	Welle
Dorn	Kelso	Orenstein	Rukavina	Williams
Forsythe	Kostohryz	Osthoff	Runbeck	Wynia
				Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Stanis moved to amend H. F. No. 1759, as amended, as follows:

Page 47, after line 1, insert:

"Sec. 29. [145.461] [HEALTH CLUBS; STAFF TRAINING IN CARDIOPULMONARY RESUSCITATION.]

Subdivision 1. [REQUIREMENT FOR TRAINED STAFF] A health club must have at least one staff member, who is trained in cardiopulmonary resuscitation, present in the health club facility while patrons are present in the facility.

Subd. 2. [HEALTH CLUB.] "Health club" is defined for purposes of this section as a facility that provides exercise equipment and offers exercise programs to the public for a membership fee."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Greenfield moved to amend H. F. No. 1759, as amended, as follows:

Page 61, after line 27, insert "The commissioner shall study the availability of surety bonds, the cost of bonds, and underwriter financial requirements of sellers of hearing instruments for obtaining bonds, and shall recommend whether other mechanisms are available for protecting purchasers of hearing instrument products and services."

Page 213, after line 15, insert:

"The provision in section 47 requiring the commissioner to study issues related to surety bonds for hearing instrument sellers is effective the day following final enactment."

The motion prevailed and the amendment was adopted.

Greenfield moved to amend H. F. No. 1759, as amended, as follows:

Page 213, line 10, delete "sections 245A.11;" and insert "section"

Page 213, line 11, delete everything after "3"

Page 213, line 12, delete "are" and insert "is"

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

H. F. No. 1759, A bill for an act relating to the organization and operation of state government; appropriating money for human services, jobs and training, corrections, health, veterans nursing homes, and other purposes with certain conditions; amending Minnesota Statutes 1988, sections 13.46, subdivision 2; 43A.27, subdivision 2; 62A.045; 62A.046; 62D.041, subdivision 1, and by adding a subdivision; 62D.042, subdivision 1; 62D.05, subdivision 6; 144.50, subdivision 6, and by adding a subdivision; 144.562, subdivisions 2 and 3; 144.651, subdivision 2; 144.698, subdivision 1; 144.701; 144.702, subdivision 2, and by adding subdivisions; 144A.01, subdivision 5, and by adding subdivisions; 144A.04, subdivision 7, and by adding subdivisions; 144A.071, subdivision 3; 144A.073, subdivision 1; 144A.10, subdivisions 5, 6a, and by adding subdivisions; 144A.11, subdivision 3, and by adding a subdivision; 144A.12, subdivision 1; 144A.15, subdivision 1, and by adding subdivisions; 144A.45, subdivision 2; 144A.46; 144A.61; 144A.611; 145.38, subdivision 1; 145.39, subdivision 1; 145.61, subdivision 5; 145.63; 145.882, subdivisions 1 and 7; 146.13; 147.02, subdivision 1; 148B.23, subdivision 1; 148B.27, subdivision 2; 148B.32, subdivision 2; 148B.40, subdivision 3; 148B.42, by adding a subdivision; 149.02; 149.06; 150A.06, subdivision 2a; 153A.13, subdivision 4; 153A.15, subdivision 3; 153A.16; 176.136, subdivisions 1 and 5; 214.04, subdivision 3; 214.06, subdivision 1; 237.70, subdivision 7; 237.701, subdivision 1; 245.461; 245.462; 245.463, subdivision 2, and by adding subdivisions; 245.464; 245.465; 245.466, subdivisions 1, 2, 5, and 6; 245.467, subdivisions 3, 4, and 5; 245.468; 245.469; 245.470, subdivision 1; 245.472, subdivision 1, and by adding a subdivision; 245.473, subdivision 1; 245.474; 245.476, subdivisions 1, 3, and by adding subdivisions; 245.477; 245.478, subdivisions 2 and 3; 245.479; 245.48; 245.482; 245.483; 245.484; 245.485; 245.486; 245.62, subdivision 3; 245.696, subdivision 2; 245.697, subdivisions 1, 2, and 2a; 245.713, subdivision 2; 245.73, subdivisions 1, 2, and 4; 245.771, subdivision 3; 245.91, by adding a subdivision; 245.94, subdivision 1, and by adding a subdivision; 245A.02, subdivisions 3, 9, 10, 14, and by adding a subdivision; 245A.03, subdivisions 1, 2, and 3; 245A.04, subdivisions 1, 3, 5, 6, 7, and by adding subdivisions; 245A.06, subdivisions 1, 5, and by adding a subdivision; 245A.07, subdivision 2; 245A.08, subdivision 5; 245A.095; 245A.12; 245A.13; 245A.14, subdivision 3, and by adding subdivisions; 245A.16, subdivision 1; 246.015; 246.18, subdivision 4; 246.36; 246.50, subdivisions 3, 4, and 5; 246.54; 246.57, subdivision 1; 251.011, subdivision

4, and by adding a subdivision; 252.27, subdivision 1; 252.291, subdivision 2; 252.31; 252.41, subdivision 9; 252.46, subdivisions 1, 2, 3, 4, 6, and 12; 252.47; 252.50; 253.015; 254A.08, subdivision 2; 254B.02, subdivision 1; 254B.03, subdivisions 1 and 4; 254B.04, subdivision 2; 254B.06, subdivision 1; 254B.09, subdivisions 1, 4, and 5; 256.01, subdivision 2, and by adding a subdivision; 256.014, subdivision 1; 256.045, subdivisions 1, 3, 4, 4a, 5, 6, 7, 10, and by adding a subdivision; 256.12, subdivision 14; 256.73, subdivision 3a; 256.736, subdivisions 3, 3b, 4, 10, 11, 14, 16, and by adding subdivisions; 256.737; 256.74, subdivisions 1, 1a, and by adding a subdivision; 256.85; 256.87, subdivision 1a; 256.936, subdivisions 1, 2, and 4; 256.969; 256.974; 256.9741, subdivisions 3, 5, and by adding a subdivision; 256.9742; 256.9744, subdivision 1; 256.975, subdivision 2; 256B.031, subdivision 5; 256B.04, subdivision 14, and by adding a subdivision; 256B.055, subdivisions 7 and 8; 256B.056, subdivisions 3, 4, and 5; 256B.062; 256B.0625, subdivisions 2, 13, 17, and by adding subdivisions; 256B.091, subdivision 3; 256B.092, subdivision 7; 256B.14; 256B.25, by adding a subdivision; 256B.421, subdivision 14; 256B.431, subdivisions 2b, 2e, 2i, 3a, 3f, 3g, 4, and by adding subdivisions; 256B.47, subdivision 3; 256B.48, subdivisions 1, 6, and 8; 256B.501, subdivisions 3, 3g, and by adding subdivisions; 256B.69, subdivisions 4, 5, 11, and by adding a subdivision; 256C.28, subdivision 3, and by adding subdivisions; 256D.01, subdivisions 1, 1a, 1b, and 1c; 256D.02, subdivisions 1 and 4; 256D.03, subdivisions 2, 3, 4; 256D.05, subdivision 1, and by adding a subdivision; 256D.051, subdivisions 1, 2, 3, 6, 8, 13, and by adding subdivisions; 256D.052, subdivisions 1, 2, 3, and 4; 256D.06, by adding a subdivision; 256D.101; 256D.111, subdivision 5; 256D.35, subdivisions 1, 7, and by adding subdivisions; 256D.36, subdivision 1, and by adding a subdivision; 256D.37, subdivision 1; 256E.03, subdivision 2; 256E.05; subdivision 3; 256E.08, subdivision 5; 256E.09, subdivisions 1 and 3; 256F.05, subdivisions 2, 3, and 4; 256F.07, subdivision 3a; 256H.01, subdivisions 1, 2, 7, 8, 11, and 12; 256H.02; 256H.03; 256H.05; 256H.08; 256H.09; 256H.10, subdivisions 2, 3, and by adding a subdivision; 256H.11; 256H.12; 256H.15; 256H.18; 256H.20, subdivision 3; 257.071, subdivision 7; 257.55, subdivision 1; 257.57, subdivision 1; 257.62, subdivision 5; 259.47, subdivision 5; 259.49, subdivision 2; 260.251, subdivision 1; 268.0111, subdivision 4, and by adding a subdivision; 268.0122, subdivisions 2 and 3; 268.08, subdivision 1; 268.31; 268.37, by adding a subdivision; 268.86, subdivision 2; 268.871, subdivision 5; 268.88; 287.12; 297.13, subdivision 1; 326.78, subdivision 2; 327.20, subdivision 1; 327C.02, subdivision 2; 357.021, subdivisions 2 and 2a; 517.08, subdivisions 1b and 1c; 518.54, subdivision 6; 518.551, subdivision 10, and by adding a subdivision; 518.611, subdivision 4; 518.613, subdivisions 1, 2, 4, and by adding a subdivision; 609.378; 626.556, subdivisions 2 and 10e; and 626.558; Laws 1984, chapter 654, article 5, section 57, subdivision 1, as amended; Laws 1987, chapter 403, article 3, section 98; Laws 1988, chapter 689, article 2, sections 248 and 269; subdivision 2; repealing Minnesota Statutes 1988, sections 144A.10, subdivision 4a; 150A.06, subdivision 7; 245.462, subdivision 25; 245.471; 245.475; 245.64; 245.698; 245.775; 245.83; 245.84; 245.85; 245.871; 245.872; 245.873;

245A.095, subdivision 3; 246.50, subdivisions 3a, 4a, and 9; 254B.09, subdivision 3; 254B.10; 256.87, subdivision 4; 256.969, subdivisions 2a, 3, 4, 5, and 6; 256B.0625, subdivision 21; 256B.17, subdivisions 1, 2, 3, 4, 5, 6, 7, and 8; 256B.69, subdivisions 12, 13, 14, and 15; 256D.01, subdivision 1c; 256D.051, subdivision 6a; 256D.052, subdivisions 5, 6, and 7; 256D.06, subdivisions 3, 4, and 6; 256D.35, subdivisions 2, 3, 4, and 8; 256D.36, subdivision 2; 256D.37, subdivisions 2, 4, 6, 7, 8, 9, 10, 11, 12, 13, and 14; 256D.38; 256D.39; 256D.41; 256D.42; 256D.43; 256E.08, subdivision 9; 256F.05, subdivision 1; 256H.04; 256H.05, subdivision 4; 256H.06; 256H.07, subdivision 4; 256H.13; 268.86, subdivision 7; 518.613, subdivision 5; Laws 1987, chapter 403, article 5, section 1; proposing coding for new law in Minnesota Statutes, chapters 144; 144A; 145; 157; 196; 245; 246; 251; 252; 253; 254A; 256; 256B; 256D; 256E; 256F; 256H; 259; 268; and 626; proposing coding for new law as Minnesota Statutes, chapter 256I.

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 89 yeas and 43 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Ostrom	Segal
Anderson, R.	Hartle	Lieder	Otis	Simoneau
Battaglia	Henry	Long	Ozment	Solberg
Bauerly	Jacobs	Macklin	Pappas	Sparby
Beard	Janezich	McEachern	Pelowski	Steensma
Begich	Jaros	McGuire	Peterson	Sviggum
Bertram	Jefferson	McLaughlin	Price	Swenson
Boo	Jennings	Munger	Pugh	Trimble
Brown	Johnson, A.	Murphy	Quinn	Tunheim
Carlson, D.	Johnson, R.	Nelson, C.	Redalen	Vellenga
Carlson, L.	Johnson, V.	Nelson, K.	Reding	Wagenius
Carruthers	Kahn	Neuenschwander	Rest	Waltman
Clark	Kalis	O'Connor	Rice	Welle
Conway	Kelly	Ogren	Rodosovich	Williams
Dauner	Kelso	Olsen, S.	Rukavina	Winter
Dawkins	Kinkel	Olson, E.	Runbeck	Wynia
Dorn	Kostohryz	Olson, K.	Sarna	Spk. Vanasek
Frederick	Krueger	Orenstein	Scheid	

Those who voted in the negative were:

Abrams	Ferichs	Knickerbocker	Omamn	Seaberg
Bennett	Girard	Limmer	Onnen	Stanius
Bishop	Gruenes	Lynch	Osthoff	Tjornhom
Blatz	Gutknecht	Marsh	Pauly	Tompkins
Burger	Hasskamp	McDonald	Pellow	Valento
Cooper	Haukoos	McPherson	Poppenhagen	Weaver
Dempsey	Heap	Milbert	Richter	Wenzel
Dille	Himle	Miller	Schafer	
Forsythe	Hugoson	Morrison	Schreiber	

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

CALL OF THE HOUSE LIFTED

Wynia moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

CONSENT CALENDAR

Wynia moved that the bills on the Consent Calendar for today be continued. The motion prevailed.

SPECIAL ORDERS

Wynia moved that the bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Tunheim moved that his name be stricken as an author on H. F. No. 123. The motion prevailed.

Rest moved that S. F. No. 851, now on General Orders, be referred to the Committee on Appropriations. The motion prevailed.

Anderson, G., moved that H. F. No. 1758 be returned to its author. The motion prevailed.

Weaver moved that H. F. No. 1466 be returned to its author. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 169:

Hartle, Beard and Lasley.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 826:

Weaver, Kelly and Pappas.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 65:

Otis, Cooper and Himle.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1734:

Long; Wynia; Welle; Olson, E., and Rest.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 11:00 a.m., Friday, May 5, 1989. The motion prevailed.

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Friday, May 5, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

FORTY-SIXTH DAY

SAINT PAUL, MINNESOTA, FRIDAY, MAY 5, 1989

The House of Representatives convened at 11:00 a.m. and was called to order by Robert E. Vanasek, Speaker of the House.

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

RECESS

RECONVENED

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

Prayer was offered by Dr. Joseph Everson, the Pastor of Hope Lutheran Church and teacher at the St. Paul Seminary, St. Paul, Minnesota.

The roll was called and the following members were present:

Abrams	Dawkins	Jennings	McGuire	Otis
Anderson, G.	Dempsey	Johnson, A.	McLaughlin	Ozment
Anderson, R.	Dille	Johnson, R.	McPherson	Pappas
Battaglia	Dorn	Johnson, V.	Milbert	Pauly
Bauerly	Forsythe	Kahn	Miller	Pellow
Beard	Frederick	Kalis	Morrison	Pelowski
Begich	Frerichs	Kelly	Munger	Peterson
Bennett	Girard	Kelso	Murphy	Poppenhagen
Bertram	Greenfield	Kinkel	Nelson, C.	Price
Bishop	Gruenes	Knickerbocker	Nelson, K.	Pugh
Blatz	Gutknecht	Kostohryz	Neuenschwander	Quinn
Boo	Hartle	Krueger	O'Connor	Redalen
Brown	Hasskamp	Lasley	Ogren	Reding
Burger	Haukoos	Lieder	Olsen, S.	Rest
Carlson, D.	Heap	Limmer	Olsen, E.	Rice
Carlson, L.	Himle	Long	Olson, K.	Richter
Carruthers	Hugoson	Lynch	Omarn	Rodosovich
Clark	Jacobs	Macklin	Onnen	Rukavina
Conway	Janezich	Marsh	Orenstein	Runbeck
Cooper	Jaros	McDonald	Osthoff	Sarna
Dauner	Jefferson	McEachern	Ostrom	Schafer

Scheid	Solberg	Tjornhom	Wagenius	Winter
Schreiber	Sparby	Tompkins	Waltman	Wynia
Seaberg	Stanis	Trimble	Weaver	Spk. Vanasek
Segal	Steensma	Tunheim	Welle	
Simoneau	Sviggum	Valento	Wenzel	
Skoglund	Swenson	Vellenga	Williams	

A quorum was present.

Uphus was excused.

Henry was excused until 4:35 p.m.

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of S. F. Nos. 698, 468, 933, 929, 997, 1074, 1332, 253, 339, 956, 1174, 1020, 1417, 1418, 661, 808, 1271 and 1618 have been placed in the members' files.

S. F. No. 339 and H. F. No. 337, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Limmer moved that the rules be so far suspended that S. F. No. 339 be substituted for H. F. No. 337 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 661 and H. F. No. 843, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Carlson, D., moved that S. F. No. 661 be substituted for H. F. No. 843 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1074 and H. F. No. 1147, which had been referred to the

Chief Clerk for comparison, were examined and found to be identical.

McEachern moved that S. F. No. 1074 be substituted for H. F. No. 1147 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1417 and H. F. No. 1668, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McGuire moved that the rules be so far suspended that S. F. No. 1417 be substituted for H. F. No. 1668 and that the House File be indefinitely postponed. The motion prevailed.

SECOND READING OF SENATE BILLS

S. F. Nos. 339, 661, 1074 and 1417 were read for the second time.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 827, A bill for an act relating to game and fish; authorizing the taking of certain muskrats that are causing damage; providing that license applications need not be notarized; regulating the purchase of raw furs; amending Minnesota Statutes 1988, sections 97A.481; 97B.655, subdivision 1; and 97B.905, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

Stanius moved that the House refuse to concur in the Senate amendments to H. F. No. 827, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests

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

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. 1107, A bill for an act relating to landlord and tenant; authorizing emergency proceeding for loss of essential services; proposing coding for new law in Minnesota Statutes, chapter 566.

PATRICK E. FLAHAVEN, Secretary of the Senate

Jefferson moved that the House refuse to concur in the Senate amendments to H. F. No. 1107, 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 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. 943, A bill for an act relating to health; requiring post-secondary students to submit a statement of immunization; providing exemptions; amending Minnesota Statutes 1988, section 123.70, subdivisions 1, 2, 4, 8, 9, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 135A.

PATRICK E. FLAHAVEN, Secretary of the Senate

Orenstein moved that the House refuse to concur in the Senate amendments to H. F. No. 943, 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 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. 371, A bill for an act relating to corrections; authorizing

the commissioner of corrections to take photographs of juveniles committed to the commissioner for management and law enforcement purposes; amending Minnesota Statutes 1988, section 260.161, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Pappas moved that the House refuse to concur in the Senate amendments to H. F. No. 371, 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 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. 527, A bill for an act relating to state parks; requiring collection facilities for recycling containers in state parks; proposing coding for new law in Minnesota Statutes, chapter 85.

PATRICK E. FLAHAVEN, Secretary of the Senate

Skoglund moved that the House refuse to concur in the Senate amendments to H. F. No. 527, 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 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. 949, A bill for an act relating to traffic safety; increasing penalties for persons convicted of DWI after a previous conviction for criminal vehicular operation or for another impaired driving crime; amending Minnesota Statutes 1988, section 169.121, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Frederick moved that the House refuse to concur in the Senate amendments to H. F. No. 949, 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 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. 300, A bill for an act relating to occupational safety and health; increasing certain penalties; proposing changes to the employee right-to-know act of 1984; amending Minnesota Statutes 1988, sections 182.651, subdivisions 7, 14, 15, and by adding a subdivision; and 182.653, subdivisions 4b, 4c, and 4f; repealing Minnesota Statutes 1988, section 182.651, subdivision 16.

PATRICK E. FLAHAVEN, Secretary of the Senate

Clark moved that the House refuse to concur in the Senate amendments to H. F. No. 300, 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 Senate File No. 1618:

S. F. No. 1618, A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; providing for regulation of certain activities and practices; requiring studies and reports; fixing and limiting fees; amending Minnesota Statutes 1988, sections 12.14; 41A.09; 43A.08, subdivision 1; 237.30; 341.10; 473.384, subdivision 7; and 473.386, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 299C.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Langseth, Purfeerst, Metzen, Mehrkens and Berg.

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

Anderson, G., moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 5 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. 1618. 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. 489:

Dawkins, Begich and Redalen.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1618:

Rice, Lieder, Kalis, Sarna and Johnson, V.

MESSAGES FROM THE SENATE, Continued

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 852 and 1625.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 852, A bill for an act relating to transportation; changing distribution of highway user taxes; authorizing use of state park road account to improve and maintain town roads that provide immediate access to state parks and campgrounds; increasing motor vehicle license tax on older vehicles; appropriating money; amending Minnesota Statutes 1988, sections 161.081; 161.082, subdivision 2a; 162.06, subdivision 5; 162.081, subdivision 1; and 168.013, subdivision 1a.

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

S. F. No. 1625, A bill for an act relating to public administration; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, and the Mayo medical

foundation, with certain conditions; amending Minnesota Statutes 1988, sections 121.93, subdivisions 2, 3, and 4; 136.31, subdivisions 3 and 5; 136A.04; 136A.05; 136A.08; 136A.095; 136A.101, subdivisions 1 and 7; 136A.121; 136A.131; 136A.132; 136A.134, subdivision 4; 136A.15, subdivision 1; 136A.16, subdivisions 1, 2, 5, 8, 9, and 10; 136A.17, subdivision 1; 136A.1701, subdivisions 1, 2, and 5; 136A.172; 136A.173, subdivision 1; 136A.174; 136A.175, subdivision 4; 136A.176; 136A.177; 136A.178; 136A.179; 136A.29, subdivision 9; 136C.04, subdivisions 1, 2, 6, 10, and 18; 136C.042, subdivision 2; 136C.05, by adding a subdivision; 136C.07, subdivision 4; 136C.075; 136C.08, subdivision 1; 136C.15; 136C.31, by adding a subdivision; 136C.36; 136C.43, subdivision 1; 169.44, subdivision 18; 275.125, subdivision 14a; 354.094, subdivisions 1a and 1b; 354A.091, subdivision 1a; 355.46, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 135A and 136A; repealing Minnesota Statutes 1988, sections 121.936, subdivision 1a; 136A.042; 136A.09; 136A.101, subdivision 6; 136A.111; 136A.121, subdivisions 1, 4, and 15; 136A.14; 136A.141; 136A.142; 136A.51; 136A.52; 136A.53; 136C.07, subdivisions 1, 2, 3, and 6; 136C.21; 136C.211; 136C.212; 136C.213; 136C.22; 136C.221; 136C.222; 136C.223; 136C.25; 136C.26, subdivisions 1, 3, 4, 5, 6, 7, and 9; 136C.27, subdivision 2; 136C.28, subdivisions 1 and 2; 136C.29; 136C.33, subdivisions 1 and 2; 136C.42; and 136C.43, subdivisions 1, 2, and 3.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Anderson, G., moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1625 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Anderson, G., moved that the Rules of the House be so far suspended that S. F. No. 1625 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1625 was read for the second time.

Anderson, G., moved to amend S. F. No. 1625, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [HIGHER EDUCATION APPROPRIATIONS.]

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this act. The listing of an amount under the figure "1989," "1990," or "1991" in this act indicates that the amount is appropriated to be available for the fiscal year ending June 30, 1989, June 30, 1990, or June 30, 1991, respectively. "The first year" is fiscal year 1990. "The second year" is fiscal year 1991. "The biennium" is fiscal years 1990 and 1991.

SUMMARY BY FUND

	1990	1991	TOTAL
General	\$945,960,000	\$1,011,550,000	\$1,957,510,000

SUMMARY BY AGENCY - ALL FUNDS

	1990	1991	TOTAL
Higher Education Coordinating Board	\$ 82,894,500	\$ 92,923,500	\$175,818,000
State Board of Vocational Technical Education	168,271,000	176,165,000	344,436,000
State Board for Community Colleges	89,426,000	98,634,000	188,060,000
State University Board	167,045,000	178,455,000	345,500,000
Board of Regents of the University of Minnesota	437,294,000	464,295,000	901,589,000
Mayo Medical Foundation	1,029,000	1,077,000	2,106,000

APPROPRIATIONS
Available for the Year
Ending June 30

1990.	1991
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Sec. 2. HIGHER EDUCATION
COORDINATING BOARD

Subdivision 1. Total Appropriation \$82,894,500 \$92,923,500

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

1988

1989

\$

\$

As part of its next budget request, the board shall report on its method of implementing the base adjustments required in this section.

Subd. 2. Agency Administration

\$3,081,500

\$3,021,500

\$95,000 in 1990 is for the optometry and osteopathy contract program to continue seats for students who were in the program in the 1986-1987 academic year. No new students may be admitted to the program and the program must be discontinued on June 30, 1990.

The HECB shall examine its policies and procedures relating to the SELF program. It shall consider whether the program creates too great a financial burden for students, and ways to alleviate any burden. It shall consider the short- and long-term effects of subsidization and ways to control subsidy costs. It shall evaluate the relative costs and benefits of subsidization and related cost-control mechanisms compared to leaving the current program intact.

Notwithstanding Laws 1987, chapter 401, section 33, the task force on post-secondary quality assessment may continue for the 1989-1991 biennium. The task force membership may be expanded to include public members appointed by the higher education advisory council from nominees submitted by the HECB.

Subd. 3. State Scholarships and Grants

\$68,584,000

\$79,084,000

During the biennium, the higher education coordinating board may ask the commissioner of finance to loan gen-

1988

1989

\$

\$

eral fund money to the scholarship and grant account to ease cash flow difficulties. The higher education coordinating board must first certify to the commissioner that there will be adequate refunds to the account to repay the loan. The commissioner shall use the refunds to make repayment to the general fund of the full amount loaned. Money necessary to meet cash flow difficulties in the state scholarship and grant program is appropriated to the commissioner of finance for loans to the higher education coordinating board.

This appropriation contains money for increasing living allowances for state scholarships and grants to \$3,148 for the first year and \$3,309 for the second year.

Of this appropriation, \$2,040,000 in each year is for child care grants. For the biennium, the board may determine a reasonable percentage of the appropriation to be used for the administrative costs of the agency and the campuses.

The HECB shall report to the education divisions of the house appropriations and senate finance committees on the academic progress and persistence of state grant recipients by February 1, 1990.

The HECB shall study the fiscal and policy effects of mechanisms to encourage students to carry full course credit loads, to enroll in summer sessions, or to otherwise complete their coursework in a timely manner. The board shall include an examination of: the effects of changing the credit load in the state grant program to define a full-time student as one averaging 15 credits per term each year, and prorating awards on that credit basis; the availability of summer financial aid; and other incen-

	1988	1989
	\$	\$

tives that it identifies. The board shall report its findings by March 1, 1990 to the education divisions of the house appropriations and senate finance committees.

The HECB shall examine the need for and supply of nurses as well as the adequacy of student access to nursing programs. It shall determine the need for and costs of a targeted financial aid program and report its recommendations to the education divisions of the house appropriations and senate finance committees by March 1, 1990.

The HECB shall examine and make recommendations on the use of post-secondary scholarships and other mechanisms to provide incentives to students to pursue International Baccalaureate degrees. In making its recommendations, the HECB shall include an analysis of the cost of a scholarship program and whether these scholarships would be an appropriate use of state funds.

Subd. 4. Statewide Study of Higher Education Needs

\$360,000

\$360,000 is to undertake the second phase of the study of post-secondary needs in the state, as provided in Laws 1988, chapter 703, article 1, section 2, subdivision 3. This phase must concentrate on those parts of the state outside the St. Cloud to Rochester population corridor. The HECB may contract for portions of the study, as necessary, but is not subject to Minnesota Statutes, chapter 16B. The study must focus on (1) an assessment of the current and future conditions and needs; (2) strategies to meet these needs; (3) costs associated with the strategies; and (4) effects of the strategies on existing in-

	1988	1989
	\$	\$
stitutions, state policies, quality of education, and system and institutional missions.		

The study should include consideration of at least the following concerns: the current and projected demographic and participation trends; current program offerings, degrees, facilities, and support services available; needs of traditional, nontraditional, rural poor and minority students; the geographical accessibility, including commuting time, of services needed by different types of students; uses of alternative delivery systems, instructional technology, cooperative efforts, and reciprocity agreements; relationships between post-secondary institutions and business; and the physical capacity of existing institutions. The study shall analyze attendance patterns to determine gaps by program and instructional level, and shall include a market survey. The HECB shall seek matching money for the study. The HECB shall report the findings of the study to the education and finance committees of the senate and the education and appropriations committees of the house by November 1, 1990. By December 1, the HECB shall review and comment on each of the strategies proposed in the study. In submitting the findings of phase 2, the board shall relate them to the results of phase 1 and their implications for statewide policy.

Subd. 5. Interstate Tuition Reciprocity

\$4,300,000	\$4,300,000
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If the appropriation for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

	1988	1989
	\$	\$
Subd. 6. State Work Study		
\$5,304,000	\$5,454,000	
Subd. 7. Minitex Library Program		
\$1,064,000	\$1,064,000	
Subd. 8. Enterprise Development Partnerships		
\$ 201,000		

This appropriation is for the Enterprise Development Centers in Bemidji, Crookston and Fergus Falls. The program shall seek future funding from the Greater Minnesota Corporation. As part of its next biennial budget request, the HECB shall report on action taken on future funding of these centers.

Subd. 9. Income Contingent Loans

The board may continue to operate an income contingent loan repayment program to assist graduates of Minnesota schools in medical, dental, pharmacy, chiropractic medicine, public health, and veterinary medicine and Minnesota graduates of optometry and osteopathy programs in repaying their student debt by providing a repayment plan based on their annual income. During the biennium, applicant data collected by the higher education coordinating board for this program may be disclosed to a consumer credit reporting agency under the same conditions as apply to the supplemental loan program according to Minnesota Statutes, section 136A.162. The HECB shall study the possible inclusion of students in other academic programs and report its recommendations to the house appropriations and senate finance committees by December 1, 1990.

	1988	1989
	\$	\$

Subd. 10. An unencumbered balance in the first year under a subdivision in this section does not cancel but is available for the second year.

Subd. 11. The higher education coordinating board may transfer unencumbered balances from the appropriations in this section to the state scholarship and grant appropriation. Before the transfer, the higher education coordinating board shall consult with the chairs of the house appropriations and senate finance committees.

Sec. 3. STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION

Subdivision 1. Total Appropriation	168,271,000	176,165,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

As part of its next budget request, the board shall report on its method of implementing the base adjustments required in this section.

Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be \$218,853,000 the first year and \$229,345,000 the second year.

\$1,862,000 in each year is for equipment purchases. This appropriation must be spent for this purpose only and is nonrecurring. The state board shall report to the education divisions of the house appropriations and senate finance committees on its use of the money by February 15 of each year in the biennium.

\$3,458,000 in 1990 and \$3,613,000 in 1991 are for repair and replacement. Revenue for this purpose must be re-

1988

1989

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\$

corded in a separate account in the board's internal accounting system. Money may be transferred into and out of the account. A transfer, together with the amount and nature of the transfer, must be reported with the system's 1991-1993 biennial budget request. The report must include an analysis of the adequacy of the amounts for repair and replacement in meeting the system's repair and replacement needs.

\$1,785,000 in each year is to improve student support services including, but not limited to: remedial programs and needs assessment, financial aid and counseling services, and minority student services. The money is also available for library development and improvement. The state board shall report to the education divisions of the house appropriations and senate finance committees on its use of these funds by February 1 of each year of the biennium.

\$783,000 in each year is for salaries, equipment and supplies to improve services for disabled students. This appropriation must be spent for these purposes only. The appropriation does not cancel and is available for these purposes until June 30, 1991. The board shall report on its use of these funds as part of the 1991-1993 budget request.

During the biennium, each outstanding and any future assessment by a local unit of government that is less than five percent of the amounts for repair and replacement may be paid when due by the board.

The state board of vocational technical education shall report to the education divisions of the house appropriations and senate finance committees on its newly developed student placement

	1988	1989
tracking system by February 1, 1990.	\$	\$

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$6,474,000 the first year and \$6,314,000 the second year.

\$3,547,000 the first year and \$3,248,000 the second year are for debt service payments to school districts for technical institute buildings financed with district bonds issued before January 1, 1979.

\$38,000 the first year and \$30,000 the second year are for veteran farmer cooperative training programs.

\$90,000 the first year and \$90,000 the second year must be allocated by the state board to the state council on vocational education.

Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES

Subdivision 1. Total Appropriation	89,426,000	98,634,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be \$120,883,000 the first year and \$133,471,000 the second year.

Amounts not to exceed \$5,573,000 in 1990 and \$4,359,000 in 1991 are for increased enrollment. This is a nonrecurring appropriation and will not be included when calculating the base for the 1991-1993 biennial budget. This appropriation is based on state money only and on estimated enrollments of

1988

1989

\$

\$

32,000 in 1990 and 33,500 in 1991. If actual enrollments are lower than these estimates, the commissioner of finance shall calculate the effect for the general fund and include an adjustment in the budget for the following fiscal year.

\$2,150,000 in each year is for equipment purchases. This appropriation must be spent for this purpose only and is nonrecurring. The state board shall report to the education divisions of the house appropriations and senate finance committees on its use of the money by February 15 of each year in the biennium.

\$1,582,000 in 1990 and \$1,639,000 in 1991 are for repair and replacement. Revenue for this purpose must be recorded in a separate account in the board's internal accounting system. Money may be transferred into and out of the account. A transfer, together with the amount and nature of the transfer, must be reported with the system's 1991-1993 biennial budget request. The report must include an analysis of the adequacy of the amounts for repair and replacement in meeting the system's repair and replacement needs.

\$1,493,000 in each year is to improve student support services including, but not limited to: remedial programs and needs assessment, financial aid and counseling services, and minority student services. The money is also available for library development and improvement. The state board shall report to the education divisions of the house appropriations and senate finance committees on its use of these funds by February 1 of each year of the biennium.

\$410,000 in each year is for salaries, equipment and supplies to improve ser-

	\$	1988	\$	1989
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vices for disabled students. This appropriation must be spent for these purposes only. The appropriation does not cancel and is available for these purposes until June 30, 1991. The board shall report on its use of these funds as part of the 1991-1993 budget request.

During the biennium, each outstanding and any future assessment by a local unit of government that is less than five percent of the amounts for repair and replacement may be paid when due by the board.

The community college system shall examine the feasibility, costs and effects of implementing a textbook rental system on its campuses. The findings shall be reported to the education divisions of the house appropriations and senate finance committees by February 15, 1990.

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$11,968,000 the first year and \$12,482,000 the second year.

Sec. 5. STATE UNIVERSITY BOARD

Subdivision 1. Total Appropriation	167,045,000	178,455,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be \$237,054,000 the first year and \$252,619,000 the second year.

1988

1989

\$

\$

Amounts not to exceed \$4,959,000 in 1990 and \$1,938,000 in 1991 are for increased enrollment. This is a nonrecurring appropriation and will not be included when calculating the base for the 1991-1993 biennial budget. This appropriation is based on state money only and on estimated enrollments of 51,735 in 1990 and 51,998 in 1991. If actual enrollments are lower than these estimates, the commissioner of finance shall calculate the effect for the general fund and include an adjustment in the budget for the following fiscal year.

\$2,463,000 in each year is for the improvement of instructional programs, including but not limited to: additional sections of required undergraduate courses; expanded undergraduate advising; and enhanced academic computing capabilities. The board shall report on its actions and its use of these funds to the education divisions of the house appropriations and senate finance committees by February 1 of each year of the biennium.

\$564,000 in the first year and \$1,145,000 in the second year is for equipment purchases. This appropriation must be spent for this purpose only and is nonrecurring. The state board shall report to the education divisions of the house appropriations and senate finance committees on its use of the money by February 15 of each year in the biennium.

\$2,928,000 in 1990 and \$3,046,000 in 1991 are for repair and replacement. Revenue for this purpose must be recorded in a separate account in the board's internal accounting system. Money may be transferred into and out of the account. A transfer, together with the amount and nature of the transfer, must be reported with the system's 1991-1993 biennial budget re-

1988

1989

\$

\$

quest. The report must include an analysis of the adequacy of the amounts for repair and replacement in meeting the system's repair and replacement needs.

During the biennium, each outstanding and any future assessment by a local unit of government that is less than five percent of the appropriation for repair and replacement may be paid when due by the board.

Notwithstanding Minnesota Statutes, section 136.09, subdivision 3, or other law to the contrary, during the biennium neither the state university board nor the state university campuses shall plan or develop doctoral level programs or degrees until after they have received the recommendation of the house and senate committees on education, finance, and appropriations.

\$149,000 in 1990 is for the state university board to enter into an agreement to lease space on the campus of the College of St. Teresa for the instructional needs of Winona State University. The board shall work with the department of administration, real estate management division, to negotiate and develop lease terms and conditions. The appropriation is available until June 30, 1991.

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$10,520,000 the first year and \$10,715,000 the second year.

A \$250,000 fund is created under the state university board to provide grants for Minnesota resident students participating in the Akita program. The state university may draw from this fund as necessary and may request

1988

1989

\$

\$

additional money in 1991 to maintain the fund at the \$250,000 level. The state university board, in consultation with the HECB, shall develop a grant program. Grants must be awarded on the basis of financial need using the standardized needs analysis and other eligibility criteria employed by the HECB in the state grant program, except that the cost of attendance shall be adjusted to incorporate the state university tuition level and the Akita fee level. An individual grant must not exceed the state grant cap for a student at a four year private college. Students receiving grants under this subdivision are not eligible for the state grant program during the period for which this award applies. The state university board shall report on its use of this fund to the education divisions of the house appropriations and senate finance committees by January 1, 1991.

\$25,000 is appropriated in fiscal year 1990 from the general fund to the state university board to defray costs of post-secondary faculty participants in the education faculty exchange under section 72. This appropriation is available until June 30, 1991. This appropriation, and those provided to the boards in the omnibus education finance act, are intended to compensate for expenses that are unavoidable and beyond the normal living expenses faculty members would incur if they were not involved in this exchange. The state university board, the board of regents of the University of Minnesota, and their respective campuses, in conjunction with the participating school districts, must control costs for all participants as much as possible, through means such as arranging housing exchanges, providing campus housing, and providing state or school district cars for transportation. Additionally the boards and campuses may seek

1988

1989

\$

\$

other sources of funding to supplement these appropriations if necessary.

During the biennium, notwithstanding any law to the contrary, the state university board may keep money received from successful litigation by or against the board. Awards made to the state or the board resulting from litigation against or by the board shall be kept by the board to the credit of the account from which the litigation was originally funded.

Subd. 4. Wood-Fired Boilers

Effective the day after final enactment of this subdivision, no more money shall be paid out of the treasury of this state in connection with an agreement under Minnesota Statutes, section 16B.16, to provide a wood-fired boiler heating system at the campus of either Bemidji state university or St. Cloud state university.

Minnesota Statutes, section 16B.16, authorizes the commissioner of administration to enter into installment purchase agreements to acquire equipment that will improve the energy efficiency of a state building or facility if, among other things, the entire cost of the contract is a percentage of the resultant savings in energy costs and the state may unilaterally cancel the agreement if the legislature fails to appropriate funds to continue the contract. Section 16B.16 does not authorize the commissioner to commit the state to pay for equipment that does not work nor to pay more for energy as a result of the installment purchase agreement than would be needed without the agreement. If there are no savings in energy costs through use of the equipment, there should be no compensation due under the agreement.

The commissioner of administration acted under Minnesota Statutes, sec-

	1988	1989
\$		\$

tion 16B.16 when entering into installment purchase agreements to install wood-fired boiler heating systems at the campuses of Bemidji State University and St. Cloud State University. The wood-fired boiler heating system installed at the Bemidji campus did not work as promised and the promised energy savings were not achieved. The state refused to make further payments under the agreement for Bemidji and canceled the agreement for St. Cloud. The state later resumed making payments under the agreement for Bemidji, even though it believed there had been a complete failure of consideration.

The purpose of this subdivision is to make clear to all potential investors in state and local bonds and to financial institutions that the state is not and never has been responsible for financing the wood-fired boiler heating systems at Bemidji and St. Cloud state universities, other than through payment to the vendor of a percentage of the resultant savings in energy costs. Since the equipment and technology chosen by the vendor did not produce savings in energy costs, the entire loss should be borne by the vendor and by the vendor's financial backers, not by the state.

Sec. 6. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation	437,294,000	464,295,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance	354,942,000	377,507,000
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On December 1 each year the president of the University of Minnesota shall

	1988	1989
	\$	\$

report to the senate finance and house appropriations committees and the commissioner of finance any receipts for the previous fiscal year in excess of the estimates on which these appropriations are based, the sources of these receipts, the purposes for which any excess receipts were spent, and the accounts to which the receipts were transferred. The total estimated receipts are \$138,769,000 for the first year and \$147,261,000 for the second year.

The board of regents are requested to consider adopting a policy of paying per diem to board members for attending a meeting of the board or a committee of the board.

(a) Instructional Expenditures

The legislature estimates that instructional expenditures in subdivision 2 will be \$387,726,000 the first year and \$412,625,000 the second year.

\$3,307,000 in 1990 and \$5,601,000 in 1991 are for the improvement of instructional programs including, but not limited to: additional sections of required undergraduate courses; expanded undergraduate advising; and enhanced academic computing capabilities. The board shall report on its actions and its use of these funds to the education divisions of the house appropriations and senate finance committees by February 1 of each year of the biennium.

\$2,000,000 in each year is for equipment purchases. This appropriation must be spent for this purpose only and is nonrecurring. The board shall report to the education divisions of the house appropriations and senate finance committees on its use of the money by February 15 of each year in the biennium.

1988

1989

\$

\$

\$8,992,000 in 1990 and \$9,345,000 in 1991 are for repair and replacement. Revenue for this purpose must be recorded in a separate account in the board's internal accounting system. Money may be transferred into and out of the account. A transfer, together with the amount and nature of the transfer, must be reported with the system's 1991-1993 biennial budget request. The report must include an analysis of the adequacy of the above appropriation in meeting the system's repair and replacement needs.

During the biennium, each outstanding and any future assessment by a local unit of government that is less than five percent of the appropriation for repairs and replacements may be paid when due by the board.

The regular session enrollment projected for this appropriation is 35,679 full-year equivalent undergraduate students for the first year and 35,752 for the second year. For developing the next biennial budget request, the regular session undergraduate enrollment used for the average cost funding formula must not exceed these numbers. For the biennium ending June 30, 1991, tuition income resulting from students in excess of the projections reduces the general fund appropriation by a like dollar amount. The legislature further anticipates that the regular session full-year equivalent undergraduate students must not exceed 33,862 by fiscal year 1993. The university shall submit progress reports on the attainment of the anticipated enrollments. If the university attains these enrollment goals, the calculation for the average cost funding formula must not reduce the budget base.

During the biennium, the regents are requested to provide fair and equitable

1988

1989

\$

\$

funding to each coordinate campus for the additional number of students enrolled above the 1988-1989 academic year enrollment.

(b) Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$105,665,000 the first year and \$111,814,000 the second year.

\$129,000 in 1990 and \$167,000 in 1991 in noninstructional funds is to establish a training program for teaching assistants to improve their communications and teaching skills. The legislature anticipates that the university will allocate matching money internally to support teaching assistant programs. The university shall report on its actions and its use of this appropriation by January 15, 1991.

\$25,000 is appropriated in fiscal year 1990 from the general fund to the regents of the University of Minnesota to defray costs of post-secondary faculty participants in the education faculty exchange under section 72. This appropriation is available until June 30, 1991. This appropriation, and those provided to the boards in the omnibus education finance act, are intended to compensate for expenses that are unavoidable and beyond the normal living expenses faculty members would incur if they were not involved in this exchange. The state university board, the board of regents of the University of Minnesota, and their respective campuses, in conjunction with the participating school districts, must control costs for all participants as much as possible, through means such as arranging housing exchanges, providing campus housing, and providing state or school district cars for transportation. Additionally the boards and campuses

	1988	1989
	\$	\$
may seek other sources of funding to supplement these appropriations if necessary.		
Subd. 3. Special Appropriations	82,352,000	86,788,000

(a) Minnesota Extension Service

\$15,948,200	\$16,724,400
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Any salary increases granted by the university to personnel paid from this appropriation must not result in a reduction of the county portion of the salary payments.

(b) Minnesota Extension/Safety Program

\$ 52,500	\$ 55,100
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(c) Agricultural Research

\$26,843,400	\$28,223,000
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During the biennium, the university shall maintain an advisory council system for each experiment station. The advisory councils must be broadly representative of range of size and income distribution of farms and agribusinesses and must not disproportionately represent those from the upper half of the size and income distributions.

(d) Veterinary Diagnostic Laboratory

\$1,646,900	\$1,819,200
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(e) Coleman Leukemia Research Center

\$ 263,600	\$ 276,700
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(f) Indigent Patients (County Papers)

\$ 315,000	\$ 330,800
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	1988	1989
	\$	\$
(g) Rural Physicians Associates Program		
	\$ 622,700	\$ 653,800
(h) Medical Research		
	\$ 2,578,800	\$ 2,707,700
(i) Special Hospitals, Service and Educational Offset		
	\$10,455,900	\$10,978,700

During the biennium, fees for service furnished to counties and individuals under this program must be sought to increase the money appropriated. The fees are appropriated to the board of regents for the university hospitals, to be available until June 30, 1991.

(j) Fellowships for Minority and Disadvantaged Students

\$ 58,800	\$ 61,700
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(k) General Research

\$2,330,000	\$2,446,400
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This appropriation is, as the board of regents may direct, for general research, and business and economic research including business and economic research at Duluth, center for urban and regional affairs, and museum of natural history.

(l) Intercollegiate Athletics

\$3,384,200	\$3,547,200
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This appropriation includes money to improve the programs and resources available to women and to ensure that campuses are in compliance with Title IX of the Educational Amendment Act of 1972 and Minnesota Statutes, section 126.21.

	1988	1989
	\$	\$

Of this appropriation, no less than the following amounts must be allocated to each campus:

Duluth

585,000		614,000
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Morris

71,000		74,000
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Crookston

47,000		50,000
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Waseca

47,000		50,000
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(m) Student Loans Matching Money

\$236,800		\$353,600
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(n) Talented Youth Mathematics Program

\$283,500		\$297,700
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Of this appropriation, \$45,000 is to match grant funds for teacher education.

This appropriation includes money to continue the outreach sites program to ensure an opportunity for the participation of youth outside the metropolitan area.

(o) Geological Survey

\$1,031,100		\$1,082,700
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(p) Mineral Resources Research Center

\$ 831,600		\$ 873,200
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(q) Natural Resources Research Institute

\$2,647,100		\$2,779,400
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	1988	1989
	\$	\$
(r) Sea Grant College Program		
\$ 345,500	\$ 362,700	
(s) Underground Space Center		
\$ 246,800	\$ 259,100	
(t) Institute for Advanced Studies in Biological Process Technology		
\$ 992,300	\$1,041,900	
(u) Industrial Relations Education		
\$ 885,600	\$ 925,600	
(v) Institute for Human Genetics		
\$ 536,600	\$ 563,400	
(w) Microelectronics and Information Science Center		
\$ 716,100	\$ 751,900	
(x) Productivity Center		
\$ 362,300	\$ 380,400	
(y) Supercomputer Institute		
\$7,785,800	\$8,175,000	
(z) Rochester Graduate Education		
\$ 651,600	\$ 667,400	
The legislature estimates that \$973,000 in 1990 and \$996,000 in 1991 is for enhanced and expanded graduate programs.		
(aa) Biomedical Engineering Center		
\$175,000	\$325,000	
(bb) Humphrey Exhibit		
\$125,000	\$125,000	

	1988	1989
	\$	\$

Subd. 4. University of Minnesota,
Waseca

The appropriation in Laws 1987, chapter 400, section 20, subdivision 8, paragraph (a), to renovate the agriculture laboratories at Waseca, may also be used to construct a greenhouse.

Sec. 7. MAYO MEDICAL FOUNDATION

Subdivision 1. Total Appropriation	1,029,000	1,077,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Medical School

\$752,700	\$791,200
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The state of Minnesota shall pay a capitation of \$9,409 the first year and \$9,890 the second year for each student who is a resident of Minnesota.

This appropriation provides capitation for 20 Minnesota residents in each of the four classes at Mayo Medical School. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

The legislature intends that during the biennium the Mayo foundation use the capitation money to increase the number of doctors practicing in rural areas in need of doctors as identified by the higher education coordinating board.

Subd. 3. Family Practice and Graduate Residency Program

\$276,500	\$286,000
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The state of Minnesota shall pay a capitation of \$15,361 the first year and

	1988	1989
	\$	\$
\$15,889 the second year for a maximum of 18 students each year.		

Sec. 8. POST-SECONDARY SYSTEMS

Subdivision 1. Base Level Adjustments

In preparing budget requests for the 1992-1993 biennium, the commissioner of finance shall make the same categories of base level adjustments to the budgets of higher education systems as to the budgets of state agencies. The amounts and the purposes must be delineated in the budget document.

Subd. 2. Enrollment Growth

Each public post-secondary governing board experiencing or anticipating enrollment growth on one or more of its campuses, shall plan for responding to the growth while maintaining educational quality. The boards shall provide a preliminary report on these plans and on their recruitment expenditures to the education divisions of the house appropriations and senate finance committees by September 1, 1989 and a final report by February 1, 1990.

Subd. 3. Metropolitan Area Planning

The University of Minnesota and the State University System shall engage in planning to meet the upper division baccalaureate needs of the metropolitan area. The planning shall be done jointly to meet the varying needs, but the unique strengths of each system should be recognized and built upon. The planning shall address the needs of different types of student populations including traditional, nontraditional, and minority students. The plans shall include at least: an assessment of

1988

1989

\$

\$

needs; an evaluation of ways to meet those needs; an estimation of the costs of meeting the needs; and the effects of the plans on present systems and campuses. The plans shall also address the types of programs to be offered, the provision of core and additional faculty, and the need for facilities and equipment.

The University and State University System shall determine the appropriate processes and mechanisms to accomplish this planning. These shall include consultation with the community colleges, technical institutes, private colleges, and HECB. The University and State University System shall determine the appropriate deadlines for the process that will allow for creative, thoughtful planning while recognizing the immediacy of the needs.

The University and State University System shall inform the education divisions of the house appropriations and senate finance committees of the process and deadlines they develop.

Subd. 4. BOAST

In order to recognize student talent and the outstanding work of art and art-related departments on campuses of the four public post-secondary systems, the Minnesota House of Representatives intends to begin a program to reward these achievements. The program, entitled Bring Out Art Students' Talent (BOAST), will reward winners of campus art competitions by displaying their art in the state office building. The speaker of the house shall appoint, by July 1, 1989, a select committee to develop procedures and oversee the process. The heads of each of the public post-secondary systems are requested to consult with this committee and co-

	1988	1989
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ordinate the efforts of the campuses. Each campus may hold a competition and select the entries that are to be displayed. The campus shall arrange for the delivery, set up, and removal of the displays according to the procedures developed by the select committee.

Subd. 5. Student Progress

The state university board, the community college board, and the board of vocational technical education shall study the use of tuition banding and other mechanisms to provide incentives for students to carry full credit loads. All public post-secondary governing boards shall also study nonfinancial impediments to students completing programs within two or four years. These may include unavailability of courses, expanded programmatic requirements, students' lack of preparation for college, changes in values and attitudes, and other factors identified by the boards. The boards shall examine ways to reduce or eliminate these impediments and to encourage students to complete their educational programs in a more timely fashion. The boards shall report their findings and recommendations to the education divisions of the house appropriations and senate finance committees by February 1, 1990.

Subd. 6. Student Preparation

In order to increase students' academic preparation for higher education, and to decrease the need for remedial work in post-secondary institutions, the state university board, the community college board, and the state board for vocational technical education shall study and make recommendations on the effects of adopting secondary school preparation requirements for incoming

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students. Each board shall report its findings to the education divisions of the house appropriations and senate finance committees by February 1, 1990.

Subd. 7. HEAC

The higher education advisory council, in cooperation with the HECB, shall develop statewide standards to guide conduct in marketing institutions and recruiting students. It further shall examine the feasibility of joint marketing and recruiting to help control costs and reduce duplication of services. These shall be done as a part of the planning and mission requirements and reported as part of the system plans in December 1990.

The higher education advisory council, in cooperation with the HECB, shall examine the feasibility and costs of operating all public post-secondary campuses on a common calendar basis. The HEAC shall report its findings and recommendations to the education divisions of the house appropriations and senate finance committees by February 1, 1990.

The higher education advisory council, in cooperation with the HECB, shall examine the feasibility and costs of a statewide program for health and hospitalization insurance for students in all public post-secondary institutions. The HEAC shall report its recommendations to the education divisions of the senate finance and house appropriations committees by February 15, 1990.

The higher education advisory council, in cooperation with the HECB, shall examine the feasibility and costs of developing and implementing a uniform procedure for assessing the reme-

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dial needs of incoming students. The HEAC shall report its findings and recommendations to the education divisions of the house appropriations and senate finance committees by February 1, 1990.

Subd. 8. Sexual Harassment Policies

By September 1, 1990, each public post-secondary governing board shall adopt written sexual harassment and sexual violence policies that address the needs of system and campus employees and students. The policies must conform to the applicable provisions of Minnesota Statutes, sections 363.01 to 363.15. The policies must include reporting procedures and disciplinary actions. Disciplinary actions must conform to collective bargaining agreements, when applicable. The policy must be posted in each system and campus building and incorporated into campus catalogues, course schedules, or other materials provided to students during registration.

Subd. 9. Student Placement

The state board for community colleges shall develop a student placement tracking system for its occupational programs to enable it to determine the number of students placed successfully in occupations related to their education. The board of regents of the University of Minnesota is requested to develop a similar system for its technical programs at the Crookston and Waseca campuses. Each board shall report its actions to the education divisions of the house appropriations and senate finance committees by February 15, 1990.

Sec. 9. Minnesota Statutes 1988, section 121.93, subdivision 2, is amended to read:

Subd. 2. "District" means a school district, an educational cooperative service unit, a cooperative center for secondary vocational education, a cooperative center for special education, a ~~technical institute~~, or an intermediate service area.

Sec. 10. Minnesota Statutes 1988, section 121.93, subdivision 3, is amended to read:

Subd. 3. "ESV-IS" or "elementary, secondary, and secondary vocational education management information system" means that component of the statewide elementary, secondary, and secondary vocational education management information system which provides administrative data processing and management information services to districts.

Sec. 11. Minnesota Statutes 1988, section 121.93, subdivision 4, is amended to read:

Subd. 4. "SDE-IS" or "state department of education information system" means that component of the statewide elementary, secondary, and secondary vocational education management information system which provides data processing and management information services to the department of education.

Sec. 12. Minnesota Statutes 1988, section 126.56, subdivision 5, is amended to read:

Subd. 5. [ADVISORY COMMITTEE.] An advisory committee shall assist the state board of education in approving eligible programs and shall assist the higher education coordinating board in planning, implementing, and evaluating the scholarship program. The committee shall consist of 11 members, to include the executive director of the higher education coordinating board or a representative, the commissioner of education or a representative, two secondary school administrators and two secondary teachers appointed by the commissioner of education, the executive director of the academic excellence foundation, a private college representative appointed by the president of the Minnesota private college council, a community college representative appointed by the community college chancellor, a state university representative appointed by the state university chancellor, and a University of Minnesota representative appointed by the president of the University of Minnesota. The committee expires is permanent and does not expire as provided in section 15.059, subdivision 5.

Sec. 13. Minnesota Statutes 1988, section 135A.05, is amended to read:

135A.05 [TASK FORCE.]

The executive director of the Minnesota higher education coordinating board shall administer a task force on average cost funding. The task force shall include representation from each of the public systems of post-secondary education, post-secondary students, the education division of the house appropriations committee, the education subcommittee of the senate finance committee, the office of the commissioner of finance, the office of state auditor, and the uniform financial accounting and reporting advisory council. The task force shall be convened and chaired by the executive director or a designee and staffed by the higher education coordinating board. The task force shall review and make recommendations on the definition of instructional cost in all four systems, the method of calculating average cost for funding purposes, the method used to assign programs to the proper level of cost at each level of instruction, the adequacy of the accounting data for defining instructional cost in a uniform manner, and the biennial budget format to be used by the four systems in submitting their biennial budget requests. The task force shall submit a report on these matters to the legislature by December 1 of each odd-numbered year. The task force expires is permanent and does not expire as provided in section 15.059, subdivision 6.

Sec. 14. Minnesota Statutes 1988, section 135A.06, subdivision 3, is amended to read:

Subd. 3. [SYSTEM PLANS.] Each system shall develop a program plan for instruction, research, and public service. Each system shall consult with the higher education coordinating board and with the other systems throughout the planning process. The higher education coordinating board shall coordinate intersystem efforts in the development of the program plans to achieve intersystem cooperation and differentiation.

Each planning report shall consider at least the following elements:

(1) a statement of program priorities for undergraduate, graduate, and professional education, including data about program cost and average class size within each institution;

(2) the effects of proposed programmatic and enrollment changes on other systems and campuses;

(3) a review of plans for adjusting the number of facilities, staff, and programs to projected level of demand, including consideration of campus and program mergers, campus and program closings, new governance structures, the relationship between fixed costs and projected enrollment changes, and consolidation of institutions, services, and programs that serve the same geographic area under different governing boards;

(4) a review of the current and projected use of community outreach and extension programs including information on all off-campus sites;

(3) (5) enrollment projections for two, five, and ten years based on recent available projections produced by the higher education coordinating board or, if different projections are used, they shall be compared to those prepared by the higher education coordinating board, and the system shall identify the method and assumptions used to prepare its projections;

(4) (6) estimated financial costs and savings of alternative plans for adjusting facilities, staff, and programs to declining changing enrollments and fiscal resources;

(5) (7) opportunities for providing services cooperatively with other public and private institutions in the same geographic area; and

(6) (8) differentiating and coordinating missions to reduce or eliminate duplication of services and offerings, to improve delivery of services, and to establish clear and distinct roles and priorities.

Sec. 15. Minnesota Statutes 1988, section 136.31, subdivision 3, is amended to read:

Subd. 3. ~~Such~~ The bonds shall must be executed by such the officers of ~~said the board as shall be designated by said the board to execute them and countersigned by the treasurer of elected by the board who shall be an officer duly elected by the board;~~ provided that at least one of such officers shall sign each bond manually and the other signatures or countersignature thereon and on the interest coupons may be printed, lithographed, stamped or engraved thereon. Any bonds bearing the signature of officers in office at the date of signing thereof shall be valid and binding for all purposes, notwithstanding that before delivery thereof any or all such persons whose signatures appear thereon shall have ceased to be such officers, or that any or all such persons did not hold such offices at the date of such bonds.

Sec. 16. Minnesota Statutes 1988, section 136.31, subdivision 5, is amended to read:

Subd. 5. Whenever If the board shall by resolution determine determines that there are moneys in the possession of its treasurer possesses money not currently needed, or which are that is set aside in any a reserve, the board may in and by such the resolution authorize and may direct the treasurer to invest a specified amount thereof of the money in treasury bonds or bills, certificates of indebtedness, bonds or notes of the United States of America

securities of the types described in section 475.66. The securities so purchased shall must be deposited with and held for the board by the board treasurer. Whenever funds so If the invested are money is needed by the board it shall direct its the treasurer to sell the same all or a designated amount thereof of the securities. All moneys Money collected thereon from the investment by the board treasurer, as principal, interest, or proceeds of sales, shall must be credited to and constitute made a part of the fund and account for which the investment was is made.

Sec. 17. Minnesota Statutes 1988, section 136A.02, is amended to read:

136A.02 [MEMBERSHIP; OFFICERS; ADVISORY COMMITTEES.]

Subdivision 1. [MEMBERSHIP.] The higher education coordinating board shall consist of eight citizen members, one from each congressional district, to be appointed by the governor with the advice and consent of the senate, two citizen members and one student member also to be appointed by the governor with the advice and consent of the senate to represent the state at large. The student member must be a full-time student enrolled in a Minnesota post-secondary institution at the time of appointment or within one year prior to appointment. The student advisory council may recommend candidates to the governor for the student member position. All appointees to the board shall be selected for their knowledge of and interest in post-secondary education and at least one shall be selected specifically for knowledge of and interest in vocational education. A nonstudent member of the board must not be an employee of or receive compensation from a public or private post-secondary institution while serving on the board. A student member may receive compensation as a student body officer or may be a recipient of financial aid, including work study, but must not otherwise be employed or compensated by a post-secondary institution while serving on the board.

Subd. 1a. [TERMS.] The term of each voting board member shall be six years, except that the student member's term shall be two years. As nearly as possible, one-sixth of the terms of the voting board members shall expire each year. The compensation, removal of voting members, and filling of vacancies among voting members on the board shall be as provided in section 15.0575, subdivisions 3, 4, and 5.

Subd. 3. [OFFICERS.] The higher education coordinating board shall elect a president and a secretary and such other officers as it deems necessary. It shall fix its meeting dates and places. The commissioner of administration shall provide it with appropriate offices.

Subd. 5. [ADVISORY GROUPS.] The board may appoint advisory task forces to assist it in the study of higher education within the state or in the administration of federal programs. The task forces shall expire and the terms, compensation and removal of members shall be as provided in section 15.059, except that the task force created in section 135A.05 and the advisory councils in subdivisions 6 and 7 are permanent and do not expire.

Subd. 6. [HIGHER EDUCATION ADVISORY COUNCIL.] A higher education advisory council is established. The council is composed of the president of the University of Minnesota, the chancellor of the state universities, the chancellor of the community colleges, the state director of vocational technical education, the commissioner of education, the president of the private college council, and a representative from the Minnesota association of private post-secondary schools. The advisory council shall (1) bring to the attention of the board any matters that the council deems necessary, (2) make appropriate recommendations, (3) review and comment upon proposals and other matters before the board, and (4) provide other assistance to the board. The board shall periodically inform the council of matters under consideration by the board. The board shall refer all proposals to the council before submitting recommendations to the governor and the legislature. The board shall provide time for a report from the advisory council at each meeting of the board.

The council shall report to the board at least quarterly. The council shall determine its meeting times, but it shall also meet within 30 days after a request by the executive director of the board. The council expires is permanent and does not expire as provided in section 15.059, subdivision 5.

Subd. 7. [STUDENT ADVISORY COUNCIL.] A student advisory council to the board is established. The members of the council shall include the chair of the University of Minnesota university student senate, the state chair of the Minnesota state university student association, the president of the Minnesota community college student association, the president of the Minnesota vocational technical student association, the president of the Minnesota association of private college students, and a student who is enrolled in a private vocational school registered under this chapter, to be appointed by the Minnesota association of private post-secondary schools. A member may be represented by a designee.

The advisory council shall:

(1) bring to the attention of the board any matter that the council believes needs the attention of the board;

(2) make recommendations to the board as the council deems appropriate;

(3) review and comment upon proposals and other matters before the board;

(4) provide any reasonable assistance to the board; and

(5) select one of its members to serve as chair. The board shall inform the council of all matters under consideration by the board and shall refer all proposals to the council before the board acts or sends the proposals to the governor or the legislature. The board shall provide time for a report from the advisory council at each meeting of the board.

The student advisory council shall report to the board quarterly and at other times that the council considers desirable. The council shall determine its meeting time, but the council shall also meet with the executive director of the board within 30 days after the director's request for a council meeting. The student advisory council shall meet quarterly with the higher education advisory council and the board executive committee. The council ~~expires~~ is permanent and does not expire as provided in section 15.059, subdivision 5.

Sec. 18. Minnesota Statutes 1988, section 136A.04, is amended to read:

136A.04 [DUTIES.]

Subdivision 1. The higher education coordinating board shall:

(a) Continuously study and analyze all phases and aspects of higher education, both public and private, and develop necessary plans and programs to meet present and future needs of the people of the state;

(b) Continuously engage in long-range planning for the needs of higher education and, if necessary, cooperatively engage in planning with neighboring states and agencies of the federal government;

(c) Act as successor to any committee or commission previously authorized to engage in exercising any of the powers and duties prescribed by sections 136A.01 to 136A.07;

(d) Review, approve or disapprove, make recommendations, and identify priorities with respect to all proposals for new or additional programs of instruction or ~~substantial~~ changes in existing programs to be established in or offered by, the University of Minnesota, the state universities, the community colleges, technical institutes, and private collegiate and noncollegiate post-secondary institutions. The board shall also periodically review existing programs and recommend discontinuing or modifying any existing program. When

reviewing new or existing programs, the board shall consider whether the program is unnecessary, a needless duplication of existing programs, beyond the capability of the system or institution considering its resources, or beyond the scope of the system or institutional mission;

(e) Develop in cooperation with the post-secondary systems, house appropriations committee, senate finance committee, and the departments of administration and finance, a compatible budgetary reporting format designed to provide data of a nature to facilitate systematic review of the budget submissions of the University of Minnesota, the state university system, the community college system, and the technical institutes, which includes the relating of dollars to program output;

(f) Review budget requests, including plans for construction or acquisition of facilities, of the University of Minnesota, the state universities, the community colleges, and technical institutes for the purpose of relating present resources and higher educational programs to the state's present and long-range needs; and conduct a continuous analysis of the financing of post-secondary institutions and systems, including the assessments as to the extent to which the expenditures and accomplishments are consistent with legislative intent;

(g) Obtain from private post-secondary institutions receiving state funds a report on their use of those funds;

(h) Continuously monitor and study the transferability between Minnesota post-secondary and higher education institutions of credits earned for equal and relevant work at those institutions, the degree to which credits earned at one institution are accepted at full value by the other institutions, and the policies of these institutions concerning the placement of these transferred credits on transcripts;

(i) prescribe policies, procedures, and rules necessary to administer the programs under its supervision.

Subd. 2. The higher education coordinating board shall review and make recommendations regarding a plan or proposal for a new or additional program of instruction or a substantial change in an existing program of instruction to be offered by a technical institute within 45 days of the transmission of approval of the plan or proposal to the higher education coordinating board by the state board for of vocational technical education. The higher education coordinating board shall then transmit a written explanation of its recommendations within five days of board action to the director of the applying technical institute and to the commissioner of state director of vocational technical education.

Sec. 19. Minnesota Statutes 1988, section 136A.05, is amended to read:

136A.05 [COOPERATION OF INSTITUTIONS OF HIGHER EDUCATION.]

All public institutions of higher education, all school districts providing post-secondary vocational education, and all state departments and agencies shall cooperate with and supply information requested by the higher education coordinating board in order to enable it to carry out and perform its duties. Private post-secondary institutions are requested to cooperate and provide information.

Sec. 20. Minnesota Statutes 1988, section 136A.08, is amended to read:

136A.08 [RECIPROCAL AGREEMENTS RELATING TO NON-RESIDENT TUITION WITH OTHER STATES.]

Subdivision 1. [AUTHORIZATION.] The Minnesota higher education coordinating board herein referred to as the board, in addition to its general responsibility for cooperatively engaging in planning higher education needs with neighboring states pursuant to section 136A.04, may enter into agreements or understandings which include, including remission of nonresident tuition for designated categories of students at state public post-secondary institutions of higher education and public technical institutes, with appropriate state agencies and public post-secondary institutions of higher education in other states to facilitate utilization of public higher education institutions in this state and other states. Such The agreements shall have as their be for the purpose of the mutual improvement of educational advantages for residents of this state and such other states or institutions of other states with whom agreements are made.

Subd. 2. [WISCONSIN.] At the discretion of the board, A higher education reciprocity agreement with the state of Wisconsin may include provision for the transfer of funds between Minnesota and Wisconsin provided that an income tax reciprocity agreement between Minnesota and Wisconsin is in effect for the period of time included under the higher education reciprocity agreement. If this provision for transfer of funds between the two states is included in a collegiate education reciprocity agreement, the amount of funds to be transferred shall be determined according to a formula which is mutually acceptable to the board and a duly designated agency representing Wisconsin. Such The formula shall recognize differences in tuition rates between the two states and the number of students attending institutions in each state under the agreement. Any payments to Minnesota by Wisconsin shall be deposited by the board in the general fund of the state treasury. The amount required for the payments shall be certified by the executive director of the

higher education coordinating board to the commissioner of finance annually.

Subd. 2 3. [NORTH DAKOTA; SOUTH DAKOTA.] At the discretion of the board, A reciprocity agreement with North Dakota may include provision for the transfer of funds between Minnesota and North Dakota. If provision for transfer of funds between the two states is included in an agreement, the amount of funds to be transferred shall be determined according to a formula which is mutually acceptable to the board and a duly designated agency representing North Dakota. In adopting a formula, the board shall consider tuition rates in the two states and the number of students attending institutions in each state under the agreement. Any payment to Minnesota by North Dakota shall be deposited by the board in the general fund. The amount required for the payments shall be certified by the executive director of the higher education coordinating board to the commissioner of finance annually. All provisions in this subdivision pertaining to North Dakota shall also be applied to South Dakota and all authority and conditions granted for higher education reciprocity with North Dakota are also granted for higher education reciprocity with South Dakota.

Subd. 3 4. [FINANCIAL AID.] The board may enter into an agreement, with a state with which it has negotiated a reciprocity agreement for tuition, to permit students from both states to receive student aid awards from the student's state of residence for attending an eligible institution in the other state.

Subd. 4 5. [GOVERNING BOARD APPROVAL.] No An agreement made by the board pursuant to under this section shall be is not valid as to a technical institute particular institution without the approval of the state board for vocational education, as to a state university without the approval of the state university board, as to a community college without the approval of the state board for community colleges, and as to the University of Minnesota without the approval of the board of regents of the University of Minnesota that institution's state governing board.

Sec. 21. Minnesota Statutes 1988, section 136A.095, is amended to read:

136A.095 [GRANTS IN AID; PURPOSE OF STATE GRANTS.]

The legislature finds and declares that the identification of men and women of the state who are economically disadvantaged and the encouragement of their educational development in eligible institutions of their choosing are in the best interests of the state and of the students. The higher education coordinating board shall administer the grant programs and develop necessary policies and adopt necessary rules.

Sec. 22. Minnesota Statutes 1988, section 136A.101, is amended to read:

136A.101 [DEFINITIONS.]

Subdivision 1. For purposes of sections ~~136A.09~~ 136A.095 to ~~136A.131~~ 136A.134, the terms defined in this section have the meanings ascribed to them.

Subd. 2. "Board" means the Minnesota higher education coordinating board.

Subd. 3. "Director" means the executive director of the Minnesota higher education coordinating board.

Subd. 4. "Eligible institution" means a post-secondary educational institution located in this state or in a state with which the board has entered into a higher education reciprocity agreement on state student aid programs that either (1) is operated by this state, or (2) is operated publicly or privately and, as determined by the board, maintains academic standards substantially equivalent to those of comparable institutions operated in this state.

Subd. 5. "Financial need" means the demonstrated need of the applicant for financial assistance to meet the actual costs of attending the eligible institution of choice as determined from financial information on the applicant and, if required, on the applicant's parents, by a college scholarship service or equivalent service under criteria established by the board.

Subd. 6. "Qualified applicant" means a person who ranked in the upper quarter of the class at the end of the junior year in high school according to academic standards prescribed by the board for the state scholarship program. It also means any eligible person regardless of academic rank for the state grant-in-aid program.

Subd. 7. "Student" means a person who is enrolled at least half time, as defined by the board, in a program or course of study that applies to a degree, diploma, or certificate, or, for the purposes of section 136A.132, a person enrolled less than half-time.

Subd. 8. "Resident student" ~~includes~~ means a student who meets one of the following conditions:

(1) an independent student who has resided in Minnesota for purposes other than post-secondary education for at least 12 months;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school and has not since established residence in another state; or

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota.

Subd. 9. [INDEPENDENT STUDENT.] "Independent student" has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Sec. 23. Minnesota Statutes 1988, section 136A.121, is amended to read:

136A.121 [SCHOLARSHIPS AND GRANTS-IN-AID GRANTS.]

Subdivision 1. [ELIGIBILITY FOR SCHOLARSHIPS.] An applicant is eligible to be considered for a scholarship under sections 136A.09 to 136A.131 if the board finds that the applicant:

(1) is a resident of the state of Minnesota;

(2) has met all the requirements for admission as a student to an eligible institution of choice as defined in sections 136A.09 to 136A.131;

(3) has demonstrated capacity for superior achievement at the institutional level as measured by standards prescribed by the board;

(4) is a qualified applicant.

Subd. 2. [ELIGIBILITY FOR GRANTS-IN-AID GRANTS.] An applicant is eligible to be considered for a grant-in-aid grant, regardless of the applicant's sex, creed, race, color, national origin, or ancestry, under sections 136A.09 136A.095 to 136A.131 if the board finds that the applicant:

(1) is a resident of the state of Minnesota;

(2) is a graduate of a secondary school or its equivalent, or is 17 years of age or over, and has met all requirements for admission as a student to an eligible college or technical institute of choice as defined in sections 136A.09 136A.095 to 136A.131;

(3) has met the financial need criteria established in rules; and

(4) is not presently in default, as defined by the board, of any federal or state student educational loan.

Subd. 3. [ALLOCATION.] Scholarships and grants-in-aid Grants shall be awarded on a funds available basis to those applicants who meet the board's requirements.

Subd. 4. [SCHOLARSHIP STIPENDS.] An eligible scholarship applicant shall be considered for a financial stipend if the applicant demonstrates financial need. The amount of a financial stipend must not exceed a scholarship applicant's cost of attendance, as defined in subdivision 6, after deducting the following:

(a) a contribution by the scholarship applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing;

(b) for an applicant who is not an independent student, a contribution by the scholarship applicant's parents, as determined by a standardized need analysis; and

(c) the amount of a federal Pell grant award for which the scholarship applicant is eligible.

The minimum financial stipend is \$100.

Subd. 5. [GRANTS IN AID GRANT STIPENDS.] A financial stipend based on financial need must accompany grants-in-aid. The amount of a financial stipend must not exceed a grant applicant's cost of attendance, as defined in subdivision 6, after deducting the following:

(a) a contribution by the grant applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing;

(b) for an applicant who is not an independent student, a contribution by the grant applicant's parents, as determined by a standardized need analysis; and

(c) the amount of a federal Pell grant award for which the grant applicant is eligible.

The minimum financial stipend is \$100.

Subd. 6. [COST OF ATTENDANCE.] The cost of attendance consists of allowances specified by the board for room and board and miscellaneous expenses, and

(a) for public institutions, tuition and fees charged by the institution; or

(b) for private institutions, an allowance for tuition and fees equal to the lesser of (1) the actual tuition and fees charged by the

institution, or (2) the instructional costs per full-year equivalent student in comparable public institutions.

Subd. 7. [INSUFFICIENT APPROPRIATION.] If the amount appropriated is determined by the board to be insufficient to make full awards to applicants under subdivisions 4 and subdivision 5, before any award for that year has been disbursed, then awards shall be reduced by

(a) adding a surcharge to the contribution of the applicant's parents, and

(b) a percentage increase in the applicant's contribution.

Subd. 9. [INITIAL AWARDS.] An undergraduate student who has not previously received a scholarship or grant-in-aid grant and who meets the board's requirements is eligible to apply for and receive an initial scholarship or grant-in-aid grant in any year of undergraduate study.

Subd. 10. [RENEWALS.] Each scholarship or grant-in-aid grant shall be awarded for one academic year, is renewable for a maximum of six semesters or nine quarters or their equivalent, but may not continue after the recipient has obtained a baccalaureate degree or has been enrolled full-time or the equivalent for eight semesters or 12 quarters, whichever occurs first.

Subd. 11. [RENEWAL CONDITIONS.] Each scholarship or grant-in-aid grant is renewable, contingent on continued residency in Minnesota, satisfactory academic standing, recommendation of the eligible institution currently attended, and evidence of continued need.

Subd. 12. [ANNUAL APPLICATION.] To continue to receive a scholarship or grant-in-aid grant, the student shall apply for renewal each year.

Subd. 13. [DEADLINE.] The board shall accept applications for state scholarships and grants-in-aid grants until February 15 and may establish a deadline for the acceptance of applications that is later than February 15.

Subd. 15. All scholarship and grant-in-aid recipients shall be notified of their awards by the board and shall be given appropriate evidence of the award.

Subd. 16. [HOW APPLIED; ORDER.] Scholarships and grants-in-aid Grants awarded under sections 136A.09 136A.095 to 136A.131 shall be applied to educational costs in the following order: tuition,

fees, books, supplies and other expenses. Unpaid portions of the awards revert to the scholarship or grant-in-aid grant account.

Subd. 17. [INDEPENDENT STUDENT INFORMATION.] The board shall inform students, in writing, as part of the application process, about the definition of independent student status and appeals to the financial aid administrator relating to the declaration of the status.

Sec. 24. [136A.125] [CHILD CARE GRANTS.]

Subdivision 1. [ESTABLISHMENT.] A child care grant program is established under the supervision of the higher education coordinating board. The program makes money available to eligible students to reduce the costs of child care while attending an eligible post-secondary institution. The board shall develop policies and adopt rules as necessary to implement and administer the program.

Subd. 2. [ELIGIBLE STUDENTS.] An applicant is eligible for a child care grant if the applicant:

(1) is a resident of the state of Minnesota;

(2) has a child 12 years of age or younger, or 14 years of age or younger who is handicapped as defined in section 120.03, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;

(3) is within the sliding fee scale income guidelines set under section 256H.10, subdivision 2, as determined by a standardized financial aid needs analysis in accordance with the board's policies and rules, but is not a recipient of aid to families with dependent children;

(4) has not earned a baccalaureate degree and has been enrolled full time less than eight semesters, 12 quarters or the equivalent;

(5) is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate;

(6) is enrolled at least half time in an eligible institution; and

(7) is in good academic standing and making satisfactory progress, as determined by the institution.

Subd. 3. [ELIGIBLE INSTITUTION.] A Minnesota public post-secondary institution or a private, residential, two-year or four-year, liberal arts, degree granting college or university located in Minnesota is eligible to receive child care funds from the board and disburse them to eligible students.

Subd. 4. [AMOUNT AND LENGTH OF GRANTS.] The amount of a child care grant shall be based on:

- (1) the financial need of the applicant;
- (2) the number of the applicant's children; and
- (3) the cost of the child care,

as determined by the institution in accordance with board policies and rules. The amount of the grant must cover the cost of child care for all eligible children for the full number of hours of education per week and may cover up to 20 hours per week of employment for which child care is needed. The grant shall be awarded for one academic year.

Subd. 5. [INITIAL ALLOCATIONS TO INSTITUTIONS.] The board initially shall allocate funds to an eligible institution based on the number of its enrolled students with dependent children who applied for state grants in the previous academic year.

Subd. 6. [YEARLY ALLOCATIONS TO INSTITUTIONS.] The board shall base yearly allocations on the need for and use of the funds in the previous academic year, and other relevant factors as determined by the board in consultation with the institutions.

Subd. 7. [MONITORING AND REALLOCATION.] The board shall establish procedures to (1) continually monitor the use of funds throughout the year; (2) identify areas of unmet need for grants; and (3) redistribute available funds in a timely manner to meet the needs of eligible recipients.

Subd. 8. [INFORMATION.] The board shall develop and provide information about the program to eligible post-secondary institutions, human service agencies, and potential applicants.

Subd. 9. [REPORT.] Institutions must submit reports, when requested by the board, on program activity including the number of students served, the child care costs, and the number of students on a waiting list for available funds. The reports shall also include the institution's method of prioritizing applicants where insufficient funds were available.

Sec. 25. [CAMPUS INCENTIVES.]

Each public post-secondary system that operates child care facilities on any of its campuses shall work with those campuses to develop alternatives and incentives for students who cannot afford child care. These may include, but are not limited to, cooperative arrangements and work study employment. The systems shall

report on these efforts to the education divisions of the house appropriations and senate finance committees by February 15, 1991.

Sec. 26. Minnesota Statutes 1988, section 136A.131, is amended to read:

136A.131 [ACCOUNTING AND RECORDS.]

Subdivision 1. [ACCOUNTS.] The board shall establish and maintain appropriate ~~scholarship and grant-in-aid~~ accounts and related records of each recipient of a ~~scholarship or grant-in-aid awarded grant.~~

Subd. 2. [RULES, PAYMENT AND ACCOUNTING.] The board shall provide by rule the method of payment of the ~~scholarships and grants-in-aid grant~~ awarded ~~hereunder~~ and prescribe a system of accounting to be kept by the institution selected by a recipient.

Subd. 3. [CERTIFICATION TO COMMISSIONER OF FINANCE.] Upon proper verification for payment of a ~~scholarship or grant-in-aid as defined herein grant,~~ the board shall certify to the commissioner of finance the amount of the current payment to be made to the ~~scholarship winner or grant-in-aid grant~~ recipient in conformance with the rule of the board governing the method of payment.

Subd. 4. [OVERDUE REFUNDS.] A post-secondary institution must pay interest to the board on retained grant funds if: (a) the institution deposited, but did not disburse, the funds within 45 days of the beginning of the term for which a student is eligible; or (b) the institution did not return funds from a refund calculation within 45 days of the refund notification or 30 days of the end of the term, whichever is first.

The interest rate is as provided in section 270.75, subdivision 5. The amount of interest due is the lesser amount, accrued on a daily basis, from: 45 days after the institution receives funds for the eligible student or 45 days after the beginning of the term for which the student is eligible, until the date of receipt of the funds by the board. The minimum interest charge is \$50 per year.

Subd. 5. [RECOVERY OF OVERPAYMENTS.] A recipient of a grant must reimburse the board for overpayment. The amount of reimbursement is the difference between the amount received and the amount of actual entitlement as calculated by the board after it determines the final information required in section 136A.121. The amount of reimbursement shall include any costs or expenses, including reasonable attorney fees, incurred by the agency in collecting the debt. The reimbursement shall be recoverable from

the recipient or the recipient's estate. The agency may institute civil action, if necessary for recovery.

The recipient must not receive future awards until the overpayment is recovered or the recipient is making payments under an approved plan. Future awards for which the recipient is eligible may be used to recover a prior overpayment.

Sec. 27. Minnesota Statutes 1988, section 136A.132, is amended to read:

136A.132 [PART-TIME STUDENT ~~GRANT-IN-AID~~ GRANT PROGRAM.]

Subdivision 1. [CREATION.] ~~There is hereby created~~ A part-time student ~~grant-in-aid grant~~ program is created under the supervision of the higher education coordinating board.

Subd. 2. [ELIGIBLE INSTITUTIONS.] Institutions eligible for attendance by recipients of part-time student ~~grants-in-aid~~ grants shall be those institutions approved by the higher education coordinating board as eligible institutions for the state ~~grant-in-aid~~ grant program in accordance with section 136A.101.

Subd. 3. [STUDENT ELIGIBILITY.] An applicant is eligible to be considered for a part-time student grant if the applicant:

(a) is a resident of the state of Minnesota;

(b) is an undergraduate student who has not earned a baccalaureate degree;

(c) is pursuing a program or course of study that applies to a degree, diploma, or certificate; ~~and~~

(d) is attending an eligible institution either less than half time as defined by the board, or as a new or returning student enrolled at least half time but less than full time as defined by the board; ~~and~~

(e) is not presently in default, as defined by the board, of any federal or state student educational loan.

Subd. 4. [SELECTION.] A recipient of a part-time ~~grant-in-aid~~ grant shall be selected by the post-secondary education institution of attendance in accordance with guidelines, policies and rules established by the higher education coordinating board.

Subd. 5. [AMOUNT.] The amount of any part-time student ~~grant-in-aid~~ grant award shall be based on the need of the applicant

determined by the institution in accordance with policies and rules established by the higher education coordinating board.

Subd. 6. [LENGTH OF AWARD.] Part-time student ~~grants-in-aid grants~~ shall be awarded for a single term as defined by the institution in accordance with guidelines and policies of the higher education coordinating board. Awards shall not be renewable but the recipient of an award may apply for additional awards for subsequent terms.

A new or returning student enrolled at least half time but less than full time, as defined by the board, and pursuing a program or course of study that applies to a degree, diploma, or certificate shall be eligible for an award for only one term.

Subd. 7. [INSTITUTIONAL ALLOCATION.] Funds appropriated for part-time student ~~grants-in-aid grants~~ shall be allocated among eligible institutions by the higher education coordinating board according to a formula which takes into account the number of resident part-time students enrolled in each institution and other relevant factors determined by the board. However, an institution must not receive less than it would have received under the allocation formula used before fiscal year 1988.

Sec. 28. Minnesota Statutes 1988, section 136A.134, subdivision 4, is amended to read:

Subd. 4. [PROGRAM RECIPIENTS.] An eligible institution shall select a recipient of a dislocated rural worker grant in accordance with guidelines, policies, and rules established by the board. ~~The board may adopt emergency rules for awarding grants only for the fiscal year beginning July 1, 1987.~~

Sec. 29. Minnesota Statutes 1988, section 136A.15, subdivision 1, is amended to read:

Subdivision 1. For purposes of sections ~~136A.14~~ 136A.15 to ~~136A.17 and section 136A.1701~~ 136A.1702, the terms defined in this section have the meanings ascribed to them.

Sec. 30. Minnesota Statutes 1988, section 136A.15, subdivision 7, is amended to read:

Subd. 7. "Eligible student" means a student who is officially registered or accepted for enrollment at an eligible institution in Minnesota or a Minnesota resident who is officially registered as a student or accepted for enrollment at an eligible institution in another state. ~~A Minnesota resident includes a student who graduated from a Minnesota high school and has not since established residence in another state.~~ Eligible student, except for purposes of

section 136A.1701, includes parents of an eligible student as the term "parent" is defined in the Higher Education Act of 1965, as amended, and applicable regulations. Except for the purposes of section 136A.1701, eligible student also includes students eligible for auxiliary loans as the term "auxiliary" is defined in the Higher Education Act of 1965, as amended, and applicable regulations. An eligible student, for section 136A.1701, means a student who gives informed consent authorizing the disclosure of data specified in section 136A.162, paragraph (b), to a consumer credit reporting agency.

Sec. 31. Minnesota Statutes 1988, section 136A.15, is amended by adding a subdivision to read:

Subd. 8. "Resident student" means a student who meets the conditions provided in section 136A.101, subdivision 8.

Sec. 32. Minnesota Statutes 1988, section 136A.16, is amended to read:

136A.16 [POWERS AND DUTIES OF BOARD RESPONSIBILITIES FOR LOAN PROGRAMS.]

Subdivision 1. Notwithstanding chapter 16, the Minnesota higher education coordinating board is hereby designated as the administrative agency for carrying out the purposes and terms of sections 136A.14 136A.15 to 136A.17 and section 136A.1701 136A.1702. The board may establish one or more loan programs.

Subd. 2. The board shall adopt policies and prescribe appropriate rules to carry out the purposes of sections 136A.14 136A.15 to 136A.17 and section 136A.1701 136A.1702. The policies and rules except as they relate to loans under section 136A.1701 shall be compatible with the provisions of the National Vocational Student Loan Insurance Act of 1965 and the provisions of title IV of the Higher Education Act of 1965, and any amendments thereof.

Subd. 3. The board may make loans in amounts not to exceed the maximum amount provided in the Higher Education Act of 1965 and any amendments thereof except that the limitation shall not apply to loans under section 136A.1701. The board may establish procedures determining the loan amounts for which students are eligible.

Subd. 4. The board may contract with or enter into agreements with eligible lenders for the purpose of making loans to eligible students in accordance with the policies and rules of the board.

Subd. 5. The board shall have the right to contract with guarantee agencies, insurance agencies, and/or collection agencies, or any

other person, to carry out the purposes of sections ~~136A.14~~ 136A.15 to ~~136A.17~~ and section ~~136A.1701~~ 136A.1702.

Subd. 6. The board shall be empowered to charge for insurance on each loan a premium, payable each year in advance. The premiums shall not be in an amount in excess of the premium in the federal regulations which govern the vocational and higher education loan program except that the limitation shall not apply to loans under section 136A.1701. Premium fees shall be available to the board without fiscal year limitation for the purposes of making loans and meeting expenses of administering the loan programs.

Subd. 7. The board may apply for, receive, accept, and disburse federal funds, as well as funds from other public and private sources, made available to the state for loans or as administrative moneys to operate student loan programs. In making application for funds, it may comply with all requirements of state and federal law and rules and regulations, and enter into the contracts necessary to enable it to receive, accept, and administer such funds.

Subd. 8. Moneys made available to the board which are not immediately needed for the purposes of sections ~~136A.14~~ 136A.15 to ~~136A.17~~ and section ~~136A.1701~~ 136A.1702 may be invested by the board. Such moneys shall be invested in bonds, certificates of indebtedness, and other fixed income securities, except preferred stocks, which are legal investments for the permanent school fund. Such money may also be invested in such prime quality commercial paper as is eligible for investment in the state employees retirement fund. All interest and profits from such investments shall inure to the benefit of the board.

Subd. 9. The board shall be empowered to employ such professional and clerical staff as the director deems necessary for the proper administration of the loan programs established and defined by sections ~~136A.14~~ 136A.15 to ~~136A.17~~ and section ~~136A.1701~~ 136A.1702.

Subd. 10. Subject to its directives and review, the board may delegate to the director the responsibility for issuance of public information concerning provisions of sections ~~136A.14~~ 136A.15 to ~~136A.17~~ and section ~~136A.1701~~ 136A.1702, for design of loan application forms, and for prescribing procedures for submission of applications for loans.

Subd. 11. The board shall periodically review and evaluate its programs and activities and shall report to the governor on or before the beginning of each session of the state legislature.

Subd. 12. The board shall establish and maintain appropriate accounting and related records.

Sec. 33. Minnesota Statutes 1988, section 136A.162, is amended to read:

136A.162 [CLASSIFICATION OF DATA.]

All data on applicants for financial assistance collected and used by the higher education coordinating board for student financial aid programs administered by that board shall be classified as private data on individuals under section 13.02, subdivision 12. Exceptions to this classification are that:

(a) the names and addresses of program recipients or participants are public data; and

(b) the following data collected in the Minnesota supplemental loan program under section 136A.1701 may be disclosed to a consumer credit reporting agency only if the borrower gives and cosigner give informed consent, according to section 13.05, subdivision 4, at the time of application for a loan:

- (1) the lender-assigned borrower identification number;
- (2) the name and address of borrower;
- (3) the name and address of cosigner;
- (4) the date the account is opened;
- (5) the outstanding account balance;
- (6) the dollar amount past due;
- (7) the number of payments past due;
- (8) the number of late payments in previous 12 months;
- (9) the type of account;
- (10) the responsibility for the account; and
- (11) the status or remarks code.

Sec. 34. Minnesota Statutes 1988, section 136A.17, subdivision 1, is amended to read:

Subdivision 1. A student shall be eligible to apply for a loan under the provisions of sections ~~136A.14~~ 136A.15 to ~~136A.17~~ 136A.1702 if the board finds that the student is an eligible student as defined in those sections and is eligible for a loan under federal laws and

regulations governing the federal guaranteed student loan programs.

Sec. 35. Minnesota Statutes 1988, section 136A.1701, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF PROGRAM.] The higher education coordinating board may provide for programs of loans which may be made in lieu of or in addition to loans authorized under sections ~~136A.14~~ 136A.15 to ~~136A.17~~ 136A.1702 and applicable provisions of federal law as provided in this section.

Sec. 36. Minnesota Statutes 1988, section 136A.1701, subdivision 2, is amended to read:

Subd. 2. [PURPOSE OF PROGRAM.] The purpose of the loan programs under this section is to provide financial assistance for the post-secondary education of students who are eligible students whether or not such students qualify for a loan or loans under other provisions of sections ~~136A.14~~ 136A.15 to ~~136A.17~~ 136A.1702.

Loans granted to students shall be used solely for educational purposes.

Sec. 37. Minnesota Statutes 1988, section 136A.1701, subdivision 5, is amended to read:

Subd. 5. [MAXIMUM LOANS FOR STUDENTS.] Loans made under this section or sections ~~136A.14~~ 136A.15 to ~~136A.17~~ 136A.1702 to an individual eligible student for vocational study may be made for a maximum of three academic years or their equivalent and loans made to any other individual eligible student may be made for a maximum of eight academic years or their equivalent.

Sec. 38. Minnesota Statutes 1988, section 136A.172, is amended to read:

136A.172 [NEGOTIABLE NOTES; ISSUANCE; CONDITIONS.]

The board may from time to time issue negotiable notes for the purpose of sections ~~136A.14~~ 136A.15 to 136A.179 and may from time to time renew any notes by the issuance of new notes, whether the notes to be renewed have or have not matured. The board may issue notes partly to renew notes or to discharge other obligations then outstanding and partly for any other purpose. The notes may be authorized, sold, executed and delivered in the same manner as bonds. Any resolution or resolutions authorizing notes of the board or any issue thereof may contain any provisions which the board is authorized to include in any resolution or resolutions authorizing revenue bonds of the board or any issue thereof, and the board may

include in any notes any terms, covenants or conditions which it is authorized to include in any bonds. All such notes shall be payable solely from the revenue of the board, subject only to any contractual rights of the holders of any of its notes or other obligations then outstanding.

Sec. 39. Minnesota Statutes 1988, section 136A.173, subdivision 1, is amended to read:

Subdivision 1. The board may from time to time issue revenue bonds for purposes of sections ~~136A.14~~ 136A.15 to 136A.179 and all such revenue bonds, notes, bond anticipation notes or other obligations of the board issued pursuant to sections ~~136A.14~~ 136A.15 to 136A.179 shall be and are hereby declared to be negotiable for all purposes notwithstanding their payment from a limited source and without regard to any other law or laws. In anticipation of the sale of such revenue bonds, the board may issue negotiable bond anticipation notes and may renew the same from time to time, but the maximum maturity of any such note, including renewals thereof, shall not exceed five years from the date of issue of the original note. Such notes shall be paid from any revenues of the board available therefor and not otherwise pledged, or from the proceeds of sale of the revenue bonds of the board in anticipation of which they were issued. The notes shall be issued in the same manner as the revenue bonds. Such notes and the resolution or resolutions authorizing the same may contain any provisions, conditions or limitations which a bond resolution or the board may contain.

Sec. 40. Minnesota Statutes 1988, section 136A.174, is amended to read:

136A.174 [SECURITY FOR BONDS.]

In the discretion of the board any revenue bonds issued under the provisions of sections ~~136A.14~~ 136A.15 to 136A.179 may be secured by a trust agreement by and between the board and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within the state. Such trust agreement or the resolution providing for the issuance of such revenue bonds may pledge or assign the revenues to be received or proceeds of any contract or contracts pledged or any portion thereof. Such trust agreement or resolution providing for the issuance of such revenue bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of laws, including particularly such provisions as have hereinabove been specifically authorized to be included in any resolution or resolutions of the board authorizing revenue bonds thereof. Any bank or trust company incorporated under the laws of the state which may act as depository of the proceeds of bonds or of revenues or other moneys may furnish such indemnifying bonds or pledges such securities as

may be required by the board. Any such trust agreement may set forth the rights and remedies of the bondholders and of the trustee or trustees and may restrict the individual right of action by bondholders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as the board may deem reasonable and proper for the security of the bondholders.

Sec. 41. Minnesota Statutes 1988, section 136A.175, subdivision 4, is amended to read:

Subd. 4. All such revenue bonds shall be subject to the provisions of sections ~~136A.14~~ 136A.15 to 136A.179 in the same manner and to the same extent as other revenue bonds issued pursuant to sections ~~136A.14~~ 136A.15 to 136A.179.

Sec. 42. Minnesota Statutes 1988, section 136A.176, is amended to read:

136A.176 [BONDS NOT STATE OBLIGATIONS.]

Bonds issued under authority of sections ~~136A.14~~ 136A.15 to 136A.179 do not, and shall state that they do not, represent or constitute a debt or pledge of the faith and credit of the state, grant to the owners or holders thereof any right to have the state levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon. Such bonds are payable and shall state that they are payable solely from the rentals, revenues, and other income, charges, and moneys as are pledged for their payment in accordance with the bond proceedings.

Sec. 43. Minnesota Statutes 1988, section 136A.177, is amended to read:

136A.177 [RIGHTS OF BONDHOLDERS.]

Any holder of revenue bonds issued under the provisions of sections ~~136A.14~~ 136A.15 to 136A.179 or any of the coupons appertaining thereto, and the trustee or trustees under any trust agreement, except to the extent the rights herein given may be restricted by any resolution authorizing the issuance of, or any such trust agreement securing, such bonds, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce any and all rights under the laws of the state or granted hereunder or under such resolution or trust agreement, and may enforce and compel the performance of all duties required by sections ~~136A.14~~ 136A.15 to 136A.179 or by such resolution or trust agreement to be performed by the board or by any officer, employee or agent thereof, including the fixing, charging and collecting of the rates, rents, fees and charges herein authorized and required by the

provisions of such resolution or trust agreement to be fixed, established and collected.

Sec. 44. Minnesota Statutes 1988, section 136A.178, is amended to read:

136A.178 [LEGAL INVESTMENTS; AUTHORIZED SECURITIES.]

Bonds issued by authority under the provisions of sections ~~136A.14~~ 136A.15 to 136A.179 are hereby made securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them; it being the purpose of this section to authorize the investment in such bonds of all sinking, insurance, retirement, compensation, pension and trust funds, whether owned or controlled by private or public persons or officers; provided, however, that nothing contained in this section may be construed as relieving any person, firm, or corporation from any duty of exercising due care in selecting securities for purchase or investment; and provided further, that in no event shall assets of pension funds of public employees of the state of Minnesota or any of its agencies, board or subdivisions, whether publicly or privately administered, be invested in bonds issued under the provisions of sections ~~136A.14~~ 136A.15 to 136A.179. Such bonds are hereby constituted "authorized securities" within the meaning and for the purposes of section 50.14. Such bonds are hereby made securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations of the state now or may hereafter be authorized by law.

Sec. 45. Minnesota Statutes 1988, section 136A.179, is amended to read:

136A.179 [PUBLIC PURPOSE; TAX FREE STATUS.]

The exercise of the powers granted by sections ~~136A.14~~ 136A.15 to 136A.179 will be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare and prosperity, and for the improvement of their health and living conditions, and as providing loans by the board or its agent will constitute the performance of an essential public function.

Sec. 46. Minnesota Statutes 1988, section 136A.233, is amended to read:

136A.233 [WORK-STUDY GRANTS.]

Subdivision 1. [ALLOCATION TO INSTITUTIONS.] ~~Notwith-~~standing the provisions of sections 136A.09 to 136A.131, The higher education coordinating board may offer work-study grants to eligible post-secondary institutions according to the resident full-time equivalent enrollment of all eligible post-secondary institutions that apply to participate in the program. The board shall seek to equalize work-study job opportunities by also taking into account student employment needs at eligible institutions. Each institution wishing to receive a work-study grant shall submit to the board, in accordance with policies and procedures established by the board, an estimate of the amount of funds needed by the institution, and The amount allocated to any institution shall not exceed the estimate of need submitted by the institution. Any funds which would be allocated to an institution according to full-time equivalent enrollment but which exceed the estimate of need by the institution or the actual need of the institution may be reallocated by the board to other institutions for which the estimate of need exceeds the amount of allocation according to enrollment. The institution must not receive less than it would have received under the allocation formula used before fiscal year 1988. No more than one-half of any increase in appropriations, attributable to this section, above the level before fiscal year 1988 may be allocated on the basis of identified student employment needs at eligible institutions.

Subd. 2. [DEFINITIONS.] For purposes of sections 136A.231 to 136A.234, the following words have the meanings ascribed to them:

(a) "Eligible student" means a Minnesota resident enrolled or intending to enroll full time in a Minnesota post-secondary institution. A Minnesota resident includes a student who graduated from a Minnesota high school and has not since established residence in another state.

(b) "Minnesota resident" means a student who meets the conditions provided in section 136A.101, subdivision 8.

(c) "Financial need" means the need for financial assistance in order to attend a post-secondary institution as determined by a post-secondary institution according to guidelines established by the higher education coordinating board.

(e) (d) "Eligible employer" means any eligible post-secondary institution and any nonprofit, nonsectarian agency or state institution located in the state of Minnesota, including state hospitals, and also includes a handicapped person or a person over 65 who employs a student to provide personal services in or about the residence of the handicapped person or the person over 65.

(d) (e) "Eligible post-secondary institution" means any post-secondary institution eligible for participation in the Minnesota state

scholarship and grant program as specified in section 136A.101, subdivision 4.

(e) (f) "Independent student" has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Subd. 3. [PAYMENTS.] Work-study payments shall be made to eligible students by post-secondary institutions as follows:

(a) Students shall be selected for participation in the program by the post-secondary institution on the basis of student financial need.

(b) No eligible student shall be employed under the state work-study program while not a full time student; provided, with the approval of the institution, a full time student who becomes a part-time student during an academic year may continue to be employed under the state work-study program for the remainder of the academic year.

(c) Students will be paid for hours actually worked and the maximum hourly rate of pay shall not exceed the maximum hourly rate of pay permitted under the federal college work-study program.

(d) Minimum pay rates will be determined by an applicable federal or state law.

(e) Not less than 20 percent of the compensation paid to the student under the state work-study program shall be paid by the eligible employer.

(f) Each post-secondary institution receiving funds for state work-study grants shall make a reasonable effort to place work-study students in employment with eligible employers outside the institution.

(g) The percent of the institution's work-study allocation provided to graduate students shall not exceed the percent of graduate student enrollment at the participating institution.

Sec. 47. Minnesota Statutes 1988, section 136A.26, subdivision 1a, is amended to read:

Subd. 1a. [PRIVATE COLLEGE COUNCIL MEMBER.] The ~~chief executive officer~~ president of the Minnesota private college council, or the president's designee, shall serve, without compensation, as an advisory, nonvoting member of the authority.

Sec. 48. Minnesota Statutes 1988, section 136A.29, subdivision 9, is amended to read:

Subd. 9. The authority is authorized and empowered to issue revenue bonds whose aggregate principal amount at any time shall not exceed ~~\$150,000,000~~ \$250,000,000 and to issue notes, bond anticipation notes, and revenue refunding bonds of the authority under the provisions of sections 136A.25 to 136A.42, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof.

Sec. 49. Minnesota Statutes 1988, section 136A.69, is amended to read:

136A.69 [FEES.]

The board may collect reasonable registration fees not to exceed ~~\$200~~ \$400 for an initial registration of each school and ~~\$150~~ \$250 for each annual renewal of such an existing registration.

Sec. 50. Minnesota Statutes 1988, section 136C.04, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT OF STATE DIRECTOR.] The state board shall appoint a state director of vocational technical education who shall serve in the unclassified service. The state director shall be qualified by training and experience in the field of education, vocational education, or administration. The state director shall possess powers and perform duties as delegated by the state board. The state board shall set the salary of the state director. The state director may be paid an allowance not to exceed \$2,000 annually for miscellaneous expenses in connection with duties of the office. The provisions of chapter 16A shall not apply to these expenditures, but the state board shall prescribe the manner, amount, and purpose of the expenditures and report to the legislature on the expenditures by December 1 of each even-numbered year.

Sec. 51. Minnesota Statutes 1988, section 136C.04, subdivision 6, is amended to read:

Subd. 6. [ACCOUNTING AND REPORTING STANDARDS.] The state board shall maintain the uniform financial accounting and reporting system according to the provisions of sections 121.90 to 121.917, except that reports required by section 121.908 shall be submitted to the state board on dates determined by the state board. However, all expenditures and revenue related to summer session credit courses shall be recognized in the fiscal year in which the course begins.

Sec. 52. Minnesota Statutes 1988, section 136C.04, subdivision 9, is amended to read:

Subd. 9. [LICENSURE.] The state board may promulgate rules, according to the provisions of chapter 14, for licensure of teaching, support, and supervisory personnel in post-secondary and adult vocational education. The state board may adopt emergency licensure rules, according to sections 14.29 to 14.36, when necessary for continuous programs approved by the board and when the board determines that appropriate licensure standards do not exist. The time limits in section 14.29 do not apply to emergency licensure rules. The state board may establish a processing fee for the issuance, renewal, or extension of a license.

Sec. 53. Minnesota Statutes 1988, section 136C.04, subdivision 10, is amended to read:

Subd. 10. [ALLOCATION.] The state board shall allocate state and federal money for post-secondary vocational education. Money received from federal sources, other than as provided in this chapter, and money received from other sources, not including the state, shall not be taken into account in determining appropriations or allocations. The board shall take into consideration the unreserved fund balances of each technical institute.

Sec. 54. Minnesota Statutes 1988, section 136C.04, subdivision 18, is amended to read:

Subd. 18. [COMPUTER SALES AND MAINTENANCE.] The state board of vocational technical education or a school board may sell computers and related products to its technical institute staff and technical institute students to advance their instructional and research abilities. The board shall contract with a private vendor for service, maintenance, and support for computers and related products sold by the board.

Sec. 55. Minnesota Statutes 1988, section 136C.042, subdivision 2, is amended to read:

Subd. 2. [EXCEPTION.] Associate degrees offered by the area ~~vocational~~ technical institutes prior to January 1, 1981, shall not be subject to the provisions of subdivision 1.

Sec. 56. Minnesota Statutes 1988, section 136C.05, is amended by adding a subdivision to read:

Subd. 5. [USE OF PROPERTY.] A school board must not sell, lease, or assign technical institute property for purposes other than technical institute activities without the approval of the state director. A school board need not obtain approval for uses that are incidental or that involve integrated secondary and post-secondary vocational instruction.

Sec. 57. Minnesota Statutes 1988, section 136C.05, is amended by adding a subdivision to read:

Subd. 6. [ACCOUNTING.] The school board shall maintain, in accordance with section 136C.04, subdivision 6, separate revenue, expenditure, asset, and liability accounts for technical institutes within funds separate from all other district funds.

Sec. 58. Minnesota Statutes 1988, section 136C.07, subdivision 4, is amended to read:

Subd. 4. If the petition is approved, the school shall be established by the district and classified by the state board as a technical institute and conducted under the general supervision of the state board in accordance with the policy and rules of the state board. Notwithstanding the provisions of subdivision 3 and of this subdivision, after June 30, 1975, no area vocational A technical school institute shall be established unless only by specific legislation has authorized its establishment law.

Sec. 59. Minnesota Statutes 1988, section 136C.075, is amended to read:

136C.075 [COMPENSATION FOR PERFORMANCE EVALUATIONS BY STATE EMPLOYEES.]

Notwithstanding any law to the contrary, a state employee who is asked by the department of education state board to undertake a performance evaluation of a technical institute may be compensated at the rate provided for in section 15.059.

To be eligible for compensation under this section, a state employee must take an unpaid leave of absence for the period of time the employee performs the evaluation.

Sec. 60. Minnesota Statutes 1988, section 136C.08, subdivision 1, is amended to read:

Subdivision 1. Any A school board or joint school board operating an area vocational a technical school, pursuant to section 136C.07, Laws 1967, chapter 822, as amended; Laws 1969, chapter 775, as amended; or Laws 1969, chapter 1060, as amended, institute may make, adopt and enforce rules, regulations or ordinances for the regulation of traffic and parking in parking facilities and on private roads and roadways situated on property owned, leased, occupied or operated by the board.

Sec. 61. Minnesota Statutes 1988, section 136C.15, is amended to read:

136C.15 [STUDENT ASSOCIATIONS.]

Every school board governing a technical institute shall give recognition as an authorized extracurricular activity to a technical institute student association affiliated with the Minnesota vocational technical student association. The student association is authorized to collect a reasonable fee from students to finance the activities of the association in an amount determined by the governing board of the technical institute which has recognized it.

Every governing body which recognizes a student association shall deposit the fees in a student association fund. The money in this fund shall be available for expenditure for ~~student~~ recreational, social, welfare, charitable, and educational pursuits supplemental to the regular curricular offerings activities approved by the student association. The money in the fund is not public money.

Sec. 62. Minnesota Statutes 1988, section 136C.31, is amended by adding a subdivision to read:

Subd. 3. [AID AND TUITION.] All technical institute money and tuition shall be used solely for post-secondary vocational technical education.

Sec. 63. Minnesota Statutes 1988, section 136C.36, is amended to read:

136C.36 [PAYMENT OF TECHNICAL INSTITUTE INSTRUCTIONAL AID MONEY.]

Eighty-five percent of the estimated money appropriated for post-secondary vocational instructional aid entitlement instruction for each ~~district~~ technical institute shall be paid during the fiscal year of entitlement for which it is appropriated in 11 uniform monthly payments from July to May. The final payment shall be made on the first business day of July in the following fiscal year.

The amount of entitlement, adjusted for actual data, minus the payments made during the fiscal year of entitlement, shall be the final adjustment paid to each district on the first business day of July in the fiscal year following entitlement.

Sec. 64. Minnesota Statutes 1988, section 136C.43, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE; APPROPRIATION.] For the purpose of providing money appropriated from the vocational technical building fund for the acquisition of public land, buildings, and capital improvements needed for the state plan for the administration of vocational education in accordance with the provisions of

section 136C.42, when requested by the state board of education, the commissioner of finance shall sell and issue bonds of the state of Minnesota for the prompt and full payment of which, with interest thereon, the full faith and credit and taxing powers of the state are irrevocably pledged. Bonds shall be issued pursuant to this section only as authorized by a law specifying the purpose thereof and the maximum amount of the proceeds authorized to be expended therefor, as set forth in section 136C.42. Any such law, together with this section and the laws herein referred to, constitutes complete authority for the issue, and such bonds shall not be subject to restrictions or limitations contained in any other law.

Sec. 65. Minnesota Statutes 1988, section 169.44, subdivision 18, is amended to read:

Subd. 18. [MOTOR COACH USED FOR SCHOOL ACTIVITIES.] A school district or a technical institute shall not acquire a motor coach. Motor coaches acquired by school districts or area vocational technical institutes before March 26, 1986 may be used by school districts or ~~area vocational~~ technical institutes only to transport students participating in school activities, their instructors, and supporting personnel, to and from school activities. The motor coaches shall not in any way be outwardly equipped and identified as school buses. A motor coach operated under this subdivision is not a school bus for purposes of section 124.225. By August 1, 1986, the state board of education shall adopt rules governing the equipment, identification, operation, inspection, and certification of motor coaches operated under this subdivision. After January 1, 1998, a school district or technical institute shall not own or operate a motor coach for any purpose.

Sec. 66. Minnesota Statutes 1988, section 275.125, subdivision 14a, is amended to read:

Subd. 14a. [LEVY FOR LOCAL SHARE OF TECHNICAL INSTITUTE CONSTRUCTION.] (a) The definitions in section 136C.02 apply to this subdivision. "Construction" includes acquisition and betterment of land, buildings, and capital improvements for technical institutes.

(b) A district maintaining a technical institute may levy for its local share of the cost of construction of technical institute facilities for the technical institute as provided in this subdivision.

(c) The construction must be authorized by a specific legislative act pursuant to section 136C.07, subdivision 5, after January 1, 1980. The specific legislative act must require that the state to pay part of the cost of technical institute construction for post-secondary vocational purposes shall be financed by the state and that the district to pay part of the cost of construction for post-secondary

vocational purposes shall be financed by the school district operating the technical institute.

(d) The district may levy an amount equal to the local share of the cost of technical institute construction for post-secondary vocational purposes, minus the amount of any unappropriated unreserved net balance in the district's post-secondary vocational technical institute building construction fund. A district may levy the total amount authorized by this subdivision in one year, or a proportionate amount of the total authorized amount each year for up to three successive years.

(e) By the July August 1 before a district certifies the first levy pursuant to this subdivision for the local share of any construction project, at least three weeks published notice of the proposed levy shall be given in the legal newspaper with the largest circulation in the district. The notice shall state the purpose and duration of the proposed levy, the duration of the proposed levy and the amount of the proposed levy in dollars and mills. Upon petition within 20 days after the notice of the greater of (a) 50 voters, or (b) 15 percent of the number of voters who voted in the district at the most recent regular school board election, the board shall call a referendum on the proposed levy. The referendum shall be held on a date set by the school board, but no later than the August September 20 before the levy is certified. The question on the ballot shall state the amount of the proposed levy in mills on the district's adjusted gross tax capacity and in dollars in the first year of the proposed levy.

(f) For the purposes of this subdivision, "construction" includes the acquisition and betterment of land, buildings and capital improvements for technical institutes.

(g) A district may not levy for the cost of a construction project pursuant to this subdivision if it issues any bonds to finance any costs of the project.

Sec. 67. Minnesota Statutes 1988, section 354.094, subdivision 1a, is amended to read:

Subd. 1a. [EXCEPTION FOR LEAVES SINCE 1981-1982.] Notwithstanding subdivision 1, the following provisions apply to elementary, and secondary school and area vocational technical school institute teachers whose extended leaves begin in the 1981-1982, 1982-1983, or 1983-1984 school year:

(a) A member whose application states the intention to pay employee contributions into the fund, requests state payment of employer contributions, and is approved by the commissioner within the limits of section 125.60, subdivision 7, may pay employee contributions and receive allowable service credit toward annuities

and other benefits under this chapter for each year of the leave during the period of the leave which shall not exceed five years;

(b) The state shall pay employer contributions into the fund for a member described in clause (a) for no more than the first three years of the leave, provided the member who is on extended leave pays the employee contribution into the fund by the payment date specified in subdivision 1;

(c) A member whose application is approved as to the member's eligibility under section 125.60, subdivisions 1 and 2 but whose application does not request state payment of employer contributions or is disapproved as to state payment of employer contributions, or who is in the fourth or fifth year of leave affected by clause (b) may pay employee contributions and receive allowable service credit as provided in subdivision 1 if the member and the employing school board make the required employer contribution, in any proportion which they may agree upon, by the payment date specified in subdivision 1.

Sec. 68. Minnesota Statutes 1988, section 354.094, subdivision 1b, is amended to read:

Subd. 1b. [PRE-MAY 16, 1981 LEAVE EXCEPTION.] Notwithstanding subdivision 1, the following provisions apply only to elementary, and secondary, school and ~~area vocational~~ technical school institute teachers whose extended leaves began in the 1978-1979, 1979-1980, or 1980-1981 school years:

(a) A member whose period of extended leave began on or before May 15, 1981, may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter for each year of the leave during the period of the leave which does not exceed five years;

(b) The state shall pay employer contributions into the fund for a member described in clause (a) of this subdivision for each year of the leave for which the member who is on extended leave pays the employee's contribution into the fund by the payment date specified in subdivision 1.

Sec. 69. Minnesota Statutes 1988, section 354A.091, subdivision 1a, is amended to read:

Subd. 1a. [EXCEPTION FOR LEAVES SINCE 1981-1982.] Notwithstanding subdivision 1, the following provisions apply to elementary, and secondary school and ~~area vocational~~ technical school institute teachers whose extended leaves begin in the 1981-1982, 1982-1983, or 1983-1984 school year:

(a) A member whose application states the intention to pay employee contributions to the applicable association, requests state payment of the employer contribution, and is approved by the commissioner within the limits of section 125.60, subdivision 7, may pay employee contributions to the applicable association and receive allowable service credit in that association for each year of leave during the period of the leave, which shall not exceed five years;

(b) The state shall pay employer contributions for a member described in clause (a) for no more than the first three years of the leave, provided the member who is on extended leave pays the employee contribution to the applicable association by the payment date specified in subdivision 1;

(c) A member whose application is approved as to the member's eligibility under section 125.60, subdivisions 1 and 2 but whose application does not request state payment of employer contributions or is disapproved as to state payment of employer contributions, or who is in the fourth or fifth year of leave affected by clause (b) may pay employee contributions and school teachers whose extended leaves began in the 1978-1979, 1979-1980 or 1980-1981 school years:

(a) A member whose period of extended leave began on or before May 15, 1981, may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter for each year of the leave during the period of the leave which does not exceed five years;

(b) The state shall pay employer contributions into the applicable fund for a member described in clause (a) of this subdivision for each year of the leave for which the member who is on extended leave pays the employee's contribution into the fund by the payment date specified in subdivision 1.

Sec. 70. Minnesota Statutes 1988, section 355.46, subdivision 3, is amended to read:

Subd. 3. [SOCIAL SECURITY CONTRIBUTIONS.] The employer taxes due with respect to employment by educational employees who have made their selection pursuant to section 218(d)(6)(C) of the Social Security Act, shall be paid in the following manner:

(a) Contributions required to be made for current service by political subdivisions employing educational employees and payments required by section 355.49 shall be paid by the political subdivision. Payments for school district or ~~area vocational~~ technical institute employees who are paid from normal operating funds, shall be made from the appropriate fund of the district or ~~area vocational~~ technical institute. The state shall make payments for services rendered prior to July 1, 1986.

(b) Contributions required to be made with respect to educational employees of state departments and institutions and payments required by section 355.49 shall be paid by the departments and institutions in accordance with the provisions of sections 355.49 and 355.50.

Sec. 71. Laws 1988, chapter 703, article 1, section 23, is amended to read:

Sec. 23. [135A.20] [FACULTY EXCHANGE PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A program of faculty exchange for the 1988-1989 academic year is established to allow school districts and post-secondary institutions to arrange temporary exchanges between members of their instructional staffs. These arrangements must be made on a voluntary, cooperative basis between the a school district and the post-secondary institution, or between post-secondary institutions. Exchanges between post-secondary institutions may occur between campuses in the same system or in different systems.

Subd. 2. [USES OF PROGRAM.] Each participating school district and post-secondary institution may determine the way in which the instructional staff member's time is to be used, but it must be in a way that promotes understanding of the needs of each educational system or institution. A public school teacher might be used to teach courses, provide counseling and tutorial services, assist with the preparation of future teachers, or take professional development courses. A post-secondary instructor might teach advanced placement courses or other classes to aid an underserved population at the school district, counsel students about future education plans, or work with teachers to better prepare students for post-secondary education. Participation need not be limited to one school or institution and may involve other groups including educational cooperative service units.

Subd. 3. [SALARIES, BENEFITS, CERTIFICATION.] Exchanges made under the program must not have a negative effect on participants' salaries, seniority, or other benefits. Notwithstanding Minnesota Statutes, sections 123.35, subdivision 6, and 125.04, a member of the instructional staff of a post-secondary institution may teach in an elementary or secondary school or perform a service, agreed upon according to this section, for which a license would otherwise be required without holding the applicable license. In addition, a licensed employee of a school district may teach or perform a service, agreed upon according to this section, at a post-secondary institution without meeting the applicable qualifications of the post-secondary institution. A school district is not subject to Minnesota Statutes, section 124.19, subdivision 3, as a result of entering into an agreement according to this section that enables a post-secondary instructional staff member to teach or

provide services in the district. All arrangements and details regarding the exchange must be mutually agreed to by the each participating school district and post-secondary institution before implementation.

Subd. 4. [REPORT OF PILOT PROGRAMS.] While these exchanges are voluntary, the legislature intends to maintain oversight to determine the benefits and problems of the program. By February 1, 1989 1991, each post-secondary system shall submit a report about the faculty exchange program to the chairs of the house education, higher education, and appropriations committees and the senate education and finance committees. The report shall contain the number of instructional staff participating in the exchange, areas of instruction, costs associated with the exchange, use of appropriations, and other relevant issues related to the exchange.

Sec. 72. [EXCHANGES BETWEEN EDUCATION FACULTY.]

The state university board and the board of regents of the University of Minnesota may develop programs to exchange faculty between colleges or schools of education and school districts, subject to section 71, subdivision 3.

The programs must be used to assist in improving teacher education by involving current teachers in education courses and placing post-secondary faculty in elementary and secondary classrooms. Programs must include exchanges that extend beyond the immediate service area of the institution to address the needs of different types of schools, students, and teachers.

Sec. 73. [EMERGENCY RULES.]

The higher education coordinating board may adopt emergency rules, as provided under Minnesota Statutes, sections 14.29 to 14.36, for awarding child care grants for the 1989-1990 academic year. The board shall consult with its financial aid advisory committee and the higher education advisory council before adopting the rules.

Sec. 74. [REPORT TO THE LEGISLATURE.]

The higher education coordinating board shall report on the child care program to the education divisions of the house appropriations and senate finance committees by February 15 of each year of the biennium.

Sec. 75. [REPEALER.]

Subdivision 1. [JUNE 30, 1989.] Minnesota Statutes 1988, sections 121.936, subdivision 1a; 136A.042; 136A.111; 136A.121, subdivision 15; 136A.14; 136A.141; 136A.142; 136A.51; 136A.52;

136A.53; 136A.55; 136C.07, subdivisions 1, 2, 3, and 6; 136C.21; 136C.211; 136C.212; 136C.213; 136C.22; 136C.221; 136C.222; 136C.223; 136C.25; 136C.26, subdivisions 1, 3, 4, 5, 6, 7, and 9; 136C.27, subdivision 2; 136C.28, subdivisions 1 and 2; 136C.29; 136C.33, subdivisions 1 and 2; 136C.42; 136C.43, subdivisions 1, 2, and 3; 256H.07; and 256H.13 are repealed on June 30, 1989.

Subd. 2. [JUNE 30, 1990.] Minnesota Statutes 1988, sections 136A.09; 136A.101, subdivision 6; 136A.121, subdivisions 1 and 4; and 136A.225 are repealed on June 30, 1990.

Sec. 76. [EFFECTIVE DATE.]

Section 5, subdivision 4, is effective the day after its final enactment."

Delete the title and insert:

"A bill for an act relating to public administration; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, board of regents of the University of Minnesota, and the Mayo medical foundation, with certain conditions; amending Minnesota Statutes 1988, sections 121.93, subdivisions 2, 3, and 4; 126.56, subdivision 5; 135A.05; 135A.06, subdivision 3; 136.31, subdivisions 3 and 5; 136A.02; 136A.04; 136A.05; 136A.08; 136A.095; 136A.101; 136A.121; 136A.131; 136A.132; 136A.134, subdivision 4; 136A.15, subdivisions 1, 7, and by adding a subdivision; 136A.16; 136A.162; 136A.17, subdivision 1; 136A.1701, subdivisions 1, 2, and 5; 136A.172; 136A.173, subdivision 1; 136A.174; 136A.175, subdivision 4; 136A.176; 136A.177; 136A.178; 136A.179; 136A.233; 136A.26, subdivision 1a; 136A.29, subdivision 9; 136A.69; 136C.04, subdivisions 2, 6, 9, 10, and 18; 136C.042, subdivision 2; 136C.05, by adding subdivisions; 136C.07, subdivision 4; 136C.075; 136C.08, subdivision 1; 136C.15; 136C.31, by adding a subdivision; 136C.36; 136C.43, subdivision 1; 169.44, subdivision 18; 275.125, subdivision 14a; 354.094, subdivisions 1a and 1b; 354A.091, subdivision 1a; and 355.46, subdivision 3; Laws 1988, chapter 703, article 1, section 23; proposing coding for new law in Minnesota Statutes; chapter 136A; repealing Minnesota Statutes 1988, sections 121.936, subdivision 1a; 136A.042; 136A.09; 136A.101, subdivision 6; 136A.111; 136A.121, subdivisions 1, 4, and 15; 136A.14; 136A.141; 136A.142; 136A.225; 136A.51; 136A.52; 136A.53; 136A.55; 136C.07, subdivisions 1, 2, 3 and 6; 136C.21; 136C.211; 136C.212; 136C.213; 136C.22; 136C.221; 136C.222; 136C.223; 136C.25; 136C.26, subdivisions 1, 3, 4, 5, 6, 7, and 9; 136C.27, subdivision 2; 136C.28, subdivisions 1 and 2; 136C.29; 136C.33, subdivisions 1 and 2; 136C.42; 136C.43, subdivisions 1, 2, and 3; 256H.07; and 256H.13."

The motion prevailed and the amendment was adopted.

Rice and Carlson, L., moved to amend S. F. No. 1625, as amended, as follows:

Page 15, after line 8, insert:

"The legislature intends that any future retrenchments or reallocations of state appropriated funds to the medical school be distributed among all departments in proportion to their state appropriations."

The motion prevailed and the amendment was adopted.

Kahn and Abrams moved to amend S. F. No. 1625, as amended, as follows:

Page 18, after line 14, insert:

"The university is requested to report to the chairs of the house appropriations and senate finance committees on the future status of the supercomputer institute. The report must include a mission statement describing the institute's: (1) progress towards becoming an advanced scientific research organization designed to place Minnesota at the forefront of research and education using supercomputers; (2) progress towards becoming a national center for specialized instruction in supercomputing; (3) progress in advancing United States supercomputer technology to meet foreign competition; (4) possibility of designation as a major federal supercomputing node by the National Science Foundation; and (5) possibility of obtaining continued federal funding for the purposes of this section.

The report must further detail: (1) the relationship and funding of the supercomputer center and the supercomputer institute; (2) the proportion of funding divided between private industrial and university research and the effect on the academic research mission of the university; (3) the adherence of the center and the institute to the uni-

versity's policies on classified research; and (4) appropriateness of specific recent and planned acquisitions to meet the goals of the mission statement.

The report must be delivered by January 1, 1990."

A roll call was requested and properly seconded.

The question was taken on the Kahn and Abrams amendment and the roll was called. There were 17 yeas and 104 nays as follows:

Those who voted in the affirmative were:

Abrams	Haukoos	Long	Osthoff	Wagenius
Bennett	Janezich	Milbert	Pauly	
Brown	Kahn	Miller	Scheid	
Dawkins	Kinkel	Olsen, S.	Valento	

Those who voted in the negative were:

Anderson, R.	Girard	Lieder	Onnen	Seaberg
Battaglia	Greenfield	Limmer	Orenstein	Segal
Bauerly	Gruenes	Lynch	Ostrom	Simoneau
Beard	Gutknecht	Macklin	Pellow	Skoglund
Begich	Hartle	Marsh	Pelowski	Stanius
Bertram	Hasskamp	McDonald	Peterson	Steenasma
Bishop	Heap	McEachern	Poppenhagen	Sviggun
Blatz	Himle	McGuire	Price	Swenson
Boo	Hugoson	McLaughlin	Pugh	Tjornhom
Burger	Jacobs	McPherson	Quinn	Tompkins
Carlson, L.	Jaros	Morrison	Redalen	Trimble
Carruthers	Jennings	Munger	Reding	Tunheim
Conway	Johnson, R.	Murphy	Rest	Vellenga
Cooper	Johnson, V.	Nelson, C.	Rice	Waltman
Dauner	Kalis	Nelson, K.	Richter	Weaver
Dempsey	Kelly	Neuenschwander	Rodosovich	Welle
Dille	Kelso	O'Connor	Rukavina	Wenzel
Dorn	Knickerbocker	Ogren	Runbeck	Winter
Forsythe	Kostohryz	Olson, E.	Sarna	Wynia
Frederick	Krueger	Olson, K.	Schafer	Spk. Vanasek
Ferichs	Lasley	Omam	Schreiber	

The motion did not prevail and the amendment was not adopted.

S. F. No. 1625, A bill for an act relating to public administration; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, and the Mayo medical foundation, with certain conditions; amending Minnesota Statutes 1988, sections 121.93, subdivisions 2, 3, and 4; 136.31, subdivisions 3 and 5; 136A.04; 136A.05; 136A.08; 136A.095; 136A.101, subdivisions 1 and 7; 136A.121; 136A.131; 136A.132; 136A.134, subdivision

4; 136A.15, subdivision 1; 136A.16, subdivisions 1, 2, 5, 8, 9, and 10; 136A.17, subdivision 1; 136A.1701, subdivisions 1, 2, and 5; 136A.172; 136A.173, subdivision 1; 136A.174; 136A.175, subdivision 4; 136A.176; 136A.177; 136A.178; 136A.179; 136A.29, subdivision 9; 136C.04, subdivisions 1, 2, 6, 10, and 18; 136C.042, subdivision 2; 136C.05, by adding a subdivision; 136C.07, subdivision 4; 136C.075; 136C.08, subdivision 1; 136C.15; 136C.31, by adding a subdivision; 136C.36; 136C.43, subdivision 1; 169.44, subdivision 18; 275.125, subdivision 14a; 354.094, subdivisions 1a and 1b; 354A.091, subdivision 1a; 355.46, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 135A and 136A; repealing Minnesota Statutes 1988, sections 121.936, subdivision 1a; 136A.042; 136A.09; 136A.101, subdivision 6; 136A.111; 136A.121, subdivisions 1, 4, and 15; 136A.14; 136A.141; 136A.142; 136A.51; 136A.52; 136A.53; 136C.07, subdivisions 1, 2, 3, and 6; 136C.21; 136C.211; 136C.212; 136C.213; 136C.22; 136C.221; 136C.222; 136C.223; 136C.25; 136C.26, subdivisions 1, 3, 4, 5, 6, 7, and 9; 136C.27, subdivision 2; 136C.28, subdivisions 1 and 2; 136C.29; 136C.33, subdivisions 1 and 2; 136C.42; and 136C.43, subdivisions 1, 2, and 3.

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	Frederick	Kostohryz	Olson, K.	Schafer
Anderson, G.	Frerichs	Krueger	Omann	Scheid
Anderson, R.	Girard	Lasley	Onnen	Schreiber
Battaglia	Greenfield	Lieder	Orenstein	Seaberg
Bauerly	Gruenes	Limmer	Osthoff	Segal
Beard	Gutknecht	Long	Ostrom	Simoneau
Begich	Hartle	Lynch	Otis	Skoglund
Bennett	Hasskamp	Macklin	Ozment	Solberg
Bertram	Haukoos	Marsh	Pappas	Sparby
Bishop	Heap	McDonald	Pauly	Stanius
Blatz	Himle	McEachern	Pellow	Steensma
Boo	Hugoson	McGuire	Pelowski	Swiggum
Brown	Jacobs	McLaughlin	Peterson	Swenson
Burger	Janezich	McPherson	Popenhagen	Tjornhom
Carlson, D.	Jaros	Milbert	Price	Tompkins
Carlson, L.	Jefferson	Miller	Pugh	Trimble
Carruthers	Jennings	Morrison	Quinn	Tunheim
Clark	Johnson, A.	Munger	Redalen	Valento
Conway	Johnson, R.	Murphy	Reding	Vellenga
Cooper	Johnson, V.	Nelson, C.	Rest	Wagenius
Dauner	Kahn	Nelson, K.	Rice	Waltman
Dawkins	Kalis	Neuenschwander	Richter	Weaver
Dempsey	Kelly	O'Connor	Rodosovich	Welle
Dille	Kelso	Ogren	Rukavina	Wenzel
Dorn	Kinkel	Olsen, S.	Runbeck	Williams
Forsythe	Knickerbocker	Olson, E.	Sarna	Winter
				Wynia
				Spk. Vanasek

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

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 949:

Frederick, Kelly and Carruthers.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 371:

Pappas, Kelly and Macklin.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1107:

Jefferson, Osthoff and Olsen, S.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 527:

Skoglund, Trimble and Lynch.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 300:

Clark, Pappas and Limmer.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 943:

Orenstein, Segal and Swenson.

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

RECESS

RECONVENED

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

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Anderson, G., requested immediate consideration of H. F. No. 59.

H. F. No. 59 was reported to the House.

Kelly and Greenfield moved to amend H. F. No. 59, the second engrossment, as follows:

Page 6, line 26, delete "\$10,000,000" and insert "\$8,721,000"

Page 6, line 34, delete "This amount is" and insert "Of this amount, \$81,000 in 1990 and \$54,000 in 1991 are"

Page 6, after line 38, insert:

"Of this amount, \$1,279,000 is appropriated to the bureau of criminal apprehension to establish and operate a laboratory to perform DNA analysis and to establish a system for collecting and maintaining DNA analysis data and human biological specimens.

Of this amount, \$350,000 in 1990 is for the soft body armor reimbursement program."

The motion prevailed and the amendment was adopted.

Marsh moved to amend H. F. No. 59, the second engrossment, as amended, as follows:

Page 77, after line 6, insert:

"Sec. 60. [DISAPPROVAL OF PROPOSED SENTENCING GUIDELINES MODIFICATION.]

The modifications in the weight assigned for each prior felony conviction in the severity levels I and II of the sentencing guidelines grid for purposes of computing a defendant's criminal history score, adopted by the sentencing guidelines commission on December 15, 1988, shall not take effect."

Renumber the remaining sections and correct the internal cross-references

Amend the title as follows:

Page 1, line 29, after the semicolon insert "disapproving a proposed sentencing guidelines modification,"

The motion did not prevail and the amendment was not adopted.

Pappas offered an amendment to H. F. No. 59, the second engrossment, as amended.

POINT OF ORDER

Knickerbocker raised a point of order pursuant to rule 3.9 that the Pappas amendment was not in order.

The Speaker pursuant to section 245 of "Mason's Manual of Legislative Procedure" submitted the following question to the House: "Is it the judgment of the House that the Knickerbocker point of order is well taken?"

A roll call was requested and properly seconded.

The question was taken on the Knickerbocker point of order, and the roll was called. There were 75 yeas and 50 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kostohryz	Olsen, S.	Schreiber
Anderson, G.	Frerichs	Lieder	Olson, E.	Seaberg
Anderson, R.	Girard	Limmer	Olson, K.	Solberg
Battaglia	Gruenes	Lynch	Omann	Sparby
Begich	Gutknecht	Macklin	Onnen	Stanius
Bennett	Hartle	Marsh	Pauly	Steensma
Blatz	Haukoos	McDonald	Pellow	Sviggum
Boo	Heap	McEachern	Poppenhagen	Swenson
Burger	Henry	McPherson	Redalen	Tjornhom
Carlson, D.	Himle	Miller	Reding	Tompkins
Carruthers	Hugoson	Morrison	Richter	Tunheim
Dauner	Jennings	Murphy	Rodosovich	Valento
Dempsey	Johnson, V.	Nelson, C.	Runbeck	Waltman
Dille	Kalis	Neuenschwander	Schafer	Weaver
Forsythe	Knickerbocker	Ogren	Scheid	Wenzel

Those who voted in the negative were:

Bauerly	Greenfield	Kelso	O'Connor	Rest
Bertram	Hasskamp	Kinkel	Orenstein	Rice
Brown	Janezich	Krueger	Ostrom	Rukavina
Carlson, L.	Jaros	Lasley	Otis	Sarna
Clark	Jefferson	Long	Ozment	Segal
Conway	Johnson, A.	McGuire	Pappas	Simoneau
Cooper	Johnson, R.	McLaughlin	Pelowski	Skoglund
Dawkins	Kahn	Munger	Peterson	Trimble
Dorn	Kelly	Nelson, K.	Price	Vellenga

Wagenius

Welle

Williams

Winter

Wynia

So it was the judgment of the House that the Knickerbocker point of order was well taken and the Pappas amendment out of order.

McDonald, Sviggum, Swenson, Waltman, Frerichs and Richter moved to amend H. F. No. 59, the second engrossment, as amended, as follows:

Page 6, delete lines 26 to 31 and insert:

“\$8,721,000 of this amount in the first year is to be transferred by the commissioner of state planning to the commissioner of jobs and training for statewide distribution to community action agencies for the purpose of improving anti-poverty programs, specifically the senior nutrition, housing rehabilitation, and jobs programs.”

Pages 77 to 91, delete Article 4

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the McDonald et al amendment and the roll was called. There were 50 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gruenes	Johnson, V.	Olson, K.	Seaberg
Bennett	Gutknecht	Kelso	Omann	Stanius
Burger	Hartle	Macklin	Onnen	Steensma
Carlson, D.	Hasskamp	Marsh	Ostrom	Sviggum
Conway	Haukoos	McDonald	Ozment	Swenson
Dauner	Henry	McEachern	Pellow	Tjornhom
Dempsey	Himle	McPherson	Poppenhagen	Tompkins
Frederick	Hugoson	Miller	Richter	Valento
Frerichs	Jennings	Nelson, C.	Schafer	Waltman
Girard	Johnson, R.	Neuenschwander	Schreiber	Winter

Those who voted in the negative were:

Abrams	Boo	Forsythe	Kahn	Lieder
Anderson, G.	Brown	Greenfield	Kalis	Limmer
Battaglia	Carlson, L.	Heap	Kelly	Long
Bauerly	Clark	Jacobs	Kinkel	Lynch
Beard	Cooper	Janezich	Knickerbocker	McGuire
Begich	Dawkins	Jaros	Kostohryz	McLaughlin
Bertram	Dille	Jefferson	Krueger	Milbert
Blatz	Dorn	Johnson, A.	Lasley	Morrison

Munger	Otis	Reding	Segal	Wagenius
Murphy	Pappas	Rest	Simoneau	Weaver
Nelson, K.	Pauly	Rice	Skoglund	Welle
O'Connor	Pelowski	Rodosovich	Solberg	Wenzel
Olsen, S.	Peterson	Rukavina	Sparby	Williams
Olsen, E.	Price	Runbeck	Trimble	Wynia
Orenstein	Pugh	Sarna	Tunheim	Spk. Vanasek
Osthoff	Quinn	Scheid	Vellenga	

The motion did not prevail and the amendment was not adopted.

Dempsey was excused for the remainder of today's session.

Heap, Macklin, Lynch, Henry, Weaver and Limmer moved to amend H. F. No. 59, the second engrossment, as amended, as follows:

Page 39, after line 23, insert:

"Sec. 5. Minnesota Statutes 1988, section 243.53, is amended to read:

243.53 [~~SEPARATE CELLS.~~]

When there are cells sufficient, each convict shall be confined in a separate cell. However, the commissioner may incarcerate two inmates in a single cell whenever necessary to accommodate correctional facility population."

Renumber the remaining sections and correct the internal cross-references

Amend the title as follows:

Page 1, line 15, after the semicolon, insert "authorizing the commissioner of corrections to incarcerate two inmates per cell when necessary to accommodate prison population;"

Page 1, line 37, after the semicolon, insert "243.53;"

A roll call was requested and properly seconded.

Wynia and Brown moved to amend the Heap et al amendment to H. F. No. 59, the second engrossment, as amended, as follows:

Page 1, line 20, delete everything after the period and insert "Except in maximum security cells, the commissioner may incarcerate more than one inmate in a living area."

Page 1, delete lines 21 and 22

Page 1; lines 27 and 28, delete "two inmates per cell when necessary to accommodate prison population" and insert "more than one inmate in a living area except in maximum security cells"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 82 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Otis	Solberg
Battaglia	Hartle	Long	Pappas	Sparby
Bauerly	Hasskamp	McEachern	Pelowski	Steensma
Beard	Jacobs	McGuire	Peterson	Swenson
Begich	Janezich	McLaughlin	Price	Trimble
Bertram	Jaros	Milbert	Pugh	Tunheim
Brown	Jefferson	Munger	Quinn	Vellenga
Carlson, L.	Johnson, A.	Murphy	Reding	Wagenius
Carruthers	Johnson, R.	Nelson, C.	Rest	Welle
Clark	Kahn	Nelson, K.	Rice	Wenzel
Conway	Kalis	Neuenschwander	Rodosovich	Williams
Cooper	Kelly	O'Connor	Rukayina	Winter
Dauner	Kelso	Ogren	Sarna	Wynia
Dawkins	Kinkel	Olson, E.	Scheid	Spk. Vanasek
Dille	Kostohryz	Orenstein	Segal	
Dorn	Krueger	Osthoff	Simoneau	
Forsythe	Lasley	Ostrom	Skoglund	

Those who voted in the negative were:

Abrams	Girard	Limmer	Onnen	Seaberg
Anderson, R.	Gruenes	Lynch	Ozment	Stanius
Bennett	Gutknecht	Macklin	Pauly	Sviggum
Bishop	Haukoos	Marsh	Pellow	Tjornhom
Blatz	Heap	McDonald	Poppenhagen	Valento
Boo	Henry	McPherson	Redalen	Waltman
Burger	Himle	Miller	Richter	Weaver
Carlson, D.	Hugoson	Morrison	Runbeck	
Frederick	Johnson, V.	Olsen, S.	Schafer	
Frerichs	Knickerbocker	Omann	Schreiber	

The motion prevailed and the amendment to the amendment was adopted.

Heap requested that his amendment, as amended, be changed as follows:

Page 1, line 17, delete "living area" and insert "single cell"

Page 1, line 21, delete "living area" and insert "single cell"

POINT OF ORDER

Wynia raised a point of order that the Heap request was not in

order. The Speaker ruled the point of order well taken and the Heap request out of order.

Heap moved to amend the Heap et al amendment, as amended by the Wynia amendment, to H. F. No. 59, the second engrossment, as amended, as follows:

Page 1, line 17, delete "living area" and insert "single cell"

Page 1, line 21, delete "living area" and insert "single cell"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 57 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kalis	O'Connor	Schafer
Anderson, G.	Girard	Knickerbocker	Olsen, S.	Seaberg
Anderson, R.	Gruenes	Limmer	Olson, E.	Sparby
Beard	Gutknecht	Lynch	Omann	Stanius
Begich	Hartle	Macklin	Onnen	Sviggum
Bennett	Haukoos	Marsh	Ozment	Tjornhom
Bertram	Heap	McDonald	Pauly	Valento
Bishop	Henry	McEachern	Pellow	Waltman
Blatz	Himle	McPherson	Poppenhagen	Weaver
Burger	Hugoson	Miller	Richter	
Dille	Johnson, R.	Morrison	Runbeck	
Frederick	Johnson, V.	Neuenschwander	Sarna	

Those who voted in the negative were:

Battaglia	Hasskamp	Long	Peterson	Swenson
Bauerly	Jacobs	McGuire	Price	Tompkins
Boo	Janezich	McLaughlin	Pugh	Trimble
Brown	Jaros	Milbert	Quinn	Tunheim
Carlson, D.	Jefferson	Munger	Reding	Vellenga
Carlson, L.	Jennings	Murphy	Rest	Wagenius
Carruthers	Johnson, A.	Nelson, C.	Rice	Welle
Clark	Kahn	Nelson, K.	Rodosovich	Wenzel
Conway	Kelly	Ogren	Rukavina	Williams
Cooper	Kelso	Olson, K.	Scheid	Winter
Dauner	Kinkei	Orenstein	Segal	Wynia
Dawkins	Kostohryz	Ostrom	Simoneau	Spk. Vanasek
Dorn	Krueger	Otis	Skoglund	
Forsythe	Lasley	Pappas	Solberg	
Greenfield	Lieder	Pelowski	Steensma	

The motion did not prevail and the amendment to the amendment was not adopted.

Heap requested that his amendment, as amended, be withdrawn.

POINT OF ORDER

Wynia raised a point of order pursuant to section 403 of "Mason's Manual of Legislative Procedure" relating to the withdrawing of amendments. The Speaker ruled the point of order well taken and the Heap request out of order.

The Speaker called Quinn to the Chair.

The question recurred on the Heap et al amendment, as amended, to H. F. No. 59, the second engrossment, as amended.

Olsen, S., offered an amendment to the Heap et al amendment, as amended by the Wynia amendment, to H. F. No. 59, the second engrossment, as amended.

Wynia requested a division of the Olsen, S., amendment to the Heap et al amendment, as amended.

The first portion of the Olsen, S., amendment to the Heap et al amendment, as amended, reads as follows:

Page 1, line 17, before the period insert "at any Minnesota correctional facility"

The motion prevailed and the first portion of the Olsen, S., amendment to the Heap et al amendment, as amended, was adopted.

The second portion of the Olsen, S., amendment to the Heap et al amendment, as amended, reads as follows:

Page 1, line 17, after the period insert "The commissioner may incarcerate more than one inmate in a cell at the Minnesota correctional facilities located at Oak Park Heights, Stillwater and St. Cloud."

A roll call was requested and properly seconded.

The question was taken on the second portion of the Olsen, S., amendment to the Heap et al amendment, as amended, and the roll was called. There were 65 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Abrams
Beard

Bennett
Bertram

Blatz
Burger

Carlson, L.
Cooper

Dille
Dorn

Frederick	Johnson, R.	McPherson	Pauly	Scheid
Frerichs	Johnson, V.	Milbert	Pellow	Seaberg
Girard	Kalis	Miller	Pelowski	Solberg
Gruenes	Kinkel	Morrison	Poppenhagen	Sparby
Gutknecht	Knickerbocker	O'Connor	Pugh	Stanius
Haukoos	Limmer	Ogren	Quinn	Steensma
Heap	Lynch	Olsen, S.	Rest	Sviggum
Henry	Macklin	Omann	Richter	Tjornhom
Himle	Marsh	Onnen	Runbeck	Valento
Hugoson	McDonald	Osthoff	Sarna	Waltman
Janezich	McEachern	Ozment	Schafer	Weaver

Those who voted in the negative were:

Anderson, G.	Dawkins	Kostohryz	Ostrom	Tompkins
Anderson, R.	Forsythe	Krueger	Otis	Trimble
Battaglia	Greenfield	Lasley	Pappas	Tunheim
Bauerly	Hartle	Lieder	Peterson	Vellenga
Begich	Hasskamp	McGuire	Price	Wagenius
Bishop	Jacobs	McLaughlin	Reding	Wenzel
Boo	Jaros	Munger	Rice	Williams
Brown	Jefferson	Murphy	Rodosovich	Winter
Carlson, D.	Jennings	Nelson, C.	Rukavina	Wynia
Carruthers	Johnson, A.	Neuenschwander	Segal	Spk. Vanasek
Clark	Kahn	Olson, E.	Simoneau	
Conway	Kelly	Olson, K.	Skoglund	
Dauner	Kelso	Orenstein	Swenson	

The motion prevailed and the second portion of the Olsen, S., amendment to the Heap et al amendment, as amended, was adopted.

Vanasek was excused between the hours of 7:08 p.m. and 8:14 p.m.

Vellenga was excused for the remainder of today's session.

The question recurred on the Heap et al amendment, as amended, to H. F. No. 59, the second engrossment, as amended, and the roll was called. There were 60 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Kelso	O'Connor	Schafer
Anderson, R.	Gruenes	Kinkel	Olsen, S.	Seaberg
Beard	Gutknecht	Knickerbocker	Omann	Sparby
Bennett	Hartle	Limmer	Onnen	Stanius
Bertram	Haukoos	Lynch	Ozment	Steensma
Blatz	Heap	Macklin	Pellow	Sviggum
Burger	Henry	Marsh	Pelowski	Tjornhom
Carlson, L.	Himle	McDonald	Poppenhagen	Tompkins
Cooper	Hugoson	McEachern	Quinn	Valento
Dille	Johnson, R.	McPherson	Rest	Waltman
Frederick	Johnson, V.	Miller	Runbeck	Weaver
Frerichs	Kalis	Morrison	Sarna	Winter

Those who voted in the negative were:

Anderson, G.	Battaglia	Bauerly	Begich	Boo
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Brown	Janezich	McLaughlin	Pappas	Skoglund
Carlson, D.	Jaros	Munger	Pauly	Solberg
Carruthers	Jefferson	Murphy	Peterson	Swenson
Clark	Jennings	Nelson, C.	Price	Trimble
Conway	Johnson, A.	Nelson, K.	Pugh	Tunheim
Dauner	Kahn	Neuenschwander	Reding	Wagenius
Dawkins	Kelly	Olson, E.	Rice	Wenzel
Dorn	Kostohryz	Olson, K.	Rodosovich	Williams
Forsythe	Krueger	Orenstein	Rukavina	Wynia
Greenfield	Lasley	Osthoff	Scheid	
Hasskamp	Lieder	Ostrom	Segal	
Jacobs	McGuire	Otis	Simoneau	

The motion did not prevail and the amendment, as amended, was not adopted.

Blatz, Limmer and Tompkins moved to amend H. F. No. 59, the second engrossment, as amended, as follows:

Page 26, after line 20, insert:

“Sec. 31. Minnesota Statutes 1988, section 253B.02, subdivision 2, is amended to read:

Subd. 2. [CHEMICALLY DEPENDENT PERSON.] “Chemically dependent person” means any person (a) determined as being incapable of self-management or management of personal affairs by reason of the habitual and excessive use of alcohol or drugs; and (b) whose recent conduct as a result of habitual and excessive use of alcohol or drugs poses a substantial likelihood of physical harm to self or others as demonstrated by (i) a recent attempt or threat to physically harm self or others, (ii) evidence of recent serious physical problems, or (iii) a failure to obtain necessary food, clothing, shelter, or medical care. “Chemically dependent person” also means, in the case of a pregnant woman, one who during the time between 24 weeks of gestation and delivery, has used cocaine or has engaged in habitual and excessive use of any other controlled substance for a nonmedical purpose.

For purposes of this subdivision:

(1) “cocaine” means any controlled substance described in section 152.02, subdivision 3, paragraph (1), clause (d); and

(2) “controlled substance” has the definition given in section 152.01, subdivision 4.

Sec. 32. Minnesota Statutes 1988, section 253B.02, subdivision 10, is amended to read:

Subd. 10. [INTERESTED PERSON.] “Interested person” means an adult, including but not limited to, a public official, including a

local social service agency acting pursuant to section 42, and the legal guardian, spouse, parent, legal counsel, adult child, next of kin, or other person designated by a proposed patient."

Page 33, after line 3, insert:

"(k) "Controlled substance" has the definition given in section 152.01, subdivision 4.

Sec. 41. Minnesota Statutes 1988, section 626.556, subdivision 3, is amended to read:

Subd. 3. [PERSONS MANDATED TO REPORT.] (a) A person who knows or has reason to believe a child is being neglected or physically or sexually abused, or has been neglected or physically or sexually abused within the preceding three years; or who knows or has reason to believe that a pregnant woman has used a controlled substance for a nonmedical purpose, shall immediately report the information to the local welfare agency, police department, or the county sheriff if the person is:

(1) a professional or professional's delegate who is engaged in the practice of the healing arts, social services, hospital administration, psychological or psychiatric treatment, child care, education, or law enforcement; or

(2) employed as a member of the clergy and received the information while engaged in ministerial duties, provided that a member of the clergy is not required by this subdivision to report information that is otherwise privileged under section 595.02, subdivision 1, paragraph (c).

The police department or the county sheriff, upon receiving a report, shall immediately notify the local welfare agency orally and in writing. The local welfare agency, upon receiving a report, shall immediately notify the local police department or the county sheriff orally and in writing. The county sheriff and the head of every local welfare agency and police department shall each designate a person within their agency, department, or office who is responsible for ensuring that the notification duties of this paragraph and paragraph (b) are carried out. Nothing in this subdivision shall be construed to require more than one report from any institution, facility, school, or agency.

(b) Any person may voluntarily report to the local welfare agency, police department, or the county sheriff if the person knows, has reason to believe, or suspects a child is being or has been neglected or subjected to physical or sexual abuse. The police department or the county sheriff, upon receiving a report, shall immediately notify the local welfare agency orally and in writing. The local welfare

agency, upon receiving a report, shall immediately notify the local police department or the county sheriff orally and in writing.

(c) A person mandated to report physical or sexual child abuse or neglect occurring within a licensed facility shall report the information to the agency responsible for licensing the facility. A health or corrections agency receiving a report may request the local welfare agency to provide assistance pursuant to subdivisions 10, 10a, and 10b.

(d) Any person mandated to report shall, upon request to the local welfare agency, receive a summary of the disposition of any report made by that reporter, unless release would be detrimental to the best interests of the child. Any person who is not mandated to report shall, upon request to the local welfare agency, receive a concise summary of the disposition of any report made by that reporter, unless release would be detrimental to the best interests of the child.

(e) For purposes of this subdivision, "immediately" means as soon as possible but in no event longer than 24 hours.

Sec. 42. Minnesota Statutes 1988, section 626.556, subdivision 10, is amended to read:

Subd. 10. [DUTIES OF LOCAL WELFARE SOCIAL SERVICE AGENCY AND LOCAL LAW ENFORCEMENT AGENCY UPON RECEIPT OF A ON RECEIVING AN ABUSE REPORT; DUTIES OF LOCAL SOCIAL SERVICE AGENCY ON RECEIVING A PRENATAL CONTROLLED SUBSTANCE REPORT.] (a) If the report alleges a pregnant woman's use of a controlled substance for a nonmedical purpose, the local welfare agency shall immediately conduct an appropriate assessment and offer services indicated under the circumstances, including but not limited to, a referral for chemical dependency assessment, chemical dependency treatment if recommended, prenatal care, and any action under chapter 253B that is appropriate under the circumstances. An action under section 253B.05 shall be brought if a pregnant woman after 24 weeks of gestation refuses recommended voluntary services or fails recommended treatment. If the report alleges neglect, physical abuse, or sexual abuse by a parent, guardian, or individual functioning within the family unit as a person responsible for the child's care, the local welfare agency shall immediately conduct an assessment and offer protective social services for purposes of preventing further abuses, safeguarding and enhancing the welfare of the abused or neglected minor, and preserving family life whenever possible. If the report alleges a violation of a criminal statute involving sexual abuse or physical abuse, the local law enforcement agency and local welfare agency shall coordinate the planning and execution of their respective investigation and assessment efforts to avoid a duplication of fact-finding efforts and multiple interviews. Each agency shall prepare a separate report of the results of its

investigation. When necessary the local welfare agency shall seek authority to remove the child from the custody of a parent, guardian, or adult with whom the child is living. In performing any of these duties, the local welfare agency shall maintain appropriate records.

(b) When a local agency receives a report or otherwise has information indicating that a child who is a client, as defined in section 245.91, has been the subject of physical abuse or neglect at an agency, facility, or program as defined in section 245.91, it shall, in addition to its other duties under this section, immediately inform the ombudsman established under sections 245.91 to 245.97.

(c) Authority of the local welfare agency responsible for assessing the child abuse report and of the local law enforcement agency for investigating the alleged abuse includes, but is not limited to, authority to interview, without parental consent, the alleged victim and any other minors who currently reside with or who have resided with the alleged perpetrator. The interview may take place at school or at any facility or other place where the alleged victim or other minors might be found and may take place outside the presence of the perpetrator or parent, legal custodian, guardian, or school official. Except as provided in this paragraph, the parent, legal custodian, or guardian shall be notified by the responsible local welfare or law enforcement agency no later than the conclusion of the investigation or assessment that this interview has occurred. Notwithstanding rule 49.02 of the Minnesota rules of procedure for juvenile courts, the juvenile court may, after hearing on an ex parte motion by the local welfare agency, order that, where reasonable cause exists, the agency withhold notification of this interview from the parent, legal custodian, or guardian. If the interview took place or is to take place on school property, the order shall specify that school officials may not disclose to the parent, legal custodian, or guardian the contents of the notification of intent to interview the child on school property, as provided under this paragraph, and any other related information regarding the interview that may be a part of the child's school record. A copy of the order shall be sent by the local welfare or law enforcement agency to the appropriate school official.

(d) When the local welfare or local law enforcement agency determines that an interview should take place on school property, written notification of intent to interview the child on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school property. For interviews conducted by the local welfare agency, the notification shall be signed by the chair of the county welfare board or the chair's designee. The notification shall be private data on individuals subject to the provisions of this paragraph. School officials may not disclose to the parent, legal custodian, or guardian the contents of

the notification or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded. Until that time, the local welfare or law enforcement agency shall be solely responsible for any disclosures regarding the nature of the assessment or investigation.

Except where the alleged perpetrator is believed to be a school official or employee, the time and place, and manner of the interview on school premises shall be within the discretion of school officials, but the local welfare or law enforcement agency shall have the exclusive authority to determine who may attend the interview. The conditions as to time, place, and manner of the interview set by the school officials shall be reasonable and the interview shall be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school officials and the local welfare or law enforcement agency. Where the school fails to comply with the provisions of this paragraph, the juvenile court may order the school to comply. Every effort must be made to reduce the disruption of the educational program of the child, other students, or school staff when an interview is conducted on school premises.

(e) Where the perpetrator or a person responsible for the care of the alleged victim or other minor prevents access to the victim or other minor by the local welfare agency, the juvenile court may order the parents, legal custodian, or guardian to produce the alleged victim or other minor for questioning by the local welfare agency or the local law enforcement agency outside the presence of the perpetrator or any person responsible for the child's care at reasonable places and times as specified by court order.

(f) Before making an order under paragraph (d), the court shall issue an order to show cause, either upon its own motion or upon a verified petition, specifying the basis for the requested interviews and fixing the time and place of the hearing. The order to show cause shall be served personally and shall be heard in the same manner as provided in other cases in the juvenile court. The court shall consider the need for appointment of a guardian ad litem to protect the best interests of the child. If appointed, the guardian ad litem shall be present at the hearing on the order to show cause.

(g) The commissioner, the ombudsman for mental health and mental retardation, the local welfare agencies responsible for investigating reports, and the local law enforcement agencies have the right to enter facilities as defined in subdivision 2 and to inspect and copy the facility's records, including medical records, as part of the investigation. Notwithstanding the provisions of chapter 13, they also have the right to inform the facility under investigation that they are conducting an investigation, to disclose to the facility the names of the individuals under investigation for abusing or neglect-

ing a child, and to provide the facility with a copy of the report and the investigative findings."

Renumber the sections accordingly

Page 33, line 4, delete "REQUIRED"

Page 33, lines 17 to 24, delete subdivision 2, and insert:

"Subd. 2. [PRENATAL VISITS; NOTICE; TEST; REPORT.] A physician shall obtain from each patient who seeks prenatal obstetrical care a signed statement indicating whether or not the patient consents to toxicology tests for the purpose of determining whether the patient has ingested a controlled substance for a nonmedical purpose. If the patient consents to such toxicology tests, and the results of a test are positive, the physician shall report the results under section 626.556, subdivision 3, clause (a). A negative test result does not eliminate the obligation to report, if other evidence gives the physician reason to believe that the patient has used a controlled substance for a nonmedical purpose.

Subd. 3. [TEST; REPORT.] Even if a patient has not consented to toxicology tests for use of a controlled substance pursuant to subdivision 2, during the time between 24 weeks of gestation and delivery, a physician shall administer a toxicology test to her to determine whether there is evidence that she has ingested a controlled substance for a nonmedical purpose if she has obstetrical complications that are a medical indication of possible use of a controlled substance for a nonmedical purpose. If the results are positive, the physician shall report the results under section 626.556, subdivision 3, clause (a). A negative test result does not eliminate the obligation to report if other evidence gives the physician reason to believe that the patient has used a controlled substance for a nonmedical purpose.

Page 33, line 25, delete "3" and insert "4"

Page 33, line 30, delete "4" and insert "5"

Page 33, line 35, after "is" insert "authorized or"

Page 34, after line 1, insert:

"Subd. 6. [DEFINITION.] For purposes of this section, "controlled substance" has the meaning given in section 152.01, subdivision 4.

Subd. 7. [RELIABILITY OF TESTS.] A positive test result reported under this section must be obtained from a confirmatory test performed by a drug testing laboratory licensed by the department of health. The confirmatory test must meet the standards estab-

lished under section 181.953, subdivision 1, and the rules adopted under it."

Correct the internal cross-references

Amend the title as follows:

Page 1, line 23, before the semicolon, insert "and reporting of certain controlled substance use by pregnant women"

Page 1, line 25, after the semicolon, insert "providing for civil commitment of pregnant women for certain controlled substance use;"

Page 1, line 38, after the second semicolon, insert "253B.02, subdivisions 2 and 10;"

Page 2, line 8, delete "subdivision 2" and insert "subdivisions 2, 3, and 10"

A roll call was requested and properly seconded.

Williams moved to amend the Blatz et al amendment to H. F. No. 59, the second engrossment, as amended, as follows:

Page 8, line 2, after "result" insert "or absence of consent"

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Blatz et al amendment, as amended, and the roll was called. There were 112 yeas and 11 nays as follows:

Those who voted in the affirmative were:

Abrams	Cooper	Jacobs	McEachern	Onnen
Anderson, G.	Dauner	Jennings	McGuire	Osthoff
Anderson, R.	Dille	Johnson, R.	McLaughlin	Ostrom
Battaglia	Dorn	Johnson, V.	McPherson	Otis
Bauerly	Forsythe	Kalis	Milbert	Ozment
Beard	Frederick	Kelly	Miller	Pappas
Begich	Frerichs	Kelso	Morrison	Pauly
Bennett	Girard	Knickerbocker	Murphy	Pellow
Bertram	Gruenes	Kostohryz	Nelson, C.	Pelowski
Bishop	Gutknecht	Krueger	Nelson, K.	Peterson
Blatz	Hartle	Lieder	Neuenschwander	Poppenhagen
Boo	Hasskamp	Limmer	O'Connor	Pugh
Burger	Haukoos	Long	Ogren	Quinn
Carlson, D.	Heap	Lynch	Olsen, S.	Reding
Carlson, L.	Henry	Macklin	Olson, E.	Rest
Carruthers	Himle	Marsh	Olson, K.	Richter
Conway	Hugoson	McDonald	Omann	Rodosovich

Rukavina	Segal	Sviggum	Valento	Williams
Runbeck	Skoglund	Swenson	Wagenius	Winter
Sarna	Solberg	Tjornhom	Waltman	Wynia
Schafer	Sparby	Tompkins	Weaver	
Scheid	Stanius	Trimble	Welle	
Seaberg	Steensma	Tunheim	Wenzel	

Those who voted in the negative were:

Brown	Janezich	Kinkel	Rice
Dawkins	Jaros	Lasley	Simoneau
Greenfield	Jefferson	Price	

The motion prevailed and the amendment, as amended, was adopted.

Olsen, S.; Sviggum; Lynch; Runbeck and Swenson moved to amend H. F. No. 59, the second engrossment, as amended, as follows:

Page 3, line 21, delete "\$24,451,000" and insert "\$29,451,000"

Page 5, line 6, delete "8,285,000" and insert "13,285,000"

Page 5, after line 24, insert:

"Of this amount, \$5,000,000 in 1990 is for the establishment of two residential drug treatment pilot projects specifically dealing with addiction to cocaine and its derivatives and which include programming suitable for pregnant women and mothers."

Page 6, line 21, delete "8,821,000" and insert "3,821,000"

Page 6, line 26, delete "8,721,000" and insert "3,721,000"

A roll call was requested and properly seconded.

The question was taken on the Olsen, S., et al amendment and the roll was called. There were 37 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Haukoos	Knickerbocker	Ozment	Schreiber
Bennett	Heap	Limmer	Pellow	Seaberg
Carlson, D.	Henry	Lynch	Poppenhagen	Stanius
Frederick	Himle	McPherson	Redalen	Sviggum
Frerichs	Hugoson	Olsen, S.	Richter	Swenson
Girard	Jennings	Omamm	Runbeck	Tjornhom
Gutknecht	Johnson, V.	Onnen	Schafer	Tompkins
				Valento
				Waltman

Those who voted in the negative were:

Abrams	Dille	Krueger	Olson, E.	Sarna
Anderson, G.	Dorn	Lasley	Olson, K.	Scheid
Battaglia	Greenfield	Lieder	Orenstein	Segal
Bauerly	Hartle	Long	Osthoff	Simoneau
Beard	Hasskamp	Macklin	Ostrom	Skoglund
Begich	Jacobs	McGuire	Otis	Solberg
Bishop	Janezich	McLaughlin	Pappas	Sparby
Boo	Jaros	Milbert	Pelowski	Steensma
Brown	Jefferson	Miller	Peterson	Tunheim
Burger	Johnson, A.	Morrison	Price	Wagenius
Carlson, L.	Johnson, R.	Munger	Pugh	Weaver
Carruthers	Kahn	Murphy	Quinn	Welle
Clark	Kalis	Nelson, C.	Reding	Wenzel
Conway	Kelly	Nelson, K.	Rest	Winter
Cooper	Kelso	Neuenschwander	Rice	Wymia
Dauner	Kinkel	O'Connor	Rodosovich	Spk. Vanasek
Dawkins	Kostohryz	Ogren	Rukavina	

The motion did not prevail and the amendment was not adopted.

Tjornhom moved to amend H. F. No. 59, the second engrossment, as amended, as follows:

Page 53, after line 10, insert:

"Sec. 22. [609.152] [INCREASED SENTENCES FOR CERTAIN DANGEROUS AND CAREER OFFENDERS.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given.

(b) "Prior conviction" means any of the following accepted and recorded by the court: a plea of guilty, a verdict of guilty by a jury, or a finding of guilty by the court, that occurred before the offense for which the person is being sentenced under this section. The term includes a conviction by any court in Minnesota or another jurisdiction.

(c) "Violent crime" means a violation of or an attempt or conspiracy to violate any of the following laws of this state or any similar laws of the United States or any other state: sections 609.185; 609.19; 609.195; 609.20; 609.205; 609.21; 609.221; 609.222; 609.223; 609.228; 609.235; 609.24; 609.245; 609.25; 609.255; 609.2661; 609.2662; 609.2663; 609.2664; 609.2665; 609.267; 609.2671; 609.268; 609.342; 609.343; 609.344; 609.345; 609.498, subdivision 1; 609.561; 609.562; 609.582, subdivision 1; 609.687; and any provision of chapter 152 that is punishable by a maximum term of imprisonment greater than ten years.

Subd. 2. [INCREASED SENTENCES; DANGEROUS OFFENDERS.] Whenever a person is convicted of a violent crime, the judge may impose an aggravated durational departure from the presump-

tive sentence up to the statutory maximum sentence if the offender was at least 18 years old at the time the felony was committed, and the judge finds that the circumstances in clauses (1) and (2) exist:

(1) the offender has either (i) two or more prior convictions for violent crimes, or (ii) one prior conviction for a violent crime and three or more prior convictions for felonies that are not violent crimes; and

(2) the court finds that the offender is a danger to public safety and specifies on the record the basis for the finding, which may include:

(i) the offender's past criminal behavior, such as the offender's high frequency rate of criminal activity or juvenile adjudications, long involvement in criminal activity including juvenile adjudications, or commission of an offense resulting in a prior conviction that involved an aggravating factor that would justify a departure under the sentencing guidelines; or

(ii) the fact that the present offense of conviction involved an aggravating factor that would justify a departure under the sentencing guidelines.

Subd. 3. [INCREASED SENTENCES; CAREER OFFENDERS.] Whenever a person is convicted of a felony, the judge may impose an aggravated durational departure from the presumptive sentence up to the statutory maximum sentence if the judge finds and specifies on the record that the circumstances in either clause (1) or (2) exist:

(1) the offender was convicted of a felony that was committed as part of a pattern of criminal conduct from which a substantial portion of the offender's income was derived, and the offender has three or more prior felony convictions; or

(2) the offender has more than six prior felony convictions."

Renumber the remaining sections and correct the internal cross-references

Amend the title as follows:

Page 1, line 12, after the semicolon, insert "permitting courts to sentence certain dangerous offenders and career criminals to longer periods of incarceration,"

A roll call was requested and properly seconded.

The question was taken on the Tjornhom amendment and the roll was called. There were 58 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Knickerbocker	Osthoff	Stanius
Anderson, R.	Frerichs	Limmer	Otis	Steensma
Bauerly	Girard	Lynch	Ozment	Sviggum
Bennett	Gruenes	Macklin	Pauly	Swenson
Bertram	Gutknecht	Marsh	Pellow	Tjornhom
Boo	Hartle	McDonald	Poppenhagen	Tompkins
Burger	Haukoos	McPherson	Redalen	Valento
Carlson, D.	Heap	Miller	Richter	Waltman
Carlson, L.	Henry	Morrison	Runbeck	Weaver
Carruthers	Himle	Olsen, S.	Schafer	Winter
Dauner	Hugoson	Omann	Schreiber	
Forsythe	Johnson, V.	Onnen	Seaberg	

Those who voted in the negative were:

Anderson, G.	Jacobs	Lasley	Olson, K.	Segal
Battaglia	Janezich	Lieder	Orenstein	Simoneau
Beard	Jaros	Long	Ostrom	Skoglund
Begich	Jefferson	McEachern	Pappas	Solberg
Bishop	Jennings	McGuire	Peterson	Sparby
Brown	Johnson, A.	McLaughlin	Pugh	Trimble
Clark	Johnson, R.	Milbert	Quinn	Tunheim
Conway	Kahn	Munger	Reding	Wagenius
Cooper	Kalis	Murphy	Rest	Welle
Dawkins	Kelly	Nelson, C.	Rice	Wenzel
Dille	Kelso	Nelson, K.	Rodosovich	Williams
Dorn	Kinkel	Neuenschwander	Rukavina	Wynia
Greenfield	Kostohryz	O'Connor	Sarna	Spk. Vanasek
Hasskamp	Krueger	Olson, E.	Scheid	

The motion did not prevail and the amendment was not adopted.

Frerichs; Olsen, S.; Morrison; Runbeck; Heap; Himle; Tompkins; Hugoson; Lynch; Sviggum; McDonald; Haukoos; Tjornhom; Limmer; Richter; Gutknecht; Omann; Girard; Waltman; Henry; Frederick; Pellow; McPherson and Seaberg moved to amend H. F. No. 59, the second engrossment, as amended, as follows:

Page 78, lines 11 and 12, delete "a city of the first class as defined in section 410.01" and insert "any statutory or home rule charter city"

Page 79, line 27, delete "having a student enrollment of 10,500 or more"

Page 79, line 29, before "Targeted" insert "For cities of the first class as defined in section 410.01,"

Page 79, line 34, after the period insert "For a city other than a city of the first class, targeted neighborhood means a contiguous

area within the boundaries of the city that a city council determines by resolution meets the criteria of section 2, subdivision 2."

Page 91, line 19, before the period insert "that have submitted certified programs to the state planning agency"

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

H. F. No. 59, A bill for an act relating to public safety; authorizing bonding for capital improvements; appropriating money to convert a regional treatment center for use as an adult correctional facility and to operate the facility; appropriating money for a variety of correctional and treatment programs; revising and increasing penalties for controlled substance crimes; authorizing increased sentences and juvenile court reference for controlled substance crimes committed within a drug free school or park zone; increasing penalties for a variety of other crimes; providing for life imprisonment without supervised release for persons convicted of first degree murder or a third criminal sexual conduct offense; providing for sex offender treatment programs; providing that an inmate who completes a sex offender treatment program is eligible for an adjustment to the supervised release date; providing for the collection and admissibility of DNA evidence; modifying certain forfeiture provisions; permitting a school-sponsored alcohol awareness program; requiring reporting of newborns with signs of controlled substance exposure and reporting of certain controlled substance use by pregnant women; providing for toxicology testing; requiring an education program to protect unborn children from such prenatal exposure; providing for civil commitment of pregnant women for certain controlled substance use; establishing a community crime prevention grant program; providing a soft body armor reimbursement program; creating a drug abuse prevention resource council; establishing a child protection system study commission; providing for a community resources program for cities of the first class; appropriating money; amending Minnesota Statutes 1988, sections 152.01, subdivision 7, and by adding subdivisions; 152.096, subdivision 1; 152.097, by adding a subdivision; 152.15, subdivision 4a; 152.151; 152.18, subdivision 1; 152.20; 152.21, subdivision 6; 169.09, subdivision 14; 243.05, subdivision 1; 244.05, subdivisions 1, 4, 5, and by adding a subdivision; 244.09, subdivision 5; 253B.02, subdivisions 2 and 10; 256.01, by adding a subdivision; 260.125, subdivision 3; 260.161, subdivision 1; 260.185, subdivision 1; 297D.09, subdivision 1a; 299F.80, subdivision 1; 325D.56, subdivision 2; 340A.701; 340A.702; 526.10; 609.11, subdivisions 7 and 9; 609.185; 609.19; 609.195; 609.205; 609.221; 609.222; 609.223; 609.2231, subdivision 1; 609.255, subdivision 3; 609.2665; 609.267; 609.323, subdivision 1; 609.342, subdivision 2; 609.343, subdivision 2; 609.344, subdivision 2; 609.345, subdivision 2; 609.346; 609.377;

609.445; 609.48, subdivision 4; 609.487, subdivision 4; 609.52; 609.53, subdivisions 1 and 4; 609.5311, subdivision 3; 609.5314, subdivision 1; 609.5315, subdivision 1; 609.576; 609.62, subdivision 2; 609.631, subdivision 2; 609.86, subdivision 3; 611A.038; 624.701; 624.712, subdivision 5; and 626.556, subdivisions 2, 3, and 10; proposing coding for new law in Minnesota Statutes, chapters 116K; 121; 144; 152; 241; 242; 244; 299A; 299C; 466A; 609; 626; 634; and 638; repealing Minnesota Statutes 1988, sections 152.09; 152.15, subdivisions 1, 2, 2a, 2b, 3, and 5; 609.53, subdivisions 1a, 3, and 3a; and 609.55.

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 127 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lieder	Orenstein	Segal
Anderson, R.	Greenfield	Limmer	Osthoff	Simoneau
Battaglia	Gruenes	Long	Ostrom	Skoglund
Bauerly	Gutknecht	Lynch	Otis	Solberg
Beard	Hartle	Macklin	Ozment	Sparby
Begich	Hasskamp	Marsh	Pappas	Stanius
Bennett	Haukoos	McDonald	Pauly	Steensma
Bertram	Heap	McEachern	Pellow	Sviggum
Bishop	Henry	McGuire	Pelowski	Swenson
Blatz	Himle	McLaughlin	Peterson	Tjornhom
Boo	Hugoson	McPherson	Poppenhagen	Tompkins
Brown	Jacobs	Milbert	Price	Trimble
Burger	Janezich	Miller	Pugh	Tunheim
Carlson, D.	Jefferson	Morrison	Quinn	Valento
Carlson, L.	Jennings	Munger	Redalen	Wagenius
Carruthers	Johnson, A.	Murphy	Reding	Waltman
Clark	Johnson, R.	Nelson, C.	Rest	Weaver
Conway	Johnson, V.	Nelson, K.	Richter	Welle
Cooper	Kalis	Neuenschwander	Rodosovich	Wenzel
Dauner	Kelly	O'Connor	Rukavina	Williams
Dawkins	Kelso	Ogren	Runbeck	Winter
Dille	Kinkel	Olsen, S.	Sarna	Wynia
Dorn	Knickerbocker	Olson, E.	Schafer	Spk. Vanasek
Forsythe	Kostohryz	Olson, K.	Scheid	
Frederick	Krueger	Omannon	Schreiber	
Frerichs	Lasley	Onnen	Seaberg	

Those who voted in the negative were:

Anderson, G.	Jaros	Kahn	Rice
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The bill was passed, as amended, and its title agreed to.

CONSENT CALENDAR

Wynia moved that the bills on the Consent Calendar for today be continued. The motion prevailed.

SPECIAL ORDERS

Wynia moved that the bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued. The motion prevailed.

There being no objection, the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 372, A bill for an act relating to the office of the secretary of state; providing for the preservation of land surveys; establishing time for the permanent microfilming of the surveys; appropriating money; amending Minnesota Statutes 1988, section 5.03.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1**STATE DEPARTMENTS****Section 1. [STATE DEPARTMENTS; APPROPRIATIONS.]**

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1989," "1990," and "1991," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1989, June 30, 1990, or June 30, 1991, respectively.

SUMMARY BY FUND

	1990	1991	TOTAL
General	\$433,052,700	\$467,369,400	\$ 901,132,100
Special Revenue	9,298,000	9,605,000	18,903,000
Game and Fish	43,495,000	45,620,000	89,115,000
Trunk Highway	13,014,000	25,115,500	38,129,500
Highway User	2,557,000	2,879,000	5,436,000
Workers' Comp.	13,601,000	14,045,000	27,646,000
Environmental Response	3,053,000	3,053,000	6,106,000
Metro Landfill Abatement	1,741,000	1,741,000	3,482,000
Metro Landfill Contingency	711,000	711,000	1,422,000
Minnesota Resources	9,975,000	8,615,000	18,590,000
Motor Vehicle Transfer	1,708,000	2,180,000	3,888,000
Petroleum Cleanup	1,345,000	1,352,000	2,697,000
TOTAL	\$560,925,000	\$610,862,900	\$1,171,787,000

APPROPRIATIONS
Available for the Year
Ending June 30

1990 1991

Sec. 2. LEGISLATURE

Subdivision 1. Total for this section \$45,538,400 \$45,253,700

Summary by Fund

General	\$45,209,400	\$44,923,200	
Trunk Highway	\$ 29,000	\$ 30,500	
Subd. 2. Senate		14,531,400	14,531,400
Subd. 3. House of Representatives		20,011,400	20,011,400
Subd. 4. Legislative Coordinating Commission		10,695,000	10,410,000

	1988	1989
	\$	\$
Summary by Fund		
General	\$10,666,600	\$10,380,400
Trunk Highway	\$ 29,000	\$ 30,500

The amounts that may be spent from this appropriation for each activity are as follows:

The governor, speaker of the house, and the senate majority leader shall each appoint one additional person to the environmental trust fund citizen's advisory committee for a term that expires on January 1, 1991. The purpose of adding three new members to the advisory committee is to address the gender imbalance of the existing committee.

\$500,000 of the house of representatives appropriation is for a management information systems director, development of a long-range strategic information management plan for the house of representatives and enhancement of the budget coordination activity. \$200,000 of this appropriation is to be used for the purchase of computer hardware and software and is not available for expenditure until the successful completion of the strategic information systems plan.

The senate may request funds from the legislative coordinating commission for development of a plan to provide an underground parking facility for senate members.

(a) Legislative Reference Library

	1990	1991
	\$1,032,900	\$1,052,900

\$250,000 of this appropriation is for a joint public and private pilot project to provide optical disk storage for the li-

	1988	1989
	\$	\$
<p>brary. \$250,000 shall also be transferred from the department of administration's information services revolving fund for this project.</p>		

(b) Revisor of Statutes		
	\$3,352,900	\$3,551,100

Before January 1, 1990, the revisor shall repair the computer facility in the state office building room B19 so the facility can be maintained at its current location until January 1, 1991.

The revisor shall study alternatives for replacing the computer facility and report by January 1, 1990, to the house appropriations committee, the senate finance committee, and the legislative coordinating commission. The report shall include the operational advantages and disadvantages of the various alternatives and a recommendation for a corrective solution.

(c) Legislative Commission on the Economic Status of Women		
	\$147,300	\$151,600

(d) Legislative Commission on Employee Relations		
	\$ 94,500	\$ 95,500

(e) Great Lakes Commission		
	\$ 40,500	\$ 40,500

(f) Legislative Commission on Pensions and Retirement		
	\$583,000	\$607,100

(g) Legislative Commission on Planning and Fiscal Policy		
	\$100,000	\$100,000

(h) Legislative Commission to Review Administrative Rules		
	\$121,500	\$124,000

(i) Legislative Commission on Waste Management		
	\$145,200	\$149,300

(j) Mississippi River Parkway Commission		
	\$ 29,000	\$ 30,500

	1988	1989
	\$	\$

This appropriation is from the trunk highway fund.

(k) Subcommittee on Redistricting		
	\$700,000	

(l) Legislative Coordinating Commission - General Support		
	\$205,900	\$211,100

Contingent Account		
	\$571,900	\$573,300

\$250,000 in the first year and \$250,000 the second year are appropriated to fund joint house and senate subcommittee or task force projects. Projects funded from this appropriation must involve both the house and senate, be temporary in nature, and focus on key policy issues facing the legislature. The legislative coordinating commission shall develop a project selection process for this appropriation. \$50,000 of this appropriation is to the legislative commission for the economic status of women to develop recommendations to the legislature for a coordinated child care system in Minnesota. The report shall be submitted to the legislature by January 1, 1991. \$25,000 of this appropriation is for a grant to the Silver Haired Legislature.

\$174,700 the first year and \$174,700 the second year are reserved for unanticipated costs of agencies in this subdivision and subdivision 5. The legislative coordinating commission may transfer necessary amounts from this appropriation to the appropriations of the agencies concerned, and the amounts transferred are appropriated to those agencies to be spent by them. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$78,200 the first year and \$82,900 the second year are for the state contribution to the National Conference of State Legislatures.

	1988	1989
	\$	\$
\$69,000 the first year and \$73,100 the second year are for the state contribution to the Council of State Governments.		

Subd. 5. Legislative Audit Commission	3,321,000	3,474,000
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The amounts that may be spent from this appropriation for each activity are as follows:

(a) Legislative Audit Commission	\$ 15,000	\$ 15,000
(b) Legislative Auditor	\$3,306,000	\$3,459,000

Sec. 3. SUPREME COURT

Subdivision 1. Total Appropriation	16,549,000	12,028,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

During the biennium, the supreme court is requested to consider the appropriateness of an increase in the appellate filing fee and amend the Rules of Civil Appellate Procedure accordingly.

Nothing in this act shall be construed to build into the base level for the 1992-1993 biennium any court costs which have not been appropriated for in this act. It is the intent of the legislature to continue the state takeover of trial court costs.

Subd. 2. Supreme Court Operations	\$3,544,000	\$2,822,000
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\$2,100 the first year and \$2,200 the second year are for a contingent account for expenses necessary for the normal operation of the court for which no other reimbursement is provided.

	1988	1989
	\$	\$

Included in this appropriation is funding for the move to the new judicial building.

Included in this appropriation is the cost of moving and installing in the judicial building the marble fountain which was previously located in the former Mechanic Arts high school building.

Subd. 3. Legal Services

\$2,198,000	\$2,198,000
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This appropriation is for legal services to low-income clients and for family farm legal assistance. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 4. State Court Administrator

\$9,918,000	\$5,902,000
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Included in this appropriation is the funding for the continued expansion of the trial court information system in the third, sixth, and ninth judicial districts.

\$100,000 and one position are for a study of the state takeover of all county costs associated with the state trial court system. This position expires on June 30, 1991.

\$32,000 the first year is a one-time appropriation for a computer integrated courtroom project in the second judicial district.

\$204,000 is a one-time appropriation for the court to install and operate video taping equipment in at least three district courts and the court of appeals.

	1988	1989
	\$	\$
<p>\$400,000 the first year and \$500,000 the second year are for the county costs of the trial court information system.</p>		
<p>\$3,800,000 the first year is for the costs of the state takeover of the trial court and county court costs in the eighth judicial district and is available for either year of the biennium.</p>		
<p>\$380,000 the first year is for transfer to the department of finance for the purposes of a contingent account for the eighth district project to be allocated through the regular legislative advisory commission process.</p>		
<p>Subd. 5. State Law Library</p>		
	\$879,000	\$1,106,000
Sec. 4. COURT OF APPEALS	4,091,000	3,971,000
Sec. 5. TRIAL COURTS	20,692,000	21,442,000
Sec. 6. BOARD ON JUDICIAL STANDARDS	166,000	166,000
<p>Approved Complement - 2</p>		
Sec. 7. BOARD OF PUBLIC DEFENSE	2,328,000	14,386,000
<p>Approved Complement - 31</p>		

During the biennium, legal assistance to Minnesota prisoners shall serve the civil legal needs of persons confined to state institutions.

None of this appropriation shall be used to pay for lawsuits against public agencies or public officials to change social or public policy.

\$50,000 is a one-time appropriation for the costs of the weighted case load

	\$ 1988	\$ 1989
study of the public defender system and public defense services.		
\$12,098,000 the second year is for the costs of felony and gross misdemeanor public defense services statewide.		
Takeover of the costs of public defense services for felony and gross misdemeanors shall be considered a part of the base level funding for the 1992-1993 biennium. Nothing in this act shall be construed to build into the base level for the 1992-1993 biennium any additional costs of the public defense system which have not been appropriated in this act.		
Sec. 8. GOVERNOR AND LIEUTENANT GOVERNOR	2,606,000	2,506,000

This appropriation is to fund the offices of the governor and lieutenant governor.

\$20,000 the first year and \$20,000 the second year are for personal expenses connected with the office of the governor.

\$89,000 the first year and \$95,000 the second year are for membership dues of the National Governors Association.

\$2,000 the first year is a one-time appropriation to the governor's residence council for repairs and replacements in the governor's residence.

\$100,000 the first year is for a grant to the board of regents of the University of Minnesota. It is for the establishment and operation of a midwest native plant center at the University Landscape Arboretum in conjunction with the National Wildflower Research Center to facilitate information exchange and research of native wildflowers and plants.

	1988	1989
	\$	\$
The office of jobs policy is abolished.		
Sec. 9. SECRETARY OF STATE		
Subdivision 1. Total Appropriation	2,946,000	3,059,000
Approved Complement - 59.5		
General - 52.5		
Special Revenue - 7		

The amounts that may be spent from this appropriation for each activity are specified in the following subdivisions.

Subd. 2. Elections and Publications

\$332,000	\$573,000
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Subd. 3. Uniform Commercial Code

\$166,000	\$166,000
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Subd. 4. Business Services

\$647,000	\$647,000
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Subd. 5. Administration

\$523,000	\$399,000
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The appropriation includes one-time funding for the secretary of state to prepare, catalogue, and preserve, by no later than June 30, 1991, official government survey documents.

The Minnesota Historical Society shall preserve the original survey documents.

Subd. 6. Fiscal Operations

\$140,000	\$140,000
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Subd. 7. Data Services

\$214,000	\$214,000
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	1988	1989
	\$	\$
Subd. 8. Network Operations Voter Registration		
\$779,000	\$697,000	
Subd. 9: Reports Renewals Registration		
\$145,000	\$223,000	
Sec. 10. STATE AUDITOR	543,000	543,000
Approved Complement - 115		
General - 9.5		
Revolving - 105.5		

\$77,000 the first year and \$77,000 the second year are for an account the auditor may bill for costs associated with conducting single audits of federal funds. During the biennium, this account may be used only when no other billing mechanism is feasible.

\$218,000 the first year and \$218,000 the second year must be subtracted from the amount that would otherwise be payable as local government aid under Minnesota Statutes, chapter 477A, in order to reimburse the revolving fund for the services of the government information division and the parts of the constitutional office that are related to the government information function.

\$80,000 the first year and \$80,000 the second year must be subtracted from the total police and fire state aid otherwise payable to police and firefighters' relief associations under Minnesota Statutes, sections 69.011 to 69.051, and deposited in the revolving fund for the costs and expenses incurred by the state auditor in making a review of the audits and examinations of relief associations. The amount subtracted shall

1988

1989

\$

\$

be divided proportionally according to the estimated costs of the audits or examinations of the police and fire-fighters' relief associations as determined by the state auditor.

\$23,000 the first year and \$23,000 the second year for the costs and expenses of the central office staff attached to the constitutional office function shall be paid for from the audit practice revolving fund.

Notwithstanding any other law to the contrary, the state auditor shall continue to audit the Minnesota state high school league and review any private audits done for the league.

Sec. 11. STATE TREASURER

512,000

487,000

Approved Complement - 10

\$25,000 the first year is a one-time appropriation for a study of the information system needs of the state treasurer's office.

Sec. 12. ATTORNEY GENERAL

Subdivision 1. Total Appropriation

18,736,000

18,233,000

Approved Complement - 342.7

General - 311.8

Federal - 12.9

Special Revenue - 18

Summary by Fund

General

\$17,840,000 \$17,337,000

Special Revenue

\$ 896,000 \$ 896,000

The amounts that may be spent from this appropriation for each activity are specified in the following subdivisions.

	1988	1989
	\$	\$
Subd. 2. Government Services		
\$3,428,000	\$3,430,000	
Subd. 3. Public Resources		
\$2,254,000	\$2,254,000	
Subd. 4. Human Resources		
\$2,699,000	\$2,699,000	
Summary by Fund		
	1990	1991
General	\$1,803,000	\$1,803,000
Special Revenue	\$ 896,000	896,000
Subd. 5. Law Enforcement		
\$2,832,000	\$2,827,000	
Subd. 6. Business Regulation		
\$2,799,000	\$2,799,000	
Subd. 7. Legal Policy and Administration		
\$4,724,000	\$4,224,000	
<p>\$50,000 the first year and \$50,000 the second year are for a special account for unanticipated legal expenses. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.</p> <p>\$500,000 the first year is for moving costs and increased rents.</p> <p>The increased amount for litigation support is a one-time appropriation except for salaries and associated costs of the positions approved.</p>		
Sec. 13. INVESTMENT BOARD	1,727,000	1,727,000

	1988	1989
	\$	\$

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Sec. 14. ADMINISTRATIVE HEARINGS	2,999,000	2,999,000
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Approved Complement - 77.5

Revolving - 25.5

Workers' Compensation - 52

This appropriation is from the workers' compensation special compensation fund for considering workers' compensation claims.

The approved complement of the office shall be reduced by four workers' compensation judges and two support staff when the commissioner of finance determines that the office can reasonably hold a hearing within six months of the date when a claim petition is filed with the department of labor and industry.

Sec. 15. ADMINISTRATION

Subdivision 1. Total Appropriation	24,402,000	22,925,000
	1990	1991
Approved Complement -	818.1	818.1
General -	198.6	198.6
Special Revenue -	34.0	34.0
Gift -	1	1
Revolving -	584.5	584.5

	1988	1989
	\$	\$
Summary by Fund		
General		
	\$17,736,000	\$17,256,000
Special Revenue		
	\$ 6,666,000	\$ 5,669,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Operations Management

\$3,827,000	\$3,828,000

\$792,000 in contributed capital is transferred from the department's plant management fund to the printing services fund.

The department shall study and submit a report to the legislature by January 1, 1990, on the feasibility of adding aircraft to the central motor pool fleet. This study shall include an analysis of similar programs in other states, cost effectiveness of adding aircraft to the fleet, the cost effectiveness of consolidating agency aircraft fleets, and specific recommendations for future actions. This study shall also include an analysis of the University of Minnesota's aircraft fleet.

Subd. 3. Information Management

\$5,792,000	\$5,720,000

Summary by Fund

General		
	\$1,634,000	\$1,562,000
Special Revenue		
	\$4,158,000	\$4,158,000

The appropriation from the special revenue fund is for recurring costs of 911 emergency telephone service.

\$201,100 the first year and \$205,800 the second year must be subtracted

1988

1989

\$

\$

from the amount that would otherwise be payable to local government aid under Minnesota Statutes, chapter 477A, in order to fund the local government records program and the intergovernmental information systems activity.

\$1,000,000 in contributed capital is transferred from the computer services fund to the telecommunications fund.

The commissioner shall study the feasibility of contracting for disaster recovery services from nonstate sources.

Subd. 4. Property Management

\$6,980,000	\$6,983,000
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Summary by Fund

General

\$5,472,000	\$5,472,000
-------------	-------------

Special Revenue

\$1,508,000	\$1,511,000
-------------	-------------

\$175,000 the first year and \$175,000 the second year from the program's total appropriation are for capitol area repairs and replacements. Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

\$3,387,900 the first year and \$3,581,500 the second year are for office space costs of the legislature and veterans' organizations, for ceremonial space, and for statutorily free space.

The commissioner is directed to collocate the following councils:

Council on Asian-Pacific Minnesotans

Council on Black Minnesotans

Indian Affairs Council

	1988	1989
	\$	\$

Council on Affairs of Spanish-Speaking People

This colocation is to be accomplished after existing leases have expired. Preference should be given to providing a location in the capitol mall area.

After colocation of the above councils is accomplished, the commissioner shall have the management analysis division conduct a study to determine the level of administrative services appropriate for these councils at their new location. The commissioner shall ensure that appropriate administrative services are provided by submitting the necessary budget change level request for services as part of the governor's 1992-1993 biennial budget request.

The commissioner shall notify the chairs of the house appropriations and senate finance committees of pending agency moves prior to the signing of any new lease or purchase agreements for agencies involved in relocation. This notification shall include a rationale for the move, costs associated with the move, increased rental costs, and changes in the amount of space for the relocated agency.

The commissioner shall make provisions in the master plan of agency relocations for the relocation of the legislative auditor's office within the capitol complex according to the relocation requirements indicated by the legislative auditor.

The parking spaces on Aurora Street between Cedar Street and Constitution Avenue shall be reserved for metered public parking.

\$89,000 the first year and \$89,000 the second year are appropriated from the

1988

1989

\$

\$

money received as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations for use in an expansion of the state of Minnesota's energy conservation activity. This appropriation is not available until a work plan has been reviewed by the legislative commission on Minnesota resources. Any unencumbered balance at the end of the first year does not cancel and is made available for the second year.

Subd. 5. Administrative Management

\$5,071,000

\$4,807,000

\$13,000 the first year and \$2,000 the second year are for the state band. Any unencumbered balance at the end of the first year does not cancel and is made available for the second year. The base level funding for the 1992-1993 biennium for this activity shall not exceed \$2,000.

The management analysis activity shall periodically provide the legislature with a list indicating the studies being conducted by the activity and any future studies scheduled at the time that the list is submitted.

\$274,000 is available the first year of the biennium as a grant to the Thief River Falls Area Technical Institute for radio and television equipment used in the mass communications curriculum. \$139,000 of this amount is to be used for radio equipment and \$135,000 is to be used for television equipment. Any unencumbered balance at the end of the first year does not cancel and is available for the second year.

\$26,000 is available the first year for a grant to Twin Cities Regional Cable Channel, Inc. for programming. This appropri-

	1988	1989
	\$	\$
ation is to be matched dollar-for-dollar from contributions from nonstate sources. All legislative programming done under this grant must be accessible to local cable stations at a charge not to exceed the cost of the video tape used for distribution.		

\$229,300 the first year and \$229,300 the second year are for block grants to public television stations.

\$704,100 the first year and \$704,100 the second year are for matching grants to public television stations. \$300,000 of the biennial appropriation is a one-time grant and shall not be included in the 1992-1993 budget base.

\$1,135,600 the first year and \$1,135,600 the second year are for public television equipment needs. Equipment grant allocations shall be made after considering the recommendations of the Minnesota Public Television Association.

\$261,100 the first year and \$261,100 the second year are for operational grants to public educational radio stations, which must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 139.19. \$150,000 of the biennial appropriation is a one-time grant and shall not be included in the 1992-1993 budget base.

\$215,900 the first year and \$215,900 the second year are for public educational radio stations, which must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations for equipment needs.

If an appropriation for either year for grants to public television or radio stations is not sufficient, the appropriation for the other year is available for it.

1988

1989

\$

\$

\$150,000 the first year and \$150,000 the second year are for equipment grants to affiliate stations of Minnesota Public Radio, Incorporated. Equipment grant allocations must be made after consideration of the recommendations of Minnesota Public Radio, Incorporated.

Subd. 6. Information Policy Office

\$1,732,000

\$1,587,000

\$150,000 in the first year is for distributive computing model grants to be divided equally among the Motley-Staples school district, Ortonville Independent School District No. 62, and the Minneapolis public school district. The grants are to establish experimental computer centers to demonstrate the effectiveness of a distributive computing model for a wide range of computer applications in the field of education, including financial management. For purposes of this section, the reporting requirements of Minnesota Statutes, section 121.936, subdivision 1, and the data standards of Minnesota Statutes, section 121.932, subdivision 5, must be maintained, but all other requirements, except financial obligations, shall be waived. The information policy office shall evaluate the models and report to the legislature in January, 1991.

The commissioner may not enter into any contract implementing the STARS network without the recommendation of both the chair of the house appropriations committee and the chair of the senate finance committee. The commissioner shall report to the chairs of the senate finance committee and the house appropriations committee on the status of the contract award process of the STARS network not later than February 15, 1990.

1988

1989

\$

\$

Notwithstanding any law to the contrary, higher education institutions must not purchase interconnective computer technology without securing approval of the information policy office prior to the acquisition.

Notwithstanding any law to the contrary, no statutory changes affecting reporting and data collection requirements for local units of government may be enforced until the state agency most responsible for administration of the change has filed a computer impact statement with the information policy office. This statement must indicate the proposed data processing costs associated with the pending change.

Subd. 7. Interagency Projects
Special Revenue

\$1,000,000

This appropriation is from the funds received as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations and is to be used for the planning and initial start-up costs associated with establishing a statewide telecommunications access and routing system (STARS). The commissioner shall receive a loan from the Greater Minnesota Corporation in the amount of \$700,000 on August 1, 1989, to be used for planning and operational funds for this system while the application for use of the oil overcharge funds is being processed by the federal court and the federal Department of Energy. Upon receipt of approval to use oil overcharge funds for this project, the loan shall be repaid to the Greater Minnesota Corporation. Should the federal government deny the application, the requirement to repay the loan to the Greater Minnesota Corporation must be removed and the commissioner shall receive an

	\$	1988	\$	1989
<p>additional \$300,000 in the form of grant money from the Greater Minnesota Corporation to fund this project. Following the initial planning and development stages of this project the amount appropriated shall be reimbursed by agencies and educational institutions using the system and be used as contributed capital for the statewide telecommunications access routing system revolving account.</p>				

Notwithstanding any law to the contrary, any direct appropriation made to educational institutions for usage costs associated with the STARS network must only be used by the educational institutions for payment of usage costs of the network as billed by the commissioner of administration. The post-secondary appropriations may be shifted between systems as required by unanticipated usage patterns. Such intersystem transfers are to be requested by the appropriate system and may be made only after review and approval by the commissioner of finance, in consultation with the commissioner of administration.

Sec. 16. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD		229,000	229,000
1990	1991		
Approved Complement -			
5	5		

Any unencumbered balance of the appropriation for the first year does not cancel and is available for use in the second year.

Sec. 17. FINANCE Appropriation		8,746,000	8,742,000
Approved Complement -			
	129		
General -			
	129	129	

	1988	1989
	\$	\$

The amounts that may be spent from this appropriation for each activity are specified below.

\$235,000 the first year and \$235,000 the second year are for enhancements and technical support for the biennial budget system. This appropriation shall only be expended upon receipt of the recommendations of the chair of the house appropriations committee and the chair of the senate finance committee. These recommendations are advisory only. If the appropriation for either year is insufficient the appropriation for the other year is available for use.

Beginning with the biennial budget submitted for the 1992-1993 biennium all change level requests involving data processing equipment or staff shall include a summary of the recommendations made on the request by the information policy office in the department of administration.

As a continuation of the fund consolidation effort begun this biennium, the commissioner shall study the remaining special revenue funds in state government and make recommendations to the legislature by January 1, 1990, for any additional consolidations that should be accomplished. Special emphasis in this study shall be placed on those funds for which agencies are currently given open appropriation authority such as enterprise funds.

Any increase in complement with the exception of federal positions, approved by the commissioner of finance as temporary positions, shall be reflected in the governor's budget recommendations to the legislature as change request items. These positions are not permanent positions until the legisla-

	1988	1989
	\$	\$

ture has approved the change request items.

Sec. 18. EMPLOYEE RELATIONS

Subdivision 1. Total Appropriation	10,566,000	9,945,000
1990		1991
Approved Complement -		
174.5		171.5
General -		
115		114
Special Revenue -		
46		44
Trust -		
13.5		13.5

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Administration

\$2,371,000	\$2,129,000
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\$55,000 the first year and \$55,000 the second year must be subtracted from the amount that would otherwise be payable as local government aid under Minnesota Statutes, chapter 477A, to offset the cost of the local government pay equity function of the department.

Subd. 3. Benefits

\$199,000	\$199,000
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Subd. 4. Labor Relations

\$484,000	\$484,000
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Notwithstanding any other law to the contrary, negotiations between the state and its bargaining units shall conclude by January 1, 1991, or in time for the governor to include funding of the full salary supplement amount in the governor's budget recommenda-

	1988	1989
\$		\$

tions to the legislature. If all labor agreements are not reached in time for a salary supplement appropriation to be included in the governor's recommendations, the legislature shall not consider a salary supplement appropriation until the following legislative session.

Subd. 5. Personnel

\$7,512,000	\$7,133,000
-------------	-------------

Of the increased amount appropriated for staffing information systems in fiscal year 1991, all but \$578,000 is a one-time appropriation.

\$120,000 the first year and \$120,000 the second year is for career development grants. Any recipient of a grant must as part of the grant agreement agree in writing to repay the state if the recipient voluntarily leaves state service within one year of completing the career development training.

During the biennium, the commissioner shall study the costs, benefits, and alternatives of the state's participation in the Workers' Compensation Reinsurance Association. The commissioner shall report the findings of the study to the legislature by January 15, 1991.

\$121,000 the first year and \$132,000 the second year are for a pilot project to begin an education and training program to retrain current state employees to meet changing staffing needs caused by expanded use of data processing equipment in the workplace. This program will focus on identifying educational opportunities for providing improved technical skills necessary for current employees to make a satisfactory transition into a data processing based work environment and to allow

	1988	1989
\$		\$

managers the flexibility to reassign employees to reflect changing staffing needs. The commissioner shall coordinate the development of this program with the information policy office. The commissioner shall ensure that employees are given the maximum opportunity possible to change civil service classifications, employment conditions, positions, and appointing authorities after satisfactory completion of the retraining program. Agency heads shall also be granted the authority to require individual employees to participate in this retraining program as a condition of continued employment. None of the appropriation is available until the information policy office has approved the retraining program. During the biennium, the information policy office shall continue to monitor and make recommendations to the commissioner of employee relations regarding this training.

Until June 30, 1991, the commissioner of employee relations may use FICA savings generated from the dependent care expense account program to pay for the administrative costs of the program.

\$324,000 the first year and \$324,000 the second year are for payment of peace officer survivor benefits under Minnesota Statutes, section 176B.04. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 19. REVENUE

Subdivision 1. Total Appropriation	67,129,000	67,684,000
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	1988	1989
	\$	\$
1990		
1991		
Approved Complement -		
1220.2	1172.2	
General -		
1182.2	1134.2	
Highway User -		
38	38	

Summary by Fund

General	\$65,452,000	\$66,002,000
Highway User	\$ 1,595,000	\$ 1,600,000
Metro Landfill Abatement	\$ 41,000	\$ 41,000
Metro Landfill Contingency	\$ 41,000	\$ 41,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Revenue Administration

\$20,081,000 \$20,269,000

Of the amount appropriated for the taxpayer accounts information system, a maximum of \$2,400,000 is for ongoing expenses.

The amount appropriated for the sales tax processing module is available for either year of the biennium and is a one-time expenditure.

The commissioner shall report quarterly on the progress made and the money spent on the sales tax module and the taxpayer accounts system. The report shall be made to the chairs of the house appropriations and senate finance subcommittees, the house appropriations subcommittee on information and data processing, and the comparable subcommittee in the senate.

	1988	1989
	\$	\$
<p>Of the 55 positions removed from the base for fiscal year 1991, not more than eight may be reduced from the taxpayer services program.</p>		

Subd. 3. Tax Policy

\$ 3,088,000		\$ 3,051,000
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Subd. 4. Taxpayer Service

\$11,180,000		\$11,355,000
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Summary by Fund

General

\$9,503,000		\$9,673,000
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Highway User

\$1,595,000		\$1,600,000
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Metro Landfill Abatement

\$ 41,000		\$ 41,000
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Metro Landfill Contingency

\$ 41,000		\$ 41,000
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\$35,000 the first year and \$35,000 the second year must be subtracted from the total police and fire state aid otherwise payable to police and firefighters' relief associations under Minnesota Statutes, sections 69.011 to 69.051, and deposited in the general fund for the costs and expenses incurred by the department in collecting and distributing state aid to police and firefighters' relief associations.

\$55,000 the first year and \$55,000 the second year must be subtracted from the total taconite production tax revenues distributed to local units of government. These amounts shall be deposited in the general fund for the costs and expenses incurred by the department in collecting and distributing taconite production tax revenues.

Of the amount appropriated, \$340,000 and four positions are for additional telephone taxpayer assistance.

	1988	1989
	\$	\$

The department shall during its regular audits of charitable gambling activity include in their findings reports on the potential gender bias in activities funded from the proceeds of charitable gambling. The findings shall be reported to the legislature in January of 1991.

\$30,000 the first year and \$30,000 the second year are for state-paid tuition for required assessor training.

Subd. 5. Operations

	\$10,061,000	\$10,134,000
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Subd. 6. Tax Compliance

	\$22,719,000	\$22,875,000
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Sec. 20. TAX COURT

	438,000	438,000
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Approved Complement - 6

Sec. 21. NATURAL RESOURCES

Subdivision 1. Total Appropriation	133,022,500	133,468,000
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1990

1991

Agency Approved Full-Time Equivalency	2,513	2,513
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Summary by Fund

General

	\$63,565,500	\$62,815,000
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All-Terrain

\$ 744,000	\$ 794,000
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Con. Con.

\$ 250,000	\$ 250,000
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Forest Management

\$ 5,938,000	\$ 5,967,000
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Nongame Wildlife

\$ 819,000	\$ 827,000
------------	------------

Snowmobile

\$ 4,473,000	\$ 4,561,000
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	\$	1988	\$	1989
State Park M. & O.				
	\$ 5,545,000	\$ 5,684,000		
Water Recreation				
	\$ 8,578,000	\$ 8,898,000		
Wild Rice				
	\$ 30,000	\$ 30,000		
Wildlife Acquis.				
	\$ 982,000	\$ 982,000		
Game and Fish				
	\$41,098,000	\$41,785,000		
Permanent School				
	\$ 325,000	\$ 200,000		
Trunk Highway				
	\$ 675,000	\$ 675,000		

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The full-time equivalency in this subdivision shall be the base for the 1992-1993 biennium. The commissioner of finance, in consultation with the commissioner of natural resources and the chairs of the house appropriations and senate finance committees, shall identify the amount appropriated from the funds in this subdivision for salary obligations based on the 1990 base level as adjusted by the appropriations in this act.

Subd. 2. Mineral Resources Management

\$4,779,000 \$4,809,000

The commissioner is authorized one complement position in the unclassified service from the mineral lease account and one unclassified position in the general fund for nonferrous test drilling.

\$185,000 the first year and \$185,000 the second year are for minerals re-

1988

1989

\$

\$

search. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$307,000 the first year and \$307,000 the second year are for iron ore cooperative research, of which \$200,000 the first year and \$200,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$122,000 the first year and \$122,000 the second year are for industrial minerals development. The commissioner may match this state money with money from nonstate sources. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$750,000 the first year and \$750,000 the second year are for mineral diversification. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Any income received from state oil and gas leases on property owned by the department of natural resources in the state of Montana shall be deposited in the minerals lease account and be made available for litigation costs. After completion of the litigation, any remaining funds received from the leases shall remain in the mineral lease account and be available for mineral diversification.

Subd. 3. Water Resources Management

\$7,719,000

\$7,750,000

	1988	1989
	\$	\$
Summary by Fund		
General	\$7,437,000	\$7,468,000
Water Recreation	\$ 82,000	\$ 82,000

\$7,500 in the first year is for construction of an outlet control structure to stabilize the level of Johnson Lake in Aitkin county.

Notwithstanding any law to the contrary, the board of water and soil resources is authorized to make grants to counties for comprehensive local water planning and implementation of priority actions identified in approved plans and sealing of abandoned wells.

\$200,000 in the first year and \$200,000 in the second year are available for a contract with the Minnesota geological survey for a county water atlas. Any unencumbered balance at the end of the first year does not cancel, but shall be available for the second year.

\$1,100,000 the first year and \$1,100,000 the second year are available for shoreland management grants to include \$125,000 each year of the biennium total for a grant to the North Shore Management Board. Pursuant to existing law and department rules, the metropolitan area shall be considered in distribution of these funds.

Subd. 4. Forest Management

\$24,991,500	\$25,969,000
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Summary by Fund

General	\$18,013,500	\$19,261,000
Con. Con.	\$ 250,000	\$ 250,000
Forest Management	\$ 5,756,000	\$ 5,783,000

	1988	1989
	\$	\$
Trunk Highway	\$675,000	\$675,000

The divisions of forestry and fish and wildlife must coordinate the harvesting of trees in order to ensure optimum wildlife habitat benefits and water quality of adjacent streams or lakes.

\$750,000 the first year and \$750,000 the second year are for emergency fire fighting and are not subject to transfer. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. If these appropriations are insufficient, the amount necessary to pay for emergency firefighting expenses during the biennium is appropriated from the general fund. No more than \$400,000 the first year and \$410,000 the second year are available for presuppression costs.

\$120,000 the first year and \$120,000 the second year from the general fund under Minnesota Statutes, section 89.04, may be used for grants to the board of water and soil resources for cost-sharing with landowners in the state forest improvement program.

\$1,687,000 the first year and \$2,497,000 the second year are available for county forest management grants. \$200,000 each year of this amount shall be used for employment of Minnesota conservation corps in the 14 forested counties of northern Minnesota.

\$400,000 the first year and \$200,000 the second year are available for a grant to the University of Minnesota's agricultural extension program for enhancement of research projects to expand the pulp and paper science industry. The university must use \$325,000 the first year and \$150,000 the second year to enhance the hybrid

	1988	1989
\$		\$

aspen and larch research projects at the agricultural extension station in Grand Rapids, Minnesota. Additional funds requested for expansion of the paper science and engineering program at the university shall be sought from the Greater Minnesota Corporation and the University of Minnesota's budget.

\$7,500 the first year is for a grant to the Thief River Falls Technical Institute for a pilot project on aspen tree planting on conservation reserve lands.

The commissioner shall study and report to the legislature by January 1, 1991, the sources of state payments to counties for forestry related activities. The report shall identify the amounts paid by counties from various sources, the statutes directing the payments, and provide a comparison of the actual state payments to the amount individual counties would have received for these lands under the payment in lieu of taxes formulas.

Subd. 5. Parks and Recreation Management

\$17,136,000	\$17,419,000
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Summary by Fund

General

\$11,019,000	\$11,164,000
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State Park Maintenance and Operation

\$ 5,545,000	\$ 5,684,000
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Water Recreation

\$ 572,000	\$ 571,000
------------	------------

\$572,000 the first year and \$571,000 the second year are from the water recreation account for state park development projects. If the appropriation in either year is insufficient, the appropriation for the other year is available for it.

	1988	1989
	\$	\$

The commissioner shall present a plan for the merger of the division of parks and recreation and trails and waterways on January 1, 1990, for a merger to be accomplished on July 1, 1990. The merger shall result in the reduction of at least one assistant director's position from the existing units and shall retain the current status of the existing directors.

The commissioner shall study and report to the legislature by July 1, 1990, the feasibility of providing a lapidary site or sites within a state park or forest area. The study shall identify the need for such sites, potential site locations, and projected costs associated with creation of such a program.

The commissioner shall develop a program to celebrate the 100th anniversary of the state park system. The activities planned for this celebration must focus on Itasca State Park, but shall be a system-wide recognition of the unique natural and cultural resources preserved within the park system. The commissioner shall coordinate this effort with the commissioner of trade and economic development as part of the celebrate 1990 program.

\$40,000 is appropriated from the general fund for land acquisition in Sibley State Park. This appropriation shall be available until expended.

Subd. 6. Trails and Waterways

\$9,213,000	\$9,663,000
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Summary by Fund

General	\$1,137,000	\$1,157,000
All-Terrain	\$ 556,000	\$ 606,000
Snowmobile	\$3,471,000	\$3,541,000

	1988	1989
	\$	\$
Water Recreation		
	\$3,626,000	\$3,935,000
Game and Fish		
	\$ 423,000	\$ 424,000

\$1,748,000 the first year and \$1,748,000 the second year are for snowmobile grants-in-aid.

\$35,000 appropriated in Laws 1988, chapter 686, article 1, section 11, for lease of the Paul Bunyan Trail does not cancel on June 30, 1989, and is available to the commissioner for this lease agreement until June 30, 1991.

\$250,000 the second year is available from the water recreation account for a safe harbor program on Lake Superior. This appropriation is not available until the satisfactory completion of the legislative commission on Minnesota resources' north shore harbor study project.

Subd. 7. Fish and Wildlife Management

\$30,616,000 \$29,727,000

Summary by Fund

General	\$ 2,887,000	\$ 1,663,000
Nongame Wildlife	\$ 769,000	\$ 777,000
Water Recreation	\$ 444,000	\$ 444,000
Wild Rice	\$ 30,000	\$ 30,000
Wildlife Acquis.	\$ 715,000	\$ 715,000
Game and Fish	\$25,771,000	\$26,098,000

\$685,700 in the first year and \$685,700 the second year are appropriated from

	1988	1989
\$		\$

the game and fish fund for payments to counties in lieu of taxes on acquired wildlife lands and is not subject to transfer.

\$769,000 the first year and \$777,000 the second year are from the nongame wildlife management account in the special revenue fund for the purpose of nongame wildlife management. Any unencumbered balance remaining in the first year does not cancel but is available the second year.

\$30,000 the first year and \$30,000 the second year are available from the wild rice account for a cooperative agreement with the Cuyuna Development Corporation for an economic development project on wild rice and grains. This project is to be accomplished in consultation with Aitkin Growth.

\$127,900 the first year and \$127,900 the second year are available for deer habitat improvement to include emergency deer feeding. If the appropriation for either year is insufficient, the appropriation for the other year is available. The commissioner shall study the costs associated with emergency deer feeding and shall include the effect that the feeding project has on the deer population. This study shall be completed by January 1, 1991, and include a comparison of Minnesota's emergency deer feeding program to emergency deer feeding programs in other states.

Any balance remaining in the \$80,000 appropriation made for elk management in Laws 1987, chapter 404, section 22, does not cancel and is made available until June 30, 1991.

The commissioner shall seek to qualify money appropriated for reinvest in Minnesota, payments associated with

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Indian treaty agreements, and projects funded by legislative commission on Minnesota resources funds for federal matching funds available under the Wallop-Breaux program.

The commissioner shall make the development of fishing piers on the Mississippi river in areas easily accessible to inner city populations the first priority in allocating the funds used to construct fishing piers for the 1990-1991 biennium.

\$100,000 the first year is from the game and fish fund to construct two barrier reefs on the south shore of Lake of the Woods for fish habitat improvement.

\$300,000 the first year and \$300,000 the second year are general fund base adjustments to the scientific and natural areas and county biological survey activities. \$200,000 each year shall be directed to the county biological survey. One unclassified position is authorized in the general fund for this activity. \$100,000 each year is for the scientific and natural areas activity.

\$500,000 the first year and \$500,000 the second year are for a pilot grant program to private nonprofit organizations, including but not limited to, sporting groups and lake associations to conduct fish rearing and stocking for the department. The commissioner shall develop a process for the distribution of grant money to organizations submitting proposals for this program. For purposes of this pilot, any existing departmental rules or regulations prohibiting the department from using fish produced in private hatcheries for rearing or stocking purposes shall be suspended. The commissioner shall obtain a portion of the fish used for this pilot from private fish hatcheries. The

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commissioner shall ensure that fish obtained from private hatcheries comply with the health standards applied to fish raised by the department's hatcheries. Grant projects selected for this program must meet eligibility requirements for federal reimbursement from Wallop-Breaux funds.

The commissioner shall contract with a private consultant outside state service to conduct a study of the cost-effectiveness of this pilot program and the potential for continuation of the pilot beyond the biennium. The study shall also include an analysis of the costs associated with the operation of a state fish hatchery to include at least building maintenance, personnel, supplies, and expenses as compared to the costs of private hatchery operations. The study shall be submitted to the legislature on or before January 1, 1991, analyzing the results of the project and making specific recommendations for future actions relative to public and private ventures. A work plan must be submitted and reviewed by the legislative commission on Minnesota resources for the pilot project. Should the appropriation from either year be insufficient, the appropriation from the other year shall be made available.

\$300,000 the first year and \$300,000 the second year is from the water recreation account for the development of a program to control the spread of purple loosestrife and Eurasian water milfoil on Minnesota public waters.

The commissioner shall reorganize the division of fish and wildlife to make the fisheries section an operating unit within the division of wildlife as of July 1, 1989. The reorganization shall result in the elimination of the director of fish and wildlife and fisheries section chief positions.

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\$1,250,000 is appropriated from the general fund to the commissioner of natural resources for the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands, established under Minnesota Statutes, section 40.43, to be available until June 30, 1990.

Subd. 8. Enforcement

\$12,631,000 \$12,952,000

Summary by Fund

General	\$2,246,000	\$2,246,000
All-Terrain	\$ 152,000	\$ 152,000
Snowmobile	\$ 282,000	\$ 282,000
Water Recreation	\$1,972,000	\$1,972,000
Game and Fish	\$7,979,000	\$8,300,000

The appropriation from the game and fish fund includes \$20,000 the first year and \$20,000 the second year for the purpose of controlling smelt fishing activities on the north shore, including development of parking facilities, traffic control, coordination of regulatory agencies, control of trespass and vandalism, control of littering and sanitation, and public information and education. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$1,124,300 the first year and \$1,124,300 the second year are from the water recreation account for grants to counties for boat and water safety.

The undercover operations unit within this division shall submit an annual

	1988	1989
	\$	\$

finance report to the chair of the house appropriations committee and the chair of the senate finance committee by January 1 of each year detailing the expenditures for the previous fiscal year and projecting the expenditures for the forthcoming fiscal year.

Subd. 9. Field Operations Support

\$10,136,000		\$9,344,000
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Summary by Fund

General		
	\$5,401,000	\$4,719,000
Game and Fish		
	\$4,045,000	\$4,060,000
Snowmobile		
	\$ 11,000	\$ 11,000
Water Recreation		
	\$ 354,000	\$ 354,000
Permanent School		
	\$ 325,000	\$ 200,000

\$832,000 the first year and \$492,000 the second year are for the purpose of surveys of lots offered for sale under Minnesota Statutes, section 92.67, subdivision 3. Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

Three positions for the department of natural resources lakeshore lease sale program shall be funded only until June 30, 1991.

If the appropriation made under Minnesota Statutes, section 92.46, subdivision 1, paragraph (d), for fiscal year 1990 is not expended, it is available for use in fiscal year 1991.

\$500,000 is appropriated from the general fund as contributed capital for the professional services revolving account

	1988	1989
	\$	\$

established to provide engineering and real estate management services to the department's operating unit. Positions established within this account are in the unclassified service.

Subd. 10. Regional Operations Support

\$4,751,000	\$5,022,000
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Summary by Fund

General Fund	\$3,818,000	\$4,077,000
Game and Fish	\$ 708,000	\$ 719,000
Water Recreation	\$ 225,000	\$ 226,000

Subd. 11. Special Services and Programs

\$5,099,000	\$4,928,000
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Summary by Fund

General	\$3,895,000	\$3,698,000
Forest Management	\$ 182,000	\$ 184,000
Nongame Wildlife	\$ 50,000	\$ 50,000
Snowmobile	\$ 180,000	\$ 198,000
Water Recreation	\$ 487,000	\$ 493,000
Wildlife Acquis.	\$ 267,000	\$ 267,000
Game and Fish	\$ 38,000	\$ 38,000

\$85,000 the first year and \$85,000 the second year are for a grant to the Mississippi headwaters board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mis-

	1988	1989
	\$	\$
Mississippi within areas under its jurisdiction.		

\$18,000 the first year and \$18,000 the second year are for department operating and administrative expenses associated with the Mississippi headwaters board grant and the implementation of the plan in areas along the river that are not included within the jurisdiction of the Mississippi headwaters board.

\$126,000 the first year is for a planning grant to the Committee for an International Wolf Center for planning and program development for the wolf center.

\$100,000 the first year is for a planning grant to the Kettle River Environmental Learning Center. Any unencumbered balance from the first year does not cancel, but is available for the second year.

Subd. 12. Administrative Management Services

\$5,951,000	\$5,885,000
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Summary by Fund

General	\$2,436,000	\$2,353,000
All-Terrain	\$ 36,000	\$ 36,000
Snowmobile	\$ 529,000	\$ 529,000
Water Recreation	\$ 816,000	\$ 821,000
Game and Fish	\$2,134,000	\$2,146,000

The commissioner of employee relations shall transfer persons occupying classified or unclassified seasonal, part-time, or full-time positions with a full-time equivalency of 75 percent or

	1988	1989
	\$	\$

greater in the department of natural resources that are converted to full-time classified positions by the state departments appropriation act of 1989 to the same classification and pay step in the classified civil service without competitive examination as of June 30, 1989.

The full-time complement assigned to the commissioner's office shall be reduced by one professional/managerial position and one clerical position.

Sec. 22. ZOOLOGICAL BOARD	5,710,000	5,395,000
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Approved Complement - 157

\$435,000 the first year and \$435,000 the second year are only for major maintenance and physical facilities upkeep at the zoo and are one-time appropriations.

\$250,000 the first year is only available upon demonstration to the commissioner of finance of a one-for-one match of private dollars toward the coral reef shark exhibit. This is a one-time appropriation and is available for the biennium.

\$65,000 the first year is a one-time appropriation for a contract with a post-secondary educational institution for horticultural activities and greening of the zoo.

The complement of the director's office is reduced by one position.

Sec. 23. POLLUTION CONTROL AGENCY

Subdivision 1. Total Appropriation	24,067,000	23,258,000
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		1988	1989
		\$	\$
	1990	1991	
Approved Complement -	627.3	650.3	
General -	182.5	187.5	
Special Revenue -	119.5	136.5	
Federal -	207.5	196.5	
Environmental -	56	56	
Metro Landfill Contingency -	2	2	
Motor Vehicle Transfer -	3	3	
Building -	23	23	
Petroleum Cleanup -	19	20	

Summary by Fund

General	\$11,871,000	\$10,283,000
Special Revenue	\$ 4,713,000	\$ 5,013,000
Environmental	\$ 3,053,000	\$ 3,053,000
Metro Landfill Abatement	\$ 1,700,000	\$ 1,700,000
Metro Landfill Contingency	\$ 679,000	\$ 679,000
Petroleum Cleanup	\$ 1,345,000	\$ 1,352,000
Motor Vehicle Transfer	\$ 707,000	\$ 1,179,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

	\$	1988	\$	1989
Subd. 2. Water Pollution Control				
	\$5,724,000	\$3,982,000		
Summary by Fund				
General				
	\$4,500,000	\$2,577,000		
Special Revenue				
	\$1,224,000	\$1,405,000		

\$643,000 the first year is from the general fund to be transferred to the department of trade and economic development for the capital cost component grant program established under Minnesota Statutes, section 116.18, subdivision 3b, for the purpose of providing full grants to those municipalities awarded partial capital cost component grants in 1989.

This appropriation is only available upon certification by the pollution control agency that the construction plans for the affected projects meet established requirements and the appropriate construction security bonds have been obtained by the contractor for each project.

The total state stop payment amount that is withheld from communities completing wastewater treatment facility construction under the state-federal matching grants program must not exceed ten percent of the total state grant amount.

Notwithstanding any law to the contrary, agricultural land and land capable of being used as farmland in vegetable processing operations that is reasonably necessary to meet the requirements of pollution control laws or rules shall not be subject to the land ownership prohibitions of Minnesota Statutes, section 500.221.

	\$	1988	\$	1989
Subd. 3. Air Pollution Control				
	\$3,237,000		\$3,705,000	

Summary by Fund

General	\$2,081,000	\$2,081,000
Special Revenue	\$ 608,000	\$ 604,000
Motor Vehicle Transfer	\$ 548,000	\$1,020,000

\$548,000 the first year and \$1,020,000 the second year are available as a loan from the motor vehicle transfer fund to the vehicle emissions inspection account for the vehicle emissions inspection program. The loan shall be repaid from vehicle emissions inspection receipts. The authorized complement is increased by six positions the first year and by no more than 16 positions the second year. Of the complement for the second year no more than 15 shall be inspection waiver officers and not more than one shall be an inspection waiver officer supervisor. The agency shall allot no more than one waiver officer for each inspection station made operational during the biennium. Should the number of inspection stations made operational be less than 15, the total authorized complement shall be adjusted downward accordingly.

Subd. 4. Groundwater and Solid Waste Pollution Control

	\$7,756,000	\$8,056,000
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Summary by Fund

General	\$2,488,000	\$2,788,000
Environmental Response	\$2,890,000	\$2,890,000
Metro Landfill Abatement	\$1,700,000	\$1,700,000

	\$	1988	\$	1989
Metro Landfill Contingency	\$670,000		\$670,000	

All money in the environmental response, compensation, and compliance fund not otherwise appropriated, is appropriated to the pollution control agency for the purposes described in the environmental response and liability act, Minnesota Statutes, section 115B.20, subdivision 2, paragraphs (a), (b), (c), and (d). This appropriation is available until June 30, 1991.

All money in the metropolitan landfill abatement fund not otherwise appropriated is appropriated to the pollution control agency for payment to the metropolitan council and may be used by the council for the purposes of Minnesota Statutes, section 473.844. The council may not spend the money until the legislative commission on waste management has made its recommendations on the budget and work program submitted by the council.

Any unencumbered balance from the metropolitan landfill contingency fund remaining in fiscal year 1990 does not cancel but is available for fiscal year 1991.

Subd. 5. Hazardous Waste Pollution Control

	\$4,864,000	\$4,944,000
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Summary by Fund

General

	\$1,129,000	\$1,079,000
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Special Revenue

	\$2,308,000	\$2,431,000
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Motor Vehicle Transfer

	\$ 121,000	\$ 121,000
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Petroleum Cleanup

	\$1,306,000	\$1,313,000
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\$50,000 in the first year is for a grant to the Minnesota emergency responders

	1988	1989
	\$	\$
training academy for hazardous materials handling training.		

\$1,000,000 the first year and \$1,000,000 the second year are appropriated from the general fund for transfer to the environmental response, compensation, and compliance fund.

Subd. 6. Regional Support

	\$68,000	\$68,000
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Summary by Fund

General	\$16,000	\$16,000
Environmental	\$41,000	\$41,000
Motor Vehicle Transfer	\$ 2,000	\$ 2,000
Petroleum Cleanup	\$ 9,000	\$ 9,000

Subd. 7. General Support

	\$2,426,000	\$2,511,000
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Summary by Fund

General	\$1,657,000	\$1,742,000
Environmental	\$ 122,000	\$ 122,000
Metro Landfill Contingency	\$ 8,000	\$ 8,000
Motor Vehicle Transfer	\$ 36,000	\$ 36,000
Special Revenue	\$ 573,000	\$ 573,000
Petroleum Cleanup	\$ 30,000	\$ 30,000

The program permit and assessment fees of the pollution control agency shall equal as nearly as possible the amount appropriated from the special

1988 1989

\$ \$

revenue fund for the biennium and may not include any amounts to cover the cost items in Minnesota Statutes, section 16A.128, subdivision 1a, except to the extent that the cost items are included in the appropriations.

Beginning with fiscal year 1990, any new fee or fee increase adopted by the pollution control agency under Minnesota Statutes, chapter 14, shall be subject to legislative approval during the next biennial budget session following adoption. The commissioner shall submit a report of fee adjustments to the legislature as a supplement to the biennial budget. Any new fee or fee increase not ratified by the legislature shall become null and void on July 1 following adjournment.

Sec. 24. WASTE MANAGEMENT BOARD

2,860,000 2,890,000

Summary by Fund

General

\$2,055,000 \$2,085,000

Motor Vehicle Transfer

\$ 805,000 \$ 805,000

1990 1991

Approved Complement -

36 36

General -

22 22

Motor Vehicle Transfer -

3 3

Building -

10 10

As a part of the transfer of the waste management board, any complement positions currently in excess of 36 full-time positions shall be eliminated. The current division director and assistant division director positions shall be

1988 1989

\$ \$

eliminated and a new waste management board director shall be appointed by the governor.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$1,973,200 the first year and \$2,008,200 the second year are from the motor vehicle transfer fund for use in cleanup of waste tire dumps, as prioritized by the agency. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Sec. 25. TRADE AND ECONOMIC DEVELOPMENT

Subdivision 1. Total Appropriation	38,240,000	34,732,000
1990		1991
Approved Complement -		
213.7		216.7
General -		
174.7		173.7
Special Revenue -		
3		3
Motor Vehicle Transfer -		
3		3
Trunk Highway -		
16		16
Federal -		
17		21

Summary by Fund

General	\$37,379,000	\$33,871,000
Motor Vehicle Transfer	\$ 196,000	\$ 196,000

		1988	1989
		\$	\$
Trunk Highway	\$665,000	\$665,000	

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The following accounts within the special fund are abolished: 1991 sports festival, amateur athletic facilities, sport event lead network, Minnesota Olympic development, and the celebrate 1990 program.

All funds received by the department as a result of interagency agreements for the celebrate 1990 program shall be deposited as nondedicated receipts to the general fund. The commissioner of finance shall add a like amount from the general fund to the appropriations in this section. This is a one-time appropriation.

Subd. 2. Minnesota Trade Office

\$2,457,000	\$2,469,000
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There is appropriated funding for a trade office in Canada.

The department may not extend the lease agreement for space in the world trade center without the written approval of both the chair of the house appropriations committee and the chair of the senate finance committee. The department shall present a proposed lease agreement to the chairs of the house appropriations and senate finance committees in time for the department to find alternative space should the lease agreement not be approved.

\$150,000 the first year and \$150,000 the second year are for foreign trade zones.

	\$	1988	\$	1989
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Expenses incurred by the office as a result of the lease of additional space in the world trade center after January 1, 1989, may not be included as base level funding for the agency.

Subd. 3. Business Promotion

	\$3,503,000	\$3,403,000
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Summary by Fund

General	\$3,307,000	\$3,207,000
Motor Vehicle Transfer	\$ 196,000	\$ 196,000

\$60,000 the first year and \$60,000 the second year are for a grant to the Minnesota motion picture and television board. The funding is only available upon demonstration of a one-for-one match of private dollars.

Funding for administration of the celebrate 1990 program is a one-time appropriation to be used for administration of the 1990 program only.

The department shall assist Minnesota Project Outreach in applying for funding through the regular oil overcharge process as established.

\$125,000 the first year and \$125,000 the second year are for the state's match for the federal small business development centers. The department shall evaluate the effectiveness of these centers and report to the legislature in January of 1991 on the cost effectiveness of these centers. If funding in one year is insufficient the other year's appropriation is available.

\$1,300,000 the first year and \$1,300,000 the second year is for the Minnesota Jobs Skills Partnership.

	1988	1989
	\$	\$
Funding for grants through the jobs skills partnership program appropriated by Laws 1987, chapter 386, article 10, section 9, does not cancel and may be used for further grants.		

Subd. 4. Tourism

\$8,195,000	\$7,995,000
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Summary by Fund

General	\$7,530,000	\$7,330,000
Trunk Highway	\$ 665,000	\$ 665,000

The office of tourism shall produce a new state film from the increased appropriation in this subdivision.

\$125,000 the first year and \$125,000 the second year is for computer needs at the travel information centers. This appropriation is from the general fund and is a one-time appropriation.

\$40,000 the first year and \$40,000 the second year are from the trunk highway fund for funding of a travel information center.

Notwithstanding any law to the contrary, the department of transportation shall provide space free of charge to the office of tourism for travel information centers. The department of transportation shall provide highway maps free of charge for use and distribution through the travel information centers. The department of transportation shall not charge the office of tourism for any regular expenses associated with the operation of the travel information centers.

No state funds shall be used nor shall any state agency contract or enter into

	1988	1989
	\$	\$

an agreement or obligation to promote or fund an international music festival.

\$75,000 of this appropriation is to the office of tourism for promoting the cross country ski trails program and providing the public with information about the importance of the program to tourism in Minnesota and the importance of maintenance and development of cross country ski trails.

\$100,000 the first year is for a grant to Moscow on the Mississippi for a year-long series of events and exchanges between Minnesota and the Soviet Union. This appropriation is available until expended.

During the biennium the office of tourism may market tourism-related publications and media promotional materials to businesses and organizations. The proceeds from the marketing are to be placed in an account in the special revenue fund and are to be used for the preparation and distribution of the office's publications and media promotional materials. This account does not cancel at the end of the biennium. The director shall report to the legislature by January 15, 1991, on this account.

In order to develop maximum private sector involvement in tourism, \$2,200,000 the first year and \$2,200,000 the second year of the amounts appropriated for marketing activities are contingent upon receipt of an equal contribution of nonstate sources that have been documented by the commissioner of finance. Up to one-third of the match may be given in in-kind contributions.

Subd. 5. Administration

\$1,541,000	\$1,841,000
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	1988	1989
	\$	\$

Notwithstanding any law to the contrary there shall be no funding appropriated, allocated, or transferred for funding of the office of the commissioner or the position of commissioner.

\$50,000 the first year and \$350,000 the second year are for the tactical information plan. \$300,000 of the second year's appropriation is a one-time expenditure.

Subd. 6. Community Development

\$21,278,000	\$17,758,000
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\$5,600,000 the first year and \$5,600,000 the second year are for economic recovery grants. \$3,500,000 the first year and \$3,500,000 the second year of any funds except those designated by law specifically for agricultural related purposes received by the Greater Minnesota Corporation through an appropriation, a transfer from another state fund, investment income, fees, and other charges, repayment of loans, royalty and dividend income, and lottery proceeds shall be returned to the state and deposited as nondedicated receipts in the general fund as an offset to this program. The appropriation for the economic recovery grants program shall not be made available until the commissioner of finance has determined that the general fund has been credited with the proper amounts from the Greater Minnesota Corporation for each fiscal year.

\$250,000 the first year is for a grant to the Duluth zoo. The grant is only available after the commissioner of finance has determined that this grant has been matched with \$500,000 from non-state sources, and that the zoo has received full accreditation by the American Association of Zoological Parks and Aquariums.

1988

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\$5,000 the first year is for a grant to the Redwood Falls Children's Zoo. The grant is only available after the commissioner of finance has determined that this grant has been matched with \$5,000 from nonstate sources and that the zoo has received full accreditation by the American Association of Zoological Parks and Aquariums.

\$1,400,000 the first year is a one-time grant to the Minnesota Advanced Manufacturing Technology Center.

\$5,000,000 the first year and \$5,000,000 the second year are for the urban revitalization action program.

\$2,000,000 the first year and \$2,000,000 the second year are for payment of a grant to the metropolitan council for metropolitan area regional parks maintenance and operation.

\$700,000 the first year is for Minnesota marketplace grants and is available for either year.

\$2,000,000 the first year is a one-time general fund grant to capitalize a tourism loan account in the special revenue fund. \$2,000,000 the first year of any funds except those designated by law specifically for agricultural related purposes received by the Greater Minnesota Corporation through an appropriation, a transfer from another state fund, investment income, fees, and other charges, repayment of loans, royalty and dividend income, and lottery proceeds shall be returned to the state and deposited as nondedicated receipts in the general fund as an offset for the tourism loan program. The appropriation for the tourism loan program shall not be made available until the commissioner of finance has determined that the general fund has been credited

1988

1989

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with the \$2,000,000 from the Greater Minnesota Corporation.

\$1,000,000 the first year is for funding of the celebrate 1990 grants. Only existing applications that have not received funding shall be considered for funding. Funding appropriated in the first year of the biennium for celebrate 1990 grants is available for the second year. This is a one-time appropriation.

Any remaining balance in the energy and economic development fund after the appropriations made in Laws 1987, chapters 386 and 404, section 26, is canceled to the general fund.

A city may grant the funds received under Laws 1988, chapter 686, article 1, section 14, paragraph (o), to an incorporated development society or organization of the state that, in the city's opinion, will use the money for the best interests of the joint consolidated district area in developing the economic and agricultural resources of the area.

\$250,000 the first year and \$250,000 the second year are for community development corporations. This appropriation is only available to the extent that it is matched by a community development corporation with \$2 of nonstate money for every \$3 of state money.

\$300,000 the first year and \$300,000 the second year are for a grant to the Women's Economic Development Corporation. This is a one-time appropriation.

\$100,000 the first year and \$100,000 the second year are for a grant to the Minnesota cooperation office. This is a one-time appropriation.

1988

1989

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\$851,000 the first year and \$2,506,000 the second year are for grants to pay principal and interest due on bonds issued by the city of Minneapolis for the Great River Road Project, the city of St. Paul for the Como Park conservatory, suburban Hennepin regional park district for land acquisition and development, Washington County for land acquisition and development, and the Western Lake Superior Sanitary District. The amounts needed each year for the Western Lake Superior Sanitary District are transferred to the pollution control agency for payment of this grant. These amounts shall be continued in the base and adjusted only for the normal reduction in principal and interest payments.

Notwithstanding any law to the contrary, suburban Hennepin regional park district may issue \$1,700,000 in general obligation bonds to acquire and develop land for a regional park on Lake Minnetonka. Bonds issued under this authority are not included in the net debt of the park district as defined in Minnesota Statutes, section 383B.73, subdivision 2.

Notwithstanding any law to the contrary, Washington County may issue \$1,500,000 in general obligation bonds to acquire and develop land for a regional park on Big Marine Lake.

The department of trade and economic development may grant up to \$100,000 from the economic recovery fund to a city of under 600 population that has experienced economic hardship in the last 12 months due to the loss of employment. The grant may be used to establish a revolving loan fund or to undertake public improvements to enhance economic development prospects for the city.

	\$	1988	\$	1989
Subd. 7. Policy Analysis, Science, and Technology				
	\$1,266,000		\$1,266,000	

\$75,000 the first year and \$75,000 the second year are for a grant to the Minnesota Inventors' Congress. The purposes of this grant include establishment of a focal point for development of an invention support system including an advisory council comprised of representatives from the public and private sectors; coordination of an invention support system, primarily in the form of semi-autonomous regional centers, while protecting, enriching, and promoting existing activities such as the Minnesota Inventors' Congress, the Minnesota Inventors' Hall of Fame, the Inventions and Technology Transfer Corporation, the Inventors' Club, and the Young Inventors' Fair; promotion of invention research, with resultant knowledge to be disseminated to Minnesota educational systems; and development of a fiscal design for the statewide invention support system. The Inventors' Congress shall report to the commissioner of trade and economic development by June 30 of each year on its activities in carrying out the purposes of this grant.

\$120,000 the first year and \$120,000 the second year are appropriated for a grant to Minnesota Project Innovation. Minnesota Project Innovation shall report quarterly to the division of trade and technology of the economic development committee in the house and to the senate finance committee.

Sec. 26. AMATEUR SPORTS COMMISSION	528,000	353,000
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Approved Complement - 6

\$20,000 of the appropriation is for establishing and promoting programs for ringette hockey.

1988

1989

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\$175,000 the first year is appropriated to the amateur sports commission for a grant to a joint recreation board made up of three or more municipalities for feeder hills. This appropriation is to be matched with \$50,000 from sources other than the state general fund. This appropriation is available until June 30, 1991.

Notwithstanding any law to the contrary, the Minnesota state high school league shall develop a plan to establish a two-class state high school hockey championship tournament. The high school league shall report to the legislature on its plan no later than August 15, 1990. Beginning in the 1990-1991 school year the high school league shall conduct a two-class high school hockey championship.

The amateur sports commission may not enter into any agreement obligating it or the state to share in the operation of any amateur sports facility. The commission may not enter into any agreement that would commit the commission or the state into sharing in the profit or loss of any amateur sports facility. This section does not apply to the national sports center at Blaine.

Sec. 27. GREATER MINNESOTA CORPORATION

Notwithstanding any law to the contrary the Greater Minnesota Corporation may not reduce its commitment to the Minnesota advanced manufacturing technology center project.

\$2,000,000 of any funds except those designated by law specifically for agricultural related purposes received by the Greater Minnesota Corporation through an appropriation, a transfer

1988

1989

\$

\$

from another state fund, investment income, fees, and other charges, repayment of loans, royalty and dividend income and lottery proceeds are transferred to the department of trade and economic development for deposit in the capital access account in the special revenue fund for the capital access program as referenced in a bill styled as H.F. No. 607.

\$1,000,000 the first year of any funds except those designated by law specifically for agricultural related purposes received by the Greater Minnesota Corporation through an appropriation, a transfer from another state fund, investment income, fees, and other charges, repayment of loans, royalty and dividend income and lottery proceeds shall be transferred to Minnesota Project Innovation by October 1, 1989, for the purposes of providing research bridge grants. The commissioner of trade and economic development shall be responsible for coordinating the grant. Upon written notice from the commissioner of trade and economic development or the deputy commissioner for community development, the Greater Minnesota Corporation shall transfer the funds requested to Minnesota Project Innovation.

\$150,000 the first year of any funds except those designated by law specifically for agricultural related purposes received by the Greater Minnesota Corporation through an appropriation, a transfer from another state fund, investment income, fees, and other charges, repayment of loans, royalty and dividend income, and lottery proceeds shall be transferred by August 1, 1989, to the Western Five Community Development Corporation for the purpose of establishing a statewide system of aiding small businesses in preparing proposals for and negotiating federal

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government procurement contracts. The Western Five Community Development Corporation shall cooperate with the other community development corporations in the state to develop this statewide system. Responsibilities of the community development corporations may include preparation and negotiation of federal government procurement proposals on behalf of small businesses and administration of federal government procurement contracts. This funding must be matched on a dollar-for-dollar basis from non-state sources.

\$1,000,000 the first year of any funds except those designated by law specifically for agricultural related purposes received by the Greater Minnesota Corporation through an appropriation, a transfer from another state fund, investment income, fees, and other charges, repayment of loans, royalty and dividend income, and lottery proceeds shall be transferred to Minnesota Project Outreach. This is in addition to funding already committed to Project Outreach by the Greater Minnesota Corporation.

\$1,000,000 the first year of any funds except those designated by law specifically for agricultural related purposes received by the Greater Minnesota Corporation through an appropriation, a transfer from another state fund, investment income, fees, and other charges, repayment of loans, royalty and dividend income, and lottery proceeds shall be reserved by the Greater Minnesota Corporation for the statewide telecommunications access and routing system. \$700,000 of this amount shall be transferred to the statewide telecommunications access and routing system revolving account by August 1, 1989. \$300,000 of this amount shall be held by the Greater

	1988	1989
	\$	\$
<p>Minnesota Corporation as a contingency for the revolving account. The Greater Minnesota Corporation shall release the \$300,000 contingency to the commissioner of administration for deposit in the revolving account upon written request by the commissioner of administration.</p>		

The commissioner of administration shall submit to the federal court and the federal Department of Energy an application for funding of the statewide telecommunications access and routing system through stripper well over-charge funds. The commissioner shall refund to the Greater Minnesota Corporation all funding received from the stripper well application. The amount refunded shall be limited to the amount that the Greater Minnesota Corporation transfers to the revolving account.

Sec. 28. HOUSING FINANCE AGENCY

Subdivision 1. Total Appropriation	12,336,000	12,334,000
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Approved Complement - 120

Spending limit on cost of general administration of agency programs:

	1990	1991
	\$6,625,000	\$7,045,000

This appropriation is for transfer to the housing development fund for the programs specified.

\$225,000 the first year and \$225,000 the second year are for housing programs for the elderly under Minnesota Statutes, section 462A.05, subdivision 24.

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\$1,920,000 the first year and \$1,920,000 the second year are for home ownership assistance under Minnesota Statutes, section 462A.21, subdivision 8.

\$1,442,000 the first year and \$1,442,000 the second year are for tribal Indian housing programs under Minnesota Statutes, section 462A.07, subdivision 14, of which \$125,000 the first year and \$125,000 the second year are for a demonstration program to make off-reservation loans in combination with bond proceeds from the agency.

\$178,000 the first year and \$178,000 the second year are for urban Indian housing programs under Minnesota Statutes, section 462A.07, subdivision 15, to be distributed by the agency without regard to any allocation formula.

\$5,000,000 the first year and \$5,000,000 the second year are for housing rehabilitation and accessibility loans under Minnesota Statutes, section 462A.05, subdivisions 14a and 15a.

\$500,000 the first year and \$500,000 the second year are for temporary housing programs under Minnesota Statutes, sections 462A.05, subdivision 20; and 462A.21.

Notwithstanding any law to the contrary, in the event that the housing finance agency assumes servicing responsibility for its home improvement loans, energy loans, and rehabilitation loans, the agency may apply for an increase in its complement and administrative cost ceiling through the regular legislative advisory commission process.

	1988	1989
	\$	\$

Subd. 2. Urban and Rural Homesteading

\$500,000 the first year and \$500,000 the second year are for a pilot project for grants to establish a rural and urban homesteading program.

Subd. 3. Governor's Housing Commission

\$1,500,000 the first year and \$1,500,000 the second year are for rental housing for low income families.

\$625,000 the first year and \$625,000 the second year are for rental housing for low-income individuals.

\$250,000 the first year and \$250,000 the second year are for rental housing for the mentally ill.

\$63,000 the first year and \$62,000 the second year are for making newly constructed two- and three-bedroom units accessible for the disabled.

\$70,000 the first year and \$70,000 the second year are for a counseling program for seniors on home equity conversion.

\$63,000 the first year and \$62,000 the second year are for programs for the elderly under Minnesota Statutes, section 462A.05, subdivision 24.

Sec. 29.	STATE	PLANNING		
AGENCY			5,998,000	5,971,000
	1990	1991		
Approved Complement -	111	111		
General -	78.5	78.5		

		1988		1989
		\$		\$
Special Revenue -				
	4.5		4.5	
Revolving -				
	22		22	
Federal -				
	6		6	

Summary by Fund

General

\$5,523,000	\$5,496,000
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Special Revenue

\$ 475,000	\$ 475,000
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\$427,000 the first year and \$427,000 the second year are for regional planning grants to regional development commissions organized under Minnesota Statutes, sections 462.381 to 462.396, and is only available to regional development commissions that have adopted the maximum tax levy allowed under Minnesota Statutes, sections 462.381 to 462.396.

Until June 30, 1991, for state and federal grants distributed by state agencies to regions of the state not having a regional development commission, the state agency administering the grant program may assess the program for administrative costs incurred by the agency that normally are incurred by the commission.

\$22,000 the first year and \$22,000 the second year are for the Council of Great Lakes Governors.

The office of jobs policy is abolished.

The authorized complement of the Washington office is reduced by one full-time position.

During the biennium any seminars or training sessions regarding federal is-

	\$	1988	\$	1989
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sues for federal budgeting that are conducted by the Washington office shall be made available to legislators and legislative staff. The Washington office shall notify the legislature regarding the timing of such seminars.

The commissioner shall contract with an independent consultant to explore future directions for Minnesota in land management information systems. This study shall examine interagency cooperation, public and private venture potential, the status of geographic information systems planning as it applies to Minnesota, the role that the land management information center should play in future development of an overall system, and development of a long-range strategy for Minnesota's role in providing the appropriate services to agencies and political subdivisions. The study shall also explore the activities of other states and nations in the area of geographic information systems. The study must be accomplished in conjunction with the information policy office and be compatible with the long-range information management architecture being developed by the information policy office. A final report shall be submitted to the legislature by January 1, 1991, indicating recommendations for future actions.

The state planning agency shall study the effects on the state's transportation systems, methods of storage, public safety systems, and state health concerns of any incinerator to be constructed in Minnesota that is designed to burn hazardous wastes. The report shall include specific recommendations and shall be delivered to the legislature and the affected state agencies by January 1, 1991.

Sec. 30. MINNESOTA FUTURE RESOURCES FUND

	1988	1989
	\$	\$
Subdivision 1. Total Appropriation	9,975,000	8,615,000

Approved Complement - 36.8

The appropriations in this section are from the Minnesota future resources fund.

The amounts that may be spent from this appropriation for each activity are more specifically described in the following subdivisions.

For all appropriations in this section, if the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 2. Legislative Commission on Minnesota Resources	340,000	340,000
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For the biennium ending June 30, 1991, the commission shall review the work programs and progress reports required under this section.

Subd. 3. Department of Natural Resources	2,189,000	2,089,000
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Approved Complement - 21

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Acquisition of Private Exploration Data

\$75,000	\$75,000
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Approved Complement - 2

To acquire and catalog private drill core and other materials, microfilm appropriate data, and make all this infor-

	1988	1989
	\$	\$
mation permanently available for public use.		

(b) St. Louis County Tract Index

\$40,000		\$40,000
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This appropriation is for a grant to St. Louis county to develop a computerized tract index system that will make it possible to easily determine severed mineral ownership on tracts with potential mineral development possibilities. This appropriation is contingent upon a \$100,000 match from St. Louis county.

(c) Groundwater Sensitivity

\$362,000		\$362,000
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Approved Complement - 1

To provide guidelines describing where contamination has or is likely to reach the groundwater supply as determined by hydrogeologic conditions, water use, land use, or other factors and make these tools available for appropriate state and local action.

(d) River Bank and Meander Management

\$100,000		\$100,000
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This project shall address the need to reduce losses due to river flooding by developing comprehensive information on river reaches prone to channel shifts and low-cost erosion and sedimentation control techniques.

(e) Development of Forest Soil Interpretations

\$25,000		\$25,000
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This appropriation is for a grant to Beltrami county to develop a system of

	1988	1989
	\$	\$
<p>forest soil interpretations and characteristics in which the information from county soil surveys is put into a computerized format, thus insuring optimum utilization of the survey information in forested counties.</p>		

(f) Urban Forestry

\$50,000	\$50,000
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Approved Complement - 1

To accelerate the community forestry assistance program.

(g) Impacts of Forest Road Systems

\$85,000	\$85,000
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To determine how present and planned forest road networks expansion and upgrading will impact forest uses.

(h) Statewide Public Recreation Map

\$285,000	\$285,000
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Approved Complement - 3

To publish and provide for sale a statewide series of recreational maps displaying the location of various public recreational opportunities, including county-managed facilities. When this project is completed, the map project is expected to be self-sustaining. This project is to serve as a pilot for the development of a comprehensive geographic information system in the department.

(i) Camper Survey

\$15,000	\$15,000
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For a cooperative matching program contingent upon the office of tourism providing \$30,000 and the Minnesota Association of Campground Owners

	1988	1989
	\$	\$
providing \$10,000 to better understand and market camping in Minnesota.		

(j) American Youth Hostel Pilot Program

\$130,000	\$130,000
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Approved Complement - 2

To establish as a demonstration project an American Youth Hostel facility at an appropriate site. Consultation with the Minnesota historical society is expected.

The commissioner may contract for the operation of the pilot youth hostel project without complying with the competitive bidding requirements of Minnesota Statutes, chapter 16B.

(k) Trails Planning and Management

\$64,000	\$64,000
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Approved Complement - 1

To prepare a statewide trail plan that coordinates the appropriate agencies, including the department of transportation's rail banking program, and addresses the issue of acquisition and development priorities, procedures, and responsibilities for linear corridor opportunities.

(l) Trail Right-of-Way Protection

\$75,000	\$75,000
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To provide for innovative ways of obtaining public opportunity to use high priority linear corridors for recreation, with emphasis on less than fee interests, and for appropriate betterments.

(m) Ridgeline Hiking Trail

\$78,000	\$78,000
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1988

1989

\$

\$

Approved Complement - 1

This appropriation is for a grant to the Superior Hiking Trail Association for planning, development, and limited use of easement acquisition of at least a segment of the trail between Gooseberry Falls and Two Harbors. The use of conservation corps resources is strongly encouraged. Up to \$70,000 is available to the department for planning and administrative assistance. Available federal and private money is appropriated.

(n) North Shore Harbors Study

\$100,000

\$-0-

This appropriation is for a grant to the North Shore Management Board to determine the best location for protected harbors on the north shore of Lake Superior.

(o) Brighton Beach Breakwater

The appropriation for this purpose in Laws 1987, chapter 404, section 30, subdivision 3, item (g), remains available until June 30, 1991.

This carryforward appropriation is contingent upon additional funding of \$500,000 from the city of Duluth and state and federal money necessary for total funding of a breakwater and public access on Lake Superior at Brighton beach in the city of Duluth.

In the event that the required match from the city of Duluth is not provided, this appropriation shall be made available for the north shore harbor study funded in this section.

1988

1989

\$

\$

(p) Mississippi River Interpretive Center Planning

\$30,000

\$30,000

This appropriation is for a grant to the city of Winona to plan for an upper Mississippi river interpretive center as outlined in the state historic interpretive center plan.

(q) Urban Fishing Program

\$175,000

\$175,000

Approved Complement - 1

To expand urban fishing opportunities and awareness.

(r) North American Waterfowl Plan Coordination

\$100,000

\$100,000

Approved Complement - 1

To coordinate the implementation of waterfowl and wetland protection and enhancement programs and to survey lakes.

(s) Swan Lake Area Wildlife Project

Approved Complement - 2

The appropriation for this purpose in Laws 1987, chapter 404, section 30, subdivision 3, item (j), remains available until June 30, 1991.

The appropriation may be spent for acquisition, habitat development, management, and evaluation. Matching money is appropriated.

(t) County Biological Survey

\$75,000

\$75,000

	1988	1989
	\$	\$
Approved Complement - 2		

To continue and expand assessment of Minnesota's rare natural resources in a systematic county-by-county manner.

(u) Purple Loosestrife Research

\$100,000	\$100,000
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To initiate cooperative research with the University of Minnesota to document the genetic diversity and study the biology and ecology of Minnesota purple loosestrife populations to enhance the use of nonchemical control methods and evaluate the potential use of biological control agents, thereby providing alternatives to chemical control methods. Matching money is appropriated.

(v) Local Volunteer Coordination

\$25,000	\$25,000
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This appropriation is for a grant to Polk county central cities community center to improve coordination between volunteer groups and resource managers, which can act as a model for other agencies. Matching money is appropriated.

(w) Accelerated Land Exchange

\$100,000	\$100,000
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Approved Complement - 2

To complete for presentation to the land exchange board a package for exchange of school trust fund lands in state parks and accelerate the exchange of school trust fund lands in the BWCA and other state units.

(x) Alternative Dispute Resolution

\$60,000	\$60,000
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	1988	1989
	\$	\$

Approved Complement - 1

To increase the understanding and utilization of alternative dispute resolution techniques.

(y) LAWCON Administration

\$40,000	\$40,000
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Approved Complement - 1

The appropriation is for administration of the federal land and water conservation fund.

Subd. 4. Pollution Control Agency	1,466,000	1,466,000
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Approved Complement - 12.8

Two of these positions are for contractual work with the department of natural resources in the groundwater sensitivity program.

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Redesign Ambient Groundwater Monitoring Program

\$98,000	\$98,000
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Approved Complement - 1.5

To examine the current ambient groundwater monitoring program's shortcomings, analyze state and local groundwater quality information needs, and recommend an improved design for the statewide monitoring program.

(b) Minnesota River Basin Water Quality Monitoring

\$350,000	\$350,000
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Approved Complement - 2

1988

1989

\$

\$

A joint effort of federal, state, and local government units that will assess mainstem, major tributary, and groundwater nonpoint source inputs to the Minnesota river for the purpose of targeting future water quality management programs. Equal match of state dollars is required, including local units of government coordinated through the south central planning project, who will provide in-kind service or local money to assist in data gathering. Matching money is appropriated.

(c) PCB's and Mercury in Public Waters

\$250,000

\$250,000

Approved Complement - 1

To identify the sources and pathways of PCB's to the St. Louis river and Mississippi river systems, Sand Point, and Crane Lake to develop processes and procedures to reduce the sources and conditions causing mercury accumulation in fish.

(d) Biological Manipulation of Wastewater Treatment Ponds

\$73,000

\$73,000

Approved Complement - 1

To determine what factors cause daphnia to thrive in some sewage stabilization ponds and not in others, in order to decrease sewage treatment costs.

(e) Municipal Solid Waste Materials Recovery

\$200,000

\$200,000

Approved Complement - 1

To determine the changes municipal solid waste undergoes when inciner-

1988

1989

\$

\$

ated and to measure how removing specific waste streams from municipal solid waste will affect the operation of incinerators.

(f) Medical Waste Incinerator Evaluation

\$125,000

\$125,000

Approved Complement - 1

To evaluate air and ash pollutants from medical waste incinerators to determine the variety and quantity of the pollutants and to determine what standard pollution control strategies are necessary and cost effective.

(g) Dioxin From Incinerator Emissions

\$148,000

\$148,000

Approved Complement - 1

To monitor and study the pathways dioxin travels from a waste incinerator into the human food chain, in order to evaluate and improve the existing health risk assessment model currently used in the environmental review and permitting process for incinerators.

(h) Household Batteries Recycling and Disposal

\$45,000

\$45,000

Approved Complement - 1

To study the impacts of battery management on the environment, alternative management methods or other identified research needs regarding the disposal of household batteries.

(i) Ash as Soil Amendment

\$50,000

\$50,000

	1988	1989
	\$	\$

Approved Complement - 3

To research and promote the beneficial use of solid waste incinerator ash in agriculture.

(j) Health Risk Assessment Modeling for Composting

\$40,000	\$40,000
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To develop a health risk assessment model for municipal waste compost and compare risks with other waste management methods.

(k) Contaminants in Minnesota Wildlife

\$87,000	\$87,000
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Approved Complement - 1

To determine the amount and extent of toxic contaminants in Minnesota wildlife.

Subd. 5. Department of Trade and Economic Development Recreation Grants Program

\$1,250,000	\$-0-
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The appropriation is for acquisition and development of recreation open space projects requested by local units of government. Priority is for projects that receive federal grants. This appropriation is for grants of up to 50 percent of the total cost, or 50 percent of the local share if federal money is used. The per project limit for state grants is \$400,000. During the biennium, notwithstanding any other law to the contrary, grants are not contingent upon the matching of federal grants. State grants are limited to one per local unit for the biennium.

One-half of this appropriation is for projects outside the metropolitan area.

	1988	1989
	\$	\$
Subd. 6. State Planning Agency	280,000	280,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Statewide Land Use Update

\$225,000	\$225,000
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The appropriation is for a grant to the International Coalition to do a state-wide land use update of all land and water resources.

(b) Hydrologic Model Applications

\$55,000	\$55,000
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The appropriation is for a grant to the International Coalition to produce a state-of-the-art tool for water decision making that combines standard watershed modeling and geographic information systems technology.

Subd. 7. Department of Health	369,000	369,000
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Approved Complement - 2

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Pesticide Breakdown Products Survey

\$165,000	\$165,000
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Approved Complement - 1

To identify the occurrence and level of pesticide breakdown products in selected public and private water wells.

(b) Abandoned Well and Monitoring Well Technologies

\$100,000	\$100,000
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	1988	1989
	\$	\$
<p>To research and apply technical methods used in the petroleum industry to remove obstructions from wells so that they can be properly abandoned, and to research and develop methods of detecting leaking monitoring wells.</p>		

(c) Indoor Air Quality Assessment Protocol

\$54,000	\$54,000
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Approved Complement - 1

To develop a method for assessing and mitigating indoor air quality problems in homes, and to transfer this information to the private sector for implementation.

(d) Community Lead Abatement Project

\$50,000	\$50,000
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The appropriation is for a grant to the community lead abatement project to determine the benefits of cleanup of lead contaminated exterior and interior dust on children's blood levels.

Subd. 8. Department of Agriculture	295,000	295,000
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Approved Complement - 1

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Pesticide Use Survey

\$45,000	\$45,000
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Approved Complement - 1

To develop an accurate map of pesticide use, through the use of surveys, and then compare that use with the distri-

	1988	1989
	\$	\$
tribution and quality of the state's water resources.		

(b) Biological Control of Pests

	\$250,000	\$250,000
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To collect and identify potential biological control agents, and to develop and test biological control agents for a variety of pests. A grant request to supplement this appropriation must be submitted to the U.S. Department of Agriculture and the results reported to the legislative commission on Minnesota resources.

Subd. 9. Minnesota Historical Society	347,000	347,000
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The amounts that may be spent from this appropriation for each activity are as follows:

(a) State History Center Exhibit Planning

	\$100,000	\$100,000
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To plan exhibits for the new state history center. Matching money is appropriated.

(b) County and Local Historical Outreach

	\$40,000	\$40,000
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To transfer preservation principles and options to county and local historical societies.

(c) Historical Data Base

	\$50,000	\$50,000
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The appropriation is to organize and automate one quarter of the collections, which will increase public awareness and significantly improve

	\$	1988	\$	1989
management of these rare materials. Matching money is appropriated.				

(d) Heritage Trails

\$50,000	\$50,000
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The appropriation is for a project to interpret and preserve historic trails for public use and tourism.

(e) Heirloom Seeds

\$20,000	\$20,000
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To provide a gardening and "heirloom seeds" interpretation for the Oliver H. Kelly farm. A by-product of this proposal will be the sale of "heirloom seeds." It is anticipated that sale of seeds will allow the program to be self-supporting. Matching money is appropriated.

(f) Preservation of Historic Shipwrecks

\$37,000	\$37,000
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To comply with federal law, a process must be developed to complete an extensive literature search of North Shore wrecks and gather available field data. Results will yield a plan for further exploration and historical designation of important wrecks.

(g) Implement Plan for Archaeological Resources.

\$50,000	\$50,000
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To develop a project with the Institute for Minnesota Archaeology and with the state archaeologist that will further aid in the development and identification of the state's archaeological resources. The project must be in accordance with Minnesota Statutes, sections 138.31 to 138.42 and 307.08.

	1988	1989
	\$	\$
Subd. 10. Science Museum of Minnesota	255,000	255,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Water Education for Minnesota

\$150,000 \$150,000

For a cooperative effort involving the Science Museum of Minnesota, the Freshwater Foundation, and the department of education to develop a program to better inform Minnesotans about crucial issues of water use and quality.

(b) North Central Minnesota Water Quality Education

\$75,000 \$75,000

For a contract with the central Minnesota water quality project to provide water quality education and information to 14 north central counties.

(c) Aquatic Invertebrate Data Base Development

\$30,000 \$30,000

To develop a central data base on aquatic invertebrates that are sensitive indicators of surface water quality.

Subd. 11. University of Minnesota	2,469,000	2,459,000
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The amounts that may be spent from this appropriation for each activity are as follows:

(a) Aeromagnetic Survey

\$315,000 \$315,000

The appropriation is to the Minnesota geological survey for the sixth and final biennium of an effort to electronically

	1988	1989
	\$	\$
acquire and interpret geophysical data, including ground truth-drilling.		

(b) Biogeochemical Prospecting

\$75,000	\$75,000
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The appropriation is to the Natural Resources Research Institute to address the relationship between heavy metals related to mineral deposits and bioconcentration of heavy metals in plants and mapping of the resulting vegetative differences using remote sensing techniques.

(c) Research in Taconite Refinement

\$100,000	\$100,000
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To the Natural Resources Research Institute to assist in the development of new methods to produce taconite concentrates acceptable as preferred ore for new steel-making technologies. This appropriation is contingent upon a \$50,000 match from the iron range resources and rehabilitation board.

(d) Program Design for Groundwater Research

\$10,000	\$-0-
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To develop plans and proposals to bring increased federal funding to the university for groundwater research, training, and information transfer.

(e) Program Design for Lake Superior Studies

\$25,000	\$25,000
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This appropriation is not available until the university has financed and submitted to the legislative commission on Minnesota resources a report on a study using outside consultants that recommends the appropriate research directions necessary to protect Lake

1988

1989

\$

\$

Superior. This appropriation is for a study by the University Natural Resources Research Council to determine the best way to organize the research work within the university structure.

(f) Land Use Impacts on Lake Superior

\$120,000

\$120,000

To the Natural Resources Research Institute to measure and model the impacts of changing land use practices on erosion rates, water quality, and biological communities on the near shore waters of Lake Superior. Matching funds must be applied for and the results reported to the legislative commission on Minnesota resources.

(g) County-Level Groundwater Data Management

\$43,000

\$43,000

The appropriation is to the Minnesota geological survey to provide tools and training to counties that want an enhanced capability to use the computerized county well index in local water planning.

(h) Chemical Transport in Groundwater

\$150,000

\$150,000

The appropriation is for the civil and mineral engineering department to develop, test, and implement interactive models to simulate groundwater transport of chemicals.

(i) Lake Aeration Techniques and Hydrologic Forecasting

\$414,000

\$414,000

The appropriation is for the St. Anthony Falls Hydraulics Laboratory to conduct engineering and hydraulics

	1988	1989
	\$	\$

research in three water resource areas: (1) \$338,000 to optimize lake aeration techniques; (2) \$440,000 to develop forecast methods for: groundwater, hydropower effects on water quality, operation of wastewater treatment ponds, and for ice-induced flooding; and (3) \$50,000 to test several new techniques for measurement of ice in rivers and lakes.

(j) Wetland Plant Communities

\$45,000	\$45,000
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The appropriation is for the College of Natural Resources for research to identify the optimal mix of plants that remove nutrients from wetlands. A grant application must be submitted to the National Science Foundation and the Environmental Protection Agency to supplement this appropriation and the results reported to the legislative commission on Minnesota resources.

(k) Water Filter for Iron Removal

\$14,000	\$14,000
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The appropriation is to the Institute of Technology for the development of a cost-effective membrane system for removing iron from water so the processed water can be used in a variety of industrial and domestic situations where high iron content is undesirable. A grant application must be submitted to the National Science Foundation to supplement this appropriation and the results reported to the legislative commission on Minnesota resources.

(l) Simulation of Future Forestry Economy

\$50,000	\$50,000
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The appropriation is to the College of Natural Resources to develop methods

	1988	1989
	\$	\$

and evaluate opportunities for supporting forest land economic development in Minnesota from a statewide strategic viewpoint.

(m) Oak Wilt Research

\$44,000	\$44,000
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The appropriation is to the College of Natural Resources for research aimed at biological control of oak wilt using a special fungus, improvement of root barriers to limit spread of the disease, and an educational program on how best to control oak wilt. If this work results in a patent and subsequent royalties, the university shall repay 50 percent of the royalties received, net of patent servicing costs, until the entire appropriation is repaid, into the Minnesota future resources fund.

(n) Lignin-Based Engineering Plastics

\$54,000	\$54,000
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The appropriation is to the College of Natural Resources for fabricating engineering plastics based upon industrial by-product lignins and corresponding raw materials from wheat straw. If this work results in a patent and subsequent royalties, the university shall repay 50 percent of the royalties received, net of patent servicing costs, until the entire appropriation is repaid, into the Minnesota future resources fund.

(o) High Flotation Tire Research

\$20,000	\$20,000
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The appropriation is to the College of Natural Resources in cooperation with the Mille Lacs Area Community Development Corporation for a grant to study the impact of high flotation tires on soil and regeneration of aspen and

1988

1989

\$

\$

evaluate the economic feasibility of installing and using this equipment.

(p) Aquaculture Development and Education

\$100,000

\$100,000

The appropriation is to the College of Natural Resources for development of aquaculture demonstration projects and education.

(q) Sonar Measurement of Fish Population

\$30,000

\$30,000

The appropriation is to the College of Biological Sciences to develop electronic procedures for measuring the abundance of fish in lakes and for preparing lake maps.

(r) Accelerated Soil Survey

\$600,000

\$600,000

The appropriation is to the agricultural experiment station for the seventh biennium of a seven-biennium effort to provide the appropriate detailed survey based on the adopted federal, state, and local cost share. It may be spent only in counties where the survey was under way or the agreement signed and survey scheduled by July 1, 1988.

(s) Test Emissions from Densified-RDF

\$75,000

\$75,000

The appropriation is to the Natural Resources Research Institute to study emissions at the bench scale from incinerated densified refuse derived fuel and to develop baseline combustion data.

	\$	1988	\$	1989
(t) Peat for Containment of Municipal Incinerator Ash				
	\$75,000		\$75,000	

The appropriation is to the Natural Resources Research Institute to work in cooperation with the pollution control agency and the department of natural resources to design a passive containment system for municipal incinerator ash using peat. The institute must apply to the Minnesota Waste Management Association for financial support.

(u) Evaluation of Peat in Poultry Waste Treatment

\$65,000	\$65,000
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The appropriation is to the Natural Resources Research Institute to develop environmentally sound treatment methods utilizing peat for the disposal and recycling of poultry wastes and to integrate these processes into manure management systems.

(v) Urban Gardening Program

\$45,000	\$45,000
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The appropriation is to the Minnesota extension service in cooperation with the Minnesota State Horticultural Society and the Self Reliance Center to provide gardening information and technical assistance in community gardening.

Subd. 12. State University Board	215,000	215,000
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The amounts that may be spent from this appropriation for each activity are as follows:

(a) Groundwater Quality Assessment Procedure

\$45,000	\$45,000
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	1988	1989
	\$	\$
<p>The appropriation is for Bemidji state university to develop a procedure for the assessment of regional groundwater quality based on the usual sources of available groundwater data in the Mississippi headwaters region.</p>		

(b) Pilot County Groundwater Mapping

	\$170,000	\$170,000
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The appropriation is for Mankato state university to develop a groundwater atlas and information system for 13 counties to be used as a tool for state and local government and provide education on groundwater.

Subd. 13. Contingent Account	500,000	500,000
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This appropriation is for acquisition or development of state land or other projects that are part of a natural resources acceleration activity, when deemed to be of an emergency or critical nature. This appropriation is also available for projects initiated by the legislative commission on Minnesota resources that are found to be proper in order for the commission to carry out its legislative charge.

This appropriation is not available until the legislative commission on Minnesota resources has made a recommendation to the legislative advisory commission regarding each expenditure from the account. The legislative advisory commission must then hold a meeting with the governor and provide its recommendation on each item, which may be spent only with the approval of the governor.

Subd. 14. Compatible Data

During the biennium ending June 30, 1991, the data collected by projects funded under this section that has com-

1988

1989

\$

\$

mon value for natural resource planning must be provided and integrated into the Minnesota land management information system's geographic and summary data bases according to published data compatibility guidelines. Costs associated with this data delivery must be borne by the activity receiving funding under this section. This requirement applies to all projects funded under this section, including but not limited to, projects under subdivision 3, clauses (c), (e), (g), (h), (k), (r), and (t), subdivision 4, clauses (a) and (b), subdivision 5, clauses (a) and (b), subdivision 7, clause (a), subdivision 8, clause (h), subdivision 9, clause (c), subdivision 10, clauses (a), (g), (h), and (r), subdivision 11, clause (b).

Subd. 15. Work Programs

It is a condition of acceptance of the appropriations made by this section that the agency or entity receiving the appropriation must submit work programs and semiannual progress reports in the form determined by the legislative commission on Minnesota resources. None of the money provided in this section may be spent unless the commission has approved the pertinent work program.

Subd. 16. Complement Temporary

Persons employed by a state agency and paid by an appropriation in this section are in the unclassified civil service, and their continued employment is contingent upon the availability of money from the appropriation. When the appropriation has been spent, their positions must be canceled and the approved complement of the agency reduced accordingly. Part-time employment of persons is authorized.

Sec. 31. LABOR AND INDUSTRY

	1988	1989
	\$	\$
Subdivision 1. Total Appropriation	16,087,000	15,951,000
	1990	1991
Approved Complement -	332	332
General -	63	63
Special Revenue -	40	40
Federal -	38.5	38.5
Workers' Compensation -	190.5	190.5

Summary by Fund

General	\$5,837,000	\$5,871,000
Worker's Comp.	\$8,713,000	\$8,543,000
Special Revenue	\$1,537,000	\$1,537,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Employment Standards

\$717,000	\$717,000
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Subd. 3. Workers' Compensation Regulation and Enforcement

\$6,241,000	\$6,150,000
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This appropriation is from the special compensation fund.

Fee receipts collected as a result of providing direct computer access to public workers' compensation data on file with the commissioner must be deposited in the general fund.

\$197,000 the first year and \$197,000 the second year are from the special

1988

1989

\$

\$

compensation fund for enforcement of the mandatory insurance requirements contained in Minnesota Statutes, chapter 176.

Funding for the file administration improvements is contingent on the department agreeing to participate in the information policy office's optical disk scanning study. The file administration improvements appropriation is a one-time appropriation.

Subd. 4. Workers' Compensation Special Compensation Fund

\$2,500,000 \$2,500,000

This is a general fund appropriation for reimbursement of the special compensation fund under Minnesota Statutes, section 176.183, subdivision 2.

Subd. 5. Code Enforcement

\$1,511,000 \$1,511,000

This appropriation is from the special revenue fund.

\$131,000 the first year and \$131,000 the second year are from the special revenue fund for passenger elevator inspection.

Subd. 6. OSHA

\$1,307,000 \$1,310,000

Subd. 7. General Support

\$2,336,000 \$2,288,000

Summary by Fund

General

\$ 936,000 \$ 967,000

Workers' Comp.

\$1,400,000 \$1,321,000

	1988	1989
	\$	\$
\$225,000 the first year and \$225,000 the second year are for labor education and advancement program grants. Notwithstanding Laws 1983, chapter 301, section 32, the commissioner of labor and industry shall develop and implement an application process for organizations seeking to receive funding from the labor education advancement program. Criteria for selection of grant recipients shall include but not be limited to the number of minority people served and the ability of organizations to match the state money with nonstate resources.		

Subd. 8. Information Management Services

\$1,475,000	\$1,475,000
-------------	-------------

Summary by Fund

General	\$ 377,000	\$ 377,000
Workers' Comp.	\$1,072,000	\$1,072,000
Special Revenue	\$ 26,000	\$ 26,000

Funding is included from the special workers' compensation fund in this appropriation for computer system restructuring.

Sec. 32. WORKERS' COMPENSATION COURT OF APPEALS

824,000	823,000
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Approved Complement - 15

This appropriation is from the workers' compensation special compensation fund.

Sec. 33. MEDIATION SERVICES

1,775,000	1,780,000
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Approved Complement - 25

\$287,000 the first year and \$287,000 the second year are for grants to area

	1988	1989
	\$	\$

labor-management committees. The unencumbered balance remaining in the first year does not cancel but is available for the second year.

Sec. 34. PUBLIC EMPLOYMENT RELATIONS BOARD

65,000	65,000
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Approved Complement - 1

Sec. 35. MILITARY AFFAIRS

Subdivision 1. Total Appropriation	8,530,000	9,523,000
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Approved Complement -	340.8
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General -	137.8
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Federal -	203
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Maintenance of Training Facilities

\$5,559,000	\$5,559,000
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\$100,000 the first year and \$100,000 the second year are for six general fund positions to support the federal construction program.

Notwithstanding any law to the contrary the department of military affairs may use up to \$1,450,000 of the proceeds from the sale of the Minneapolis armory for roof repairs, window replacements, and boiler replacements at state armories. If the adjutant general determines that the sale of the Minneapolis armory will occur during the biennium, the adjutant general may transfer funds from the regular armory maintenance funding into the repairs and replacements of roofs, windows, and boilers at state armories.

	1988	1989
	\$	\$
<p>The adjutant general shall seek to include in the governor's capital bonding requests for 1990 and 1991 funding for roof replacements and window replacements at state armories.</p>		

Subd. 3. General Support

\$1,399,000	\$1,393,000
-------------	-------------

\$75,000 the first year and \$75,000 the second year are for expenses of military forces ordered to active duty under Minnesota Statutes, chapter 192. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 4. Enlistment Incentives

\$1,572,000	\$2,571,000
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\$1,070,000 the first year and \$2,225,000 the second year are for the tuition reimbursement program.

\$477,000 the first year and \$321,000 the second year are for the reenlistment bonus program.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available.

The amounts appropriated for tuition assistance and bonuses in Laws 1988, chapter 686, article 1, section 21, do not cancel and are available for the purposes for which they were appropriated. Funding for the tuition assistance and reenlistment bonus programs are available until expended. If funding for either year of the biennium is insufficient, the other year's appropriation is available.

Sec. 36. VETERANS AFFAIRS

3,012,000

2,612,000

		1988		1989
		\$		\$
	1990		1991	
Approved Complement -				
	38		38	

Up to \$400,000 is appropriated for the commissioner of veterans affairs for the purposes of creating a Minnesota Vietnam veterans memorial on the capitol mall. This appropriation is available until expended. The capitol area architectural and planning board shall conduct a selection process to award the contracts for design and construction of the memorial. The capitol area architectural and planning board shall also select a site for the memorial. No contract for construction shall be entered into by the board until after the board has received recommendations on the cost, design, and placement of the memorial from the chairs of the house appropriations and senate finance committees.

There is no funding, nor shall any funds be spent, for the position of commissioner of veterans affairs. All duties and responsibilities assigned to the commissioner are transferred to the deputy commissioner of veterans affairs.

During the biennium, in administering veterans benefits programs the commissioner shall ensure that veterans participate in all federally funded benefit programs to the maximum extent possible before receiving assistance under state funded programs.

\$1,150,000 the first year and \$1,150,000 the second year are for emergency financial and medical needs of veterans. For the biennium ending June 30, 1991, the commissioner shall limit financial assistance to veterans and dependents to six months, unless recipients have been certified as ineligible for other benefit programs. If the

	1988	1989
	\$	\$

appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 37. HUMAN RIGHTS	2,817,000	2,677,000
Approved Complement -	65.5	
General -	64.0	
Federal -	1.5	

\$140,000 the first year is a one-time appropriation for development of an information system, and is available either year of the biennium.

During the biennium reductions in staff in the human rights department shall be accomplished through attrition and the elimination of vacant positions.

Sec. 38. INDIAN AFFAIRS COUNCIL	323,000	303,000
Approved Complement -	6	
General -	6	
Federal -	0	
Sec. 39. COUNCIL ON AFFAIRS OF SPANISH-SPEAKING PEOPLE	200,000	180,000
Approved Complement -	4	
Sec. 40. COUNCIL ON BLACK MINNESOTANS	181,000	161,000
Approved Complement -	3.5	
Sec. 41. COUNCIL ON ASIAN-PACIFIC MINNESOTANS	163,000	143,000
Approved Complement -	3	
Sec. 42. COUNCIL ON PEOPLE WITH DISABILITIES	480,000	460,000

	\$	1988	\$	1989
Approved Complement -	10			

Notwithstanding any law to the contrary the two incumbents transferred from the council on technology for people with disabilities to the Minnesota council on disabilities shall continue in their same positions with the same responsibilities. The department of employee relations shall reclassify the positions within the disabilities council to reflect the transfers.

Sec. 43. SALARY SUPPLEMENT	43,686,000	89,028,000
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Subdivision 1. Appropriations

Except as limited by the direct appropriations made in this section, the amounts necessary to pay compensation and economic benefit increases covered by this section are appropriated from the various funds in the state treasury from which salaries are paid to the commissioner of finance for the fiscal years ending June 30, 1990, and June 30, 1991. In the case of salaries that are paid from one fund, but that fund is reimbursed by another fund, the amounts necessary to make these reimbursements are also appropriated.

(a) General Fund

\$29,964,000	\$60,836,000
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(b) Game and Fish Fund

\$ 1,369,000	\$ 2,807,000
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(c) Trunk Highway Fund

\$11,520,000	\$23,620,000
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(d) Highway User Tax Distribution Fund

\$ 301,000	\$ 618,000
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	\$	1988	\$	1989
(e) Workers' Compensation				
	\$532,000		\$1,147,000	

Subd. 2. Increases Covered

The compensation and economic benefit increases covered by this section are those paid to classified and unclassified employees and officers in the executive, judicial, and legislative branches of state government, and to employees of the Minnesota historical society who are paid from state appropriations, if the increases are required by existing law or authorized by law during the 1989 session of the legislature or by appropriate resolutions for employees of the legislature, or are given interim approval by the legislative commission on employee relations under Minnesota Statutes, sections 3.855 and 43A.18 or 179A.22, subdivision 4.

The commissioner of finance shall transfer to the appropriations for agencies in the legislative and judicial branches and for the constitutional officers the amounts certified as necessary for each agency by its chief financial officer. For the purposes of this paragraph, the secretary of the senate is the chief financial officer for the senate, the chairman of the legislative coordinating commission for legislative commissions, the chief justice of the supreme court for agencies in the judicial branch, and the elected constitutional officer for each constitutional office.

The salaries for positions listed in Minnesota Statutes, section 15A.081, subdivision 1, which were given interim approval by the legislative commission on employee relations on December 20, 1988, are ratified, retroactive to January 1, 1989.

1988

1989

\$

\$

The salary increase for a position listed in Minnesota Statutes, section 15A.081, subdivision 1, must not be more than the average negotiated increase for state employees in the classified service.

Within the provisions of the managerial plan approved under Minnesota Statutes, section 43A.18, an agency may not authorize aggregate performance increases for its managers that exceed an average of four percent in each year of the biennium ending June 30, 1991. A salary increase given in a lump sum is included within this limit. If an agency has fewer than three managers, it may exceed this average by one percent.

The metropolitan council or a metropolitan commission or board may not authorize aggregate performance increases for its managers that exceed an average of four percent in each year of the biennium ending June 30, 1991. A salary increase given in a lump sum is included within this limit. If an agency has fewer than three managers, it may exceed this average by one percent.

Subd. 3. Notice

During the biennium, the commissioner of finance shall transfer the necessary amounts to the proper accounts and shall promptly notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount transferred to each appropriation account.

Sec. 44. GENERAL CONTINGENT ACCOUNTS

675,000

675,000

The appropriation from the general fund is only available to the extent that the unreserved fund balance of the gen-

1988 1989

\$ \$

eral fund on July 1, 1989, is greater than was estimated at the time this act was enacted.

The appropriations in this section must be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund

General	\$250,000	\$250,000		
Highway User	\$125,000	\$125,000		
Trunk Highway	\$200,000	\$200,000		
Workers' Comp.	\$100,000	\$100,000		
Sec. 45. TORT CLAIMS			919,000	919,000

To be spent by the commissioner of finance.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund

General	\$303,000	\$303,000		
Game and Fish	\$ 16,000	\$ 16,000		
Trunk Highway	\$600,000	\$600,000		
Sec. 46. MINNESOTA STATE RETIREMENT SYSTEM			7,943,000	8,468,000

	1988	1989
	\$	\$

The amounts estimated to be needed for each program are as follows:

(a) Legislators

\$2,258,000	\$2,371,000
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Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.11.

(b) Judges

\$5,500,000	\$5,900,000
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Under Minnesota Statutes, sections 490.106; and 490.123, subdivision 1.

(c) Constitutional Officers

\$168,000	\$180,000
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Under Minnesota Statutes, sections 352C.031, subdivision 5; 352C.04, subdivision 3; and 352C.09, subdivision 2.

(d) State Employee Supplemental Benefits

\$17,000	\$17,000
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Under Minnesota Statutes, section 352.73.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 47. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

14,000	14,000
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This appropriation is for supplemental benefits under Minnesota Statutes, section 353.83.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

	1988	1989
	\$	\$
Sec. 48. MINNEAPOLIS EMPLOYEES RETIREMENT FUND	10,415,000	10,475,000

The appropriation is to the commissioner of finance for payment to the Minneapolis employees retirement fund under Minnesota Statutes, section 422A.101, subdivision 3.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 49. POSTRETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS FUND	773,000	773,000
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This appropriation is for payment to the Minneapolis employees retirement fund for postretirement adjustments.

Sec. 50. POLICE AND FIRE AMORTIZATION AID	4,517,000	4,517,000
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The appropriation is to the commissioner of revenue for state aid to amortize the unfunded liability of local police and salaried firefighters' relief associations, under Minnesota Statutes, section 423A.02. If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

The reduction in amortization aid for police and fire relief associations is the result of changes in interest and income assumptions for police and fire relief association funds in cities of the first class with over 300,000 population. Amortization aid shall be distributed for all other police and fire relief associations in the normal manner.

Sec. 51. [TRANSFERS.]

Subdivision 1. [GENERAL PROCEDURE.] If the appropriation in this act to an agency in the executive branch is specified by

program, the agency may transfer unencumbered balances among the programs specified in that section after getting the approval of the commissioner of finance. The commissioner shall not approve a transfer unless the commissioner believes that it will carry out the intent of the legislature. The transfer must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives. If the appropriation in this act to an agency in the executive branch is specified by activity, the agency may transfer unencumbered balances among the activities specified in that section using the same procedure as for transfers among programs.

Subd. 2. [CONSTITUTIONAL OFFICERS.] A constitutional officer need not get the approval of the commissioner of finance but must notify the committee on finance of the senate and the committee on appropriations of the house of representatives before making a transfer under subdivision 1.

Subd. 3. [TRANSFER PROHIBITED.] If an amount is specified in this act for an item within an activity, that amount must not be transferred or used for any other purpose.

Sec. 52. Minnesota Statutes 1988, section 3.099, subdivision 3, is amended to read:

Subd. 3. [LEADERS.] The senate committee on rules and administration for the senate and the house committee on rules and legislative administration for the house may each designate for their respective body up to three leadership positions to receive up to 140 percent of the compensation of other members.

At the commencement of each biennial legislative session, each house of the legislature shall adopt a resolution designating its majority and minority leader.

The majority leader is the person elected by the caucus of members in each house which is its largest political affiliation. The minority leader is the person elected by the caucus which is its second largest political affiliation.

Sec. 53. Minnesota Statutes 1988, section 13.33, is amended to read:

13.33 [ELECTED OFFICIALS; CORRESPONDENCE AND TELEPHONE RECORDS; PRIVATE DATA.]

Correspondence and records of telephone calls between individuals and elected officials is are private data on individuals, but may be made public by either the sender, caller, or the recipient.

Sec. 54. Minnesota Statutes 1988, section 15.06, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] This section applies to the following departments or agencies: the departments of administration, agriculture, commerce, corrections, jobs and training, education, employee relations, trade and economic development, finance, health, human rights, labor and industry, natural resources, public safety, public service, human services, revenue, transportation, and veterans affairs; the housing finance, state planning, and pollution control agencies; the office of commissioner of iron range resources and rehabilitation; the bureau of mediation services; and their successor departments and agencies. The heads of the foregoing departments or agencies are "commissioners:", except for the department of trade and economic development where the head of the department is the deputy commissioner for community development and the department of veterans affairs where the head of the department is the deputy commissioner for veteran services.

Sec. 55. Minnesota Statutes 1988, section 15.50, subdivision 2, is amended to read:

Subd. 2. (a) The board shall prepare, prescribe, and from time to time amend a comprehensive use plan for the capitol area, herein called the area which shall initially consist of that portion of the city of Saint Paul comprehended within the following boundaries: Beginning at the point of intersection of the centerline of the Arch-Pennsylvania freeway and the centerline of Marion Street, thence southerly along the centerline of Marion Street extended to the south line of the right-of-way of Interstate Highway 94, a point 50 feet south of the south line of Concordia Avenue, thence easterly southeasterly along a line extending 50 feet from the south line to the centerline of Concordia Avenue to a point 125 feet from the west line of John Ireland Boulevard, thence southwesterly along a line extending 125 feet from the centerline west line of John Ireland Boulevard to the south line of Dayton Avenue, thence northeasterly from the south line of Dayton Avenue to the west line of John Ireland Boulevard, thence northeasterly to the centerline of the junction of Dayton Avenue, Kellogg Boulevard, the intersection of Old Kellogg Boulevard and Summit Avenue, thence easterly along the centerline of Summit Avenue to the centerline of Sixth Street, thence southeasterly along the centerline of Sixth Street to the centerline of College Avenue, thence northeasterly along the centerline of College Avenue extended to the centerline of Rice Street, thence northwesterly along the centerline of Rice Street to the centerline of Summit Avenue, thence northerly along a line extended to the north line of the right-of-way of Interstate Highway 94, thence easterly along the north line to thence northeasterly along the centerline of Summit Avenue to the south line of the right-of-way of the Fifth Street ramp, thence southeasterly along the right-of-way of the Fifth Street ramp to the east line of the

right-of-way of Interstate Highway 35-E, thence northeasterly along the east line of the right-of-way of Interstate Highway 35-E to the south line of the right-of-way of Interstate Highway 94, thence easterly along the south line of the right-of-way of Interstate Highway 94 to the west line of St. Peter Street, thence southerly to the south line of Eleventh Street, thence easterly along the south line of Eleventh Street to the centerline west line of Cedar Street, thence southeasterly along the centerline west line of Cedar Street to the centerline of Tenth Street, thence northeasterly along the centerline of Tenth Street to the centerline of Minnesota Street, thence northwesterly along the centerline of Minnesota Street to the centerline of Eleventh Street, thence northeasterly along the centerline of Eleventh Street to the centerline of Jackson Street, thence northwesterly along the centerline of Jackson Street to the centerline of the Arch-Pennsylvania freeway extended, thence westerly along the centerline of the Arch-Pennsylvania freeway extended and Marion Street to the point of origin. Pursuant to the comprehensive plan, or any portion thereof, the board may regulate, by means of zoning rules adopted pursuant to the administrative procedure act, the kind, character, height, and location, of buildings and other structures constructed or used, the size of yards and open spaces, the percentage of lots that may be occupied, and the uses of land, buildings and other structures, within the area. To protect and enhance the dignity, beauty and architectural integrity of the capitol area, the board is further empowered to include in its zoning rules design review procedures and standards with respect to any proposed construction activities in the capitol area significantly affecting the dignity, beauty and architectural integrity of the area. No person shall undertake these construction activities as defined in the board's rules in the capitol area without first submitting construction plans to the board, obtained a zoning permit from the board and received a written certification from the board specifying that the person has complied with all design review procedures and standards. Violation of the zoning rules is a misdemeanor. The board may, at its option, proceed to abate any violation by injunction. The board and the city of St. Paul shall cooperate in assuring that the area adjacent to the capitol area is developed in a manner that is in keeping with the purpose of the board and the provisions of the comprehensive plan.

(b) The commissioner of administration shall act as a consultant to the board with regard to the physical structural needs of the state. The commissioner shall make studies and report the results to the board when they request reports for their planning purpose.

(c) No public building, street, parking lot, or monument, or other construction shall be built or altered on any public lands within the area unless the plans for the same conforms to the comprehensive use plan as specified in clause (d) and to the requirement for competitive plans as specified in clause (e). No alteration substantially changing the external appearance of any existing public

building approved in the comprehensive plan or the exterior or interior design of any proposed new public building the plans for which were secured by competition under clause (e), may be made without the prior consent of the board. The commissioner of administration shall consult with the board regarding internal changes having the effect of substantially altering the architecture of the interior of any proposed building.

(d) The comprehensive plan shall show the existing land uses and recommend future uses including: areas for public taking and use; zoning for private land and criteria for development of public land, including building areas and open spaces; vehicular and pedestrian circulation; utilities systems; vehicular storage; elements of landscape architecture. No substantial alteration or improvement shall be made to public lands or buildings in the area save with the written approval of the board.

(e) The board shall secure by competitions, plans for any new public building. Plans for any comprehensive plan, landscaping scheme, street plan, or property acquisition, which may be proposed, or for any proposed alteration of any existing public building, landscaping scheme or street plan may be secured by a similar competition. Such competition shall be conducted under rules prescribed by the board and may be of any type which meets the competition standards of the American Institute of Architects. Designs selected shall become the property of the state of Minnesota and the board may award one or more premiums in each such competition and may pay such costs and fees as may be required for the conduct thereof. At the option of the board, plans for projects estimated to cost less than \$1,000,000 may be approved without competition provided such plans have been considered by the advisory committee described in clause (f). Plans for projects estimated to cost less than \$400,000 and for construction of streets need not be considered by the advisory committee if in conformity with the comprehensive plan.

(f) The board shall not adopt any plan under clause (e) unless it first receives the comments and criticism of an advisory committee of three persons, each of whom is either an architect or a planner, who have been selected and appointed as follows: one by the board of the arts, one by the board, and one by the Minnesota Society of the American Institute of Architects. Members of the committee shall not be contestants under clause (e). The comments and criticism shall be a matter of public information. The committee shall advise the board on all architectural and planning matters. For that purpose:

(1) the committee shall be kept currently informed concerning, and have access to, all data, including all plans, studies, reports and proposals, relating to the area as the same are developed or in the process of preparation whether by the commissioner of administra-

tion, the deputy commissioner of trade and economic development for community development, the metropolitan council, the city of Saint Paul, or by any architect, planner, agency or organization, public or private, retained by the board or not retained and engaged in any work or planning relating to the area. A copy of any such data prepared by any public employee or agency shall be filed with the board promptly upon completion;

(2) the board may employ such stenographic or technical help as may be reasonable to assist the committee to perform its duties;

(3) when so directed by the board, the committee may serve as, and any member or members thereof may serve on, the jury or as professional advisor for any architectural competition. The board shall select the architectural advisor and jurors for any competition with the advice of the committee; and

(4) the city of St. Paul shall advise the board.

(g) The comprehensive plan for the area shall be developed and maintained in close cooperation with the deputy commissioner of trade and economic development for community development and the planning department and the council for the city of Saint Paul and the board of the arts, and no such plan or amendment thereof shall be effective without 90 days' notice to the planning department of the city of Saint Paul and the board of the arts.

(h) The board and the commissioner of administration jointly, shall prepare, prescribe, and from time to time revise standards and policies governing the repair, alteration, furnishing, appearance and cleanliness of the public and ceremonial areas of the state capitol building. Pursuant to this power, the board shall consult with and receive advice from the director of the Minnesota state historical society regarding the historic fidelity of plans for the capitol building. The standards and policies developed as herein provided shall be binding upon the commissioner of administration. The provisions of sections 14.02, 14.04 to 14.36, 14.38, and 14.44 to 14.45 shall not apply to this clause.

(i) The board in consultation with the commissioner of administration shall prepare and submit to the legislature and the governor no later than October 1 of each even-numbered year a report on the status of implementation of the comprehensive plan together with a program for capital improvements and site development, and the commissioner of administration shall provide the necessary cost estimates for the program.

(j) The state shall, by the attorney general upon the recommendation of the board and within appropriations available for that purpose, acquire by gift, purchase or eminent domain proceedings any real property situated in the area described in this section and

it shall also have the power to acquire an interest less than a fee simple interest in the property, if it finds that it is needed for future expansion or beautification of the area.

(k) The board is the successor of the state veterans' service building commission, and as such may adopt rules and may reenact the rules adopted by its predecessor under Laws 1945, chapter 315, and acts amendatory thereof.

(l) The board shall meet at the call of the chair and at such other times as it may prescribe.

(m) The commissioner of administration shall assign quarters in the state veterans service building to (1) the department of veterans affairs of which such part as the commissioner of administration and deputy commissioner of veterans affairs for veterans services may mutually determine shall be on the first floor above the ground and (2) the American Legion, Veterans of Foreign Wars, Disabled American Veterans, Military Order of the Purple Heart, United Spanish War Veterans, and Veterans of World War I, and their auxiliaries, incorporated, or when incorporated, under the laws of the state, and (3) as space becomes available to such other state departments and agencies as the commissioner may deem desirable.

Sec. 56. Minnesota Statutes 1988, 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;

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 public safety;

~~Commissioner of trade and economic development;~~

Chair, waste management board;

Chief administrative law judge; office of administrative hearings;

Commissioner, pollution control agency;

Commissioner, state planning agency;

Deputy commissioner of trade and economic development for community development;

Executive director, 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;

Deputy commissioner of veterans affairs for veteran services;

Member, transportation regulation board;

Ombudsman for corrections;

Ombudsman for mental health and retardation.

Sec. 57. Minnesota Statutes 1988, section 16A.10, subdivision 1, is amended to read:

Subdivision 1. [BY MAY 1 AND SEPTEMBER 1.] Each even-numbered calendar year the commissioner shall prepare the budget for all agencies, subject to the approval of the governor. The commissioner shall consult with the chairs of the senate finance committee and house of representatives appropriations committee, as well as their respective division chairs, before adopting a format for the biennial budget document. By May 1, the commissioner shall send the proposed budget forms to the appropriations and finance committees and receive. The committees have until June 1 to give the commissioner their advisory recommendations on possible improvements. By September 1, the commissioner shall send each agency enough forms to make its budget estimates. The forms must show actual expenditures and receipts for the two most recent fiscal years, estimated expenditures and receipts for the current fiscal

year, and estimates for each fiscal year of the next biennium, and an estimated appropriation balance at the end of the current fiscal year. Estimated expenditures must be classified by funds and character of expenditures and may be subclassified by programs and activities. Agency revenue estimates must show how the estimates were made and what factors were used. Receipts must be classified by funds, programs, and activities. Expenditure and revenue estimates must be based on the law in existence at the time the estimates are prepared.

Sec. 58. Minnesota Statutes 1988, section 16A.123, is amended by adding a subdivision to read:

Subd. 5. [DEPARTMENT OF NATURAL RESOURCES COMPLEMENT.] (a) Beginning with the biennium ending June 30, 1991, the legislature shall establish complements for the department of natural resources based on the number of full-time equivalent positions and dollars appropriated for salary-related expenditures.

The commissioner of natural resources shall provide a biennial report indicating the distribution of the full-time equivalents for the previous biennium as a supplement to the agency's biennial budget request for succeeding bienniums. The biennial budget document submitted to the legislature by the governor beginning with the 1992-1993 biennium shall indicate, by activity, the number of full-time equivalent positions included as base level and recommended changes. The governor's salary requests for the agency shall include all full-time, part-time, and seasonal dollars requested. Any change level request submitted to the legislature for consideration by the governor as part of the governor's biennial budget containing funding for salaries shall indicate the number of additional full-time equivalent positions and salary dollars requested.

Within the full-time equivalent number and amount of salary dollars appropriated for the department, the commissioner shall have the authority to establish as many full-time, part-time, or seasonal positions as required to accomplish the assigned responsibilities for the department. The commissioner shall have the authority to reallocate salary dollars for other operating expenses, but the commissioner shall not have authority to reallocate other operating funds to increase the total amount appropriated for salary-related expenses, including salary supplement, without receiving prior approval according to the process defined in this subdivision.

In the event that the commissioner finds it necessary to exceed the full-time equivalent number or the amount of appropriated dollars and the legislature is not in session, the commissioner shall seek approval of the legislative advisory commission under subdivision 4. Legislative advisory commission approved full-time equivalent po-

sitions and dollars shall not become a part of the agency budget base unless authorized by the legislature.

(b) This subdivision does not apply to emergency firefighting crews. Subdivisions 1, 2, and 3 do not apply to the department of natural resources.

Sec. 59. Minnesota Statutes 1988, section 16A.133, subdivision 1, is amended to read:

Subdivision 1. [~~CREDIT UNION; ORGANIZATION; COMPANY PAYROLL DIRECT DEPOSIT AND DEDUCTIONS.~~] An agency head may, with in the executive, judicial, and legislative branch may, upon the written request of signed by an employee, directly deposit all or part of an employee's pay in any credit union or financial institution, as defined in section 47.015, designated by the employee. An agency head may, upon written request of an employee, deduct from the pay of the employee a requested amount to be paid to any state employees' credit union, or the Minnesota benefit association, or to any organization contemplated by section 179A.06, of which the employee is a member, or to a company that has contracted to insure the employee for the medical costs of cancer or intensive care. If an employee is a member of or has accounts with more than one such credit union or financial institution or more than one such organization under section 179A.06, or is insured by more than one company, only one credit union or financial institution and one organization and one company may be paid money by direct deposit or by payroll deduction from the employee's pay. No deduction may be made from the salary of an employee for payment to a credit union or organization or company unless 100 employees request deductions for payment to the credit union or organization or company. The 100 employee minimum does not apply to credit unions and organizations which received authorized payroll deduction payments on June 5, 1971.

Sec. 60. Minnesota Statutes 1988, section 16B.24, subdivision 6, is amended to read:

Subd. 6. [~~PROPERTY RENTAL.~~] (a) [~~LEASES.~~] The commissioner shall rent land and other premises when necessary for state purposes. The commissioner may lease land or premises for five years or less, subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use. The commissioner may not rent non-state-owned land and buildings or substantial portions of land or buildings within the capitol area as defined in section 15.50 unless the commissioner first consults with the capitol area architectural and planning board. If the commissioner enters into a lease-purchase agreement for buildings or substantial portions of buildings within the capitol area, the commissioner shall require that any new construction of non-state-owned buildings conform to design guidelines of the capitol area

architectural and planning board. Lands needed by the department of transportation for storage of vehicles or road materials may be rented for five years or less, such leases for terms over two years being subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use.

(b) [USE VACANT PUBLIC SPACE.] No agency may initiate or renew a lease for space for its own use in a private building unless the commissioner has thoroughly investigated presently vacant space in public buildings, such as closed school buildings, and found that none is available.

(c) [PREFERENCE FOR CERTAIN BUILDINGS.] For needs beyond those which can be accommodated in state-owned buildings, the commissioner shall acquire and utilize space in suitable buildings of historical, architectural, or cultural significance for the purposes of this subdivision unless use of that space is not feasible, prudent and cost effective compared with available alternatives. Buildings are of historical, architectural, or cultural significance if they are listed on the national register of historic places, designated by a state or county historical society, or designated by a municipal preservation commission.

(d) [RECYCLING SPACE.] Leases for space of 30 days or more for 5,000 square feet or more must require that space be provided for recyclable materials.

Sec. 61. [16B.465] [STATEWIDE TELECOMMUNICATIONS ACCESS ROUTING SYSTEM.]

Subdivision 1. [CREATION.] The statewide telecommunications access routing system provides voice, data, video, and other telecommunications transmission services to state agencies, educational institutions, public corporations, and state political subdivisions. It is not a telephone company for purposes of chapter 237. It shall not resell or sublease any services or facilities to nonpublic entities. The commissioner has the responsibility for planning, development, and operations of a statewide telecommunications access routing system in order to provide cost-effective telecommunications transmission services to system users.

Subd. 2. [ADVISORY COUNCIL.] The statewide telecommunications access routing system is managed by the commissioner. Subject to section 15.059, subdivisions 1 to 4, the commissioner shall appoint an advisory council to provide assistance in implementing a statewide telecommunications access routing system. The council consists of:

(1) one member appointed by the higher education advisory council established by section 136A.02, subdivision 6;

(2) the system heads, or their designees, of the University of Minnesota, the state university system, the community colleges system, and the board of vocational technical education; and

(3) five members appointed by the governor or the governor's designee or designees, four of whom must be agency heads or their designees or representatives of political subdivisions.

No member of the advisory council may be a vendor of telecommunications equipment or services or an employee or representative of a vendor.

Subd. 3. [DUTIES.] The commissioner, after consultation with the council, shall:

(1) provide voice, data, video, and other telecommunications transmission services to the state and to political subdivisions through the statewide telecommunications access routing system revolving fund;

(2) appoint a chief executive officer of the system to serve in the unclassified service;

(3) manage vendor relationships, network function, and capacity planning in order to be responsive to the needs of the system users;

(4) set rates and fees for services;

(5) approve contracts relating to the system; and

(6) develop the system plan, including plans for the phasing of its implementation and maintenance of the initial system, and the annual program and fiscal plans for the system.

Subd. 4. [RULES.] The commissioner shall adopt rules for the operation of this program. The rules must require participation of state agencies and higher education institutions in the network to provide interconnective technologies. The commissioner shall establish reimbursement rates in cooperation with the commissioner of the department of finance to be billed to participating agencies and educational institutions sufficient to cover the operating, maintenance, and administrative costs of the system.

Subd. 5. [REVOLVING ACCOUNT.] The statewide telecommunications access routing system revolving account is a separate account for the department of administration in the state treasury for the receipt of and payment of funds for the statewide telecommunications access routing system established in subdivision 1. Money appropriated to the account and fees for communications services provided by the statewide telecommunications access rout-

ing system must be deposited in the account. Money in the account is appropriated annually to the commissioner to operate the state-wide telecommunications access routing system.

Subd. 6. [EXEMPTION.] The system is exempt from the five-year limitation on contracts set by section 16B.07, subdivision 2.

Sec. 62. Minnesota Statutes 1988, section 16B.61, subdivision 5, is amended to read:

Subd. 5. [ACCESSIBILITY.] (a) [PUBLIC BUILDINGS.] The code must provide for making public buildings constructed or remodeled after July 1, 1963, accessible to and usable by physically handicapped persons, although this does not require the remodeling of public buildings solely to provide accessibility and usability to the physically handicapped when remodeling would not otherwise be undertaken.

(b) [LEASED SPACE.] No agency of the state may lease space for agency operations in a non-state-owned building unless the building satisfies the requirements of the state building code for accessibility by the physically handicapped, or is eligible to display the state symbol of accessibility. This limitation applies to leases of 30 days or more for space of at least 1,000 square feet.

(c) [MEETINGS OR CONFERENCES.] Meetings or conferences for the public or for state employees which are sponsored in whole or in part by a state agency must be held in buildings that meet the state building code requirements relating to accessibility for physically handicapped persons. This subdivision does not apply to any classes, seminars, or training programs offered by a state university, the University of Minnesota, or a state community college. Meetings or conferences intended for specific individuals none of whom need the accessibility features for handicapped persons specified in the state building code need not comply with this subdivision unless a handicapped person gives reasonable advance notice of an intent to attend the meeting or conference. When sign language interpreters will be provided, meetings or conference sites must be chosen which allow hearing impaired participants to see their signing clearly.

(d) [EXEMPTIONS.] The commissioner may grant an exemption from the requirements of paragraphs (b) and (c) in advance if an agency has demonstrated that reasonable efforts were made to secure facilities which complied with those requirements and if the selected facilities are the best available for access for handicapped persons. Exemptions shall be granted using criteria developed by the commissioner in consultation with the council on disability.

(e) [SYMBOL INDICATING ACCESS.] The wheelchair symbol adopted by Rehabilitation International's Eleventh World Congress is the state symbol indicating buildings, facilities, and grounds

which are accessible to and usable by handicapped persons. In the interests of uniformity, this symbol in its white on blue format is the sole symbol for display in or on all public or private buildings, facilities, and grounds which qualify for its use. The secretary of state shall obtain the symbol and keep it on file. No building, facility, or grounds may display the symbol unless it is in compliance with the rules adopted by the commissioner under subdivision 1. Before any rules are proposed for adoption under this paragraph, the commissioner shall consult with the council on disability. Rules adopted under this paragraph must be enforced in the same way as other accessibility rules of the state building code.

(f) [MUNICIPAL ENFORCEMENT.] Municipalities which have not adopted the state building code may enforce the building code requirements for handicapped persons by either entering into a joint powers agreement for enforcement with another municipality which has adopted the state building code; or contracting for enforcement with an individual certified under section 16B.65, subdivision 3, to enforce the state building code.

(g) [EQUIPMENT ALLOWED.] The code must allow the use of inclined wheelchair lifts, inclined stairway wheelchair lifts, and inclined stairway chair lifts in public buildings. An inclined stairway wheelchair lift and an inclined stairway chair lift must be equipped with light and sound signaling devices for use during operation of the lift. The stairway or ramp must be marked in a bright color that clearly indicates the outside edge of the lift when in operation. The code must not require a guardrail between the lift and the stairway or ramp. Compliance with this provision by itself does not mean other handicap accessibility requirements have been met.

Sec. 63. Minnesota Statutes 1988, section 43A.17, subdivision 1, is amended to read:

Subdivision 1. [SALARY LIMITS.] As used in subdivisions 1 to 8, "salary" means hourly, monthly, or annual rate of pay including any lump-sum payments and cost-of-living adjustment increases but excluding payments due to overtime worked, shift or equipment differentials, work out of class as required by collective bargaining agreements or plans established under section 43A.18, and back pay on reallocation or other payments related to the hours or conditions under which work is performed rather than to the salary range or rate to which a class is assigned.

The salary, as established in section 15A.081, of the head of a state agency in the executive branch is the upper limit of compensation in the agency, except for the department of trade and economic development and the department of veterans affairs where the salaries for the deputy commissioner for community development and the deputy commissioner for veteran services are the upper

limit of compensation. The salary of the commissioner of labor and industry is the upper limit of compensation of employees in the bureau of mediation services. However, if an agency head is assigned a salary that is lower than the current salary of another agency employee, the employee retains the salary, but may not receive an increase in salary as long as the salary is above that of the agency head. The commissioner may grant exemptions from these upper limits as provided in subdivisions 3 and 4.

Sec. 64. Minnesota Statutes 1988, section 84.0272, is amended to read:

84.0272 [PROCEDURE IN ACQUIRING LANDS.]

When the commissioner of natural resources is authorized to acquire lands or interests in lands the procedure set forth in this section shall apply. The commissioner of natural resources shall first prepare a fact sheet showing the lands to be acquired, the legal authority for their acquisition, and the qualities of the land that make it a desirable acquisition. The commissioner of natural resources shall cause the lands to be appraised. An appraiser shall before entering upon the duties of office take and subscribe an oath to faithfully and impartially discharge the duties as appraiser according to the best of the appraiser's ability and that the appraiser is not interested directly or indirectly in any of the lands to be appraised or the timber or improvements thereon or in the sale thereof and has entered into no agreement or combination to purchase the same or any part thereof, which oath shall be attached to the report of the appraisal. The commissioner of natural resources may pay less than the appraised value, but shall not agree to pay more than the appraised value, except that if the commissioner pays less than the appraised value for a parcel of land, the difference between the purchase price and the appraised value may be used to apply to purchases at more than the appraised value. The sum of accumulated differences between appraised amounts and purchases for more than the appraised amount may not exceed the sum of accumulated differences between appraised amounts and purchases for less than the appraised amount. New appraisals may be made at the discretion of the commissioner of natural resources.

Sec. 65. Minnesota Statutes 1988, section 84.0274, is amended by adding a subdivision to read:

Subd. 8. [EXCEPTION FOR RAILROAD RIGHT-OF-WAY ACQUISITIONS.] This section does not apply to acquisition of an abandoned railroad right-of-way by the commissioner from a railroad, railroad holding company, or similar entity.

Sec. 66. Minnesota Statutes 1988, section 84.084, is amended to read:

84.084 [TRANSFER OF FUNDS.]

Subdivision 1. The commissioner may authorize the performance of services for any division by any other division or by the department staff, and, with the approval of the commissioner of administration, may require appropriate transfers of funds to compensate for the cost of such service.

Subd. 2. A department of natural resources professional services support account is created in the special revenue fund. The costs of support services provided by this account must be reimbursed by billings to the various programs based on services provided. Reimbursements must be credited to this account and this money is appropriated to the commissioner to provide professional services support. This account is exempted from statewide and agency indirect cost payments.

Sec. 67. [84.0921] [EURASIAN WATER MILFOIL EDUCATION AND MANAGEMENT.]

Subdivision 1. [DEFINITION.] For the purpose of this section, "Eurasian water milfoil" means *myriophyllum spicatum*.

Subd. 2. [INVENTORY.] The commissioner of natural resources shall inventory and monitor the growth of Eurasian water milfoil on lakes in the state. The commissioner may use volunteers to aid in the inventory effort.

Subd. 3. [EDUCATION.] The commissioner shall publish and distribute informational materials to lakeshore owners and boaters on the control problems of Eurasian water milfoil.

Subd. 4. [MANAGEMENT.] The commissioner shall coordinate a control program to manage the growth of Eurasian water milfoil with appropriate local units of government, special purpose districts, and lakeshore associations. Technical assistance may be provided by the commissioner upon request.

Subd. 5. [RESEARCH.] The commissioner shall initiate cooperative research with the Freshwater Foundation and the University of Minnesota freshwater biological institute to study the use of non-chemical methods, including biological control agents, for control of Eurasian water milfoil.

Sec. 68. [84.98] [MINNESOTA CONSERVATION CORPS.]

Subdivision 1. [ESTABLISHMENT.] The Minnesota conservation corps is established and is under the supervision of the commissioner of natural resources.

Subd. 2. [PLAN.] (a) The commissioner of natural resources shall develop a plan for the Minnesota conservation corps to provide:

(1) equal opportunities of employment for youths with preference given to youths who are economically, socially, physically, or educationally disadvantaged and youths residing in areas of substantial unemployment;

(2) equal opportunity for female and male youths;

(3) summer youth programs and year-round young adult programs;

(4) ways in which exclusive bargaining representatives are to be involved in regard to the planning and implementation of positions and job duties of persons employed in projects;

(5) methods for coordinating the programs of the Minnesota conservation corps with other publicly authorized or subsidized programs in cooperation with the commissioners of education and jobs and training, the governor's job training council, and other state and local youth service and education entities;

(6) programs for participants to be assisted in gaining employment or training upon completing the projects, including, where feasible, in cooperation with the department of jobs and training and educational agencies, arranging for career assessment and planning services designed to enhance participant transition from the Minnesota conservation corps to future employment or education;

(7) a remedial education component utilizing, as resources permit and where feasible, the services of the department of jobs and training and educational agencies including instruction in life skills and basic remedial skills for participants who are deficient in the skills or who have not completed high school;

(8) the manner of allocating the services of Minnesota conservation corps members to the various divisions of the department of natural resources, to other state, local, and federal governmental conservation and natural resource managers, and to federally recognized Indian tribes or bands;

(9) standards of conduct and other operating guidelines for Minnesota conservation corps members; and

(10) a determination of preference for projects that will provide long-term benefits to the public, will provide productive work and public service experience to Minnesota conservation corps members, will be primarily labor intensive, and will provide a significant return on taxpayer investment.

(b) The commissioner shall establish the plan notwithstanding chapters 3 and 14.

Subd. 3. [CRITERIA FOR DETERMINING ECONOMIC, SOCIAL, PHYSICAL, OR EDUCATIONAL DISADVANTAGE.] (a) The criteria for determining economic, social, physical, or educational disadvantage shall be determined as provided in this subdivision.

(b) Economically disadvantaged are persons who meet the criteria for disadvantaged established by the department of jobs and training or person receiving services provided by the department of human services such as welfare payments, food stamps, and aid to families with dependent children.

(c) Socially disadvantaged are persons who have been classified as persons in need of supervision by the court system.

(d) Physically disadvantaged are persons who have been identified as having special needs by public agencies that deal with employment for the disabled.

(e) Educationally disadvantaged are persons who have dropped out of school or are at risk of dropping out of school and persons with learning disabilities or in need of special education classes.

Subd. 4. [REQUIREMENTS FOR ELIGIBILITY FOR ENROLLMENT IN THE CORPS.] A person is eligible to enroll in the Minnesota conservation corps if the person is:

(1) a permanent resident of the state;

(2) unemployed or underemployed;

(3) at least age 15, but not older than age 26 years;

(4) free from medical or behavioral problems that would render an individual unable to adjust to the standards, discipline, or requirements of the corps; and

(5) in the young adult program, the person must have a high school diploma or equivalent, or agree to work towards a high school diploma or equivalent while participating in the program.

Subd. 5. [CORPS MEMBER STATUS.] Minnesota conservation corps members are not eligible for unemployment compensation or other benefits except workers' compensation, and are not employees of the state within the meaning of section 43A.02, subdivision 21.

Subd. 6. [FEES.] The commissioner may charge a fee for any service performed by the Minnesota conservation corps.

Subd. 7. [LIMITATIONS ON MINNESOTA CONSERVATION CORPS PROJECTS.] Each employing agency must certify that the assignment of Minnesota conservation corps members will not result in the displacement of currently employed workers or workers on seasonal layoff or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits. Supervising agencies that participate in the program may not terminate, lay off, reduce the seasonal hours, or reduce the working hours of any employee for the purpose of using a corps member with available funds. The positions and job duties of persons employed in projects shall be submitted to affected exclusive representatives prior to actual assignment.

Subd. 8. [EXPENDITURE OF CORPS FUNDS.] The commissioner shall allocate money received for Minnesota conservation corps work projects. An appropriation from a special revenue fund or account to the commissioner for Minnesota conservation corps programs must be spent for projects that are consistent with the purposes of the fund or account from which the appropriation was made.

Sec. 69. [84.99] [WORK CREWS; ALLOCATION OF FUNDS.]

The commissioner of natural resources is authorized to provide work crews to the 14 forested counties that operate land departments under chapter 282. Any money appropriated for these crews must be used for forestry-related programs using participants of the Minnesota conservation corps.

The money must be apportioned to the counties in the proportion that each county's managed commercial forest land is to the managed commercial forest land in all 14 counties. If a county does not use all of its share, the commissioner shall reallocate the balance to those of the 14 counties whose Minnesota conservation corps program was not fully supported by the first allocation for either year. The reallocation must be based on the proportion that commercial forest lands in each county to receive the reallocated money is to the managed commercial forest land in all of the counties receiving a reallocation.

Sec. 70. Minnesota Statutes 1988, section 85A.01, subdivision 1, is amended to read:

Subdivision 1. The Minnesota zoological garden is established under the supervision and control of the Minnesota zoological board. The board consists of 30 ~~public and private sector~~ members ~~having who are members of a zoological society or who have shown a background or interest in zoological such societies or in zoo management or have shown an ability to generate community interest in the Minnesota zoological garden. Fourteen~~ Fifteen members shall

be appointed by the board after consideration of a list supplied by board members serving on a nominating committee, and 15 members shall be appointed by the governor. One member of the board must be a resident of Dakota county and shall be appointed after consideration of the recommendation of the Dakota county board. Board appointees shall not be subject to the advice and consent of the senate.

To the extent possible, the board and governor shall appoint members who are residents of the various geographic regions of the state. Terms, compensation, and removal of members are as provided in section 15.0575. In making appointments, the governor and board shall utilize the appointment process as provided under section 15.0597 and consider, among other factors, the ability of members to garner support for the Minnesota zoological garden. One member shall be appointed by the Dakota county board who must be a resident of Dakota county and who may be a member of the county board.

A member of the board may not be an employee of or have a direct or immediate family financial interest in a business that provides goods or services to the zoo. A member of the board may not be an employee of the zoo.

Sec. 71. Minnesota Statutes 1988, section 85A.01, subdivision 5, is amended to read:

Subd. 5. Members of the board are ~~not required to~~ shall file a statement of economic interest with the state ethical practices board under section 10A.09.

Sec. 72. Minnesota Statutes 1988, section 85A.02, subdivision 2, is amended to read:

Subd. 2. The board shall acquire, construct, equip, operate and maintain the Minnesota zoological garden at a site in Dakota county legally described in Laws 1975, chapter 382, section 12. The zoological garden shall consist of adequate facilities and structures for the collection, habitation, preservation, care, exhibition, examination or study of wild and domestic animals, including, but not limited to mammals, birds, fish, amphibians, reptiles, crustaceans and mollusks. The board may provide such lands, buildings and equipment as it deems necessary for parking, transportation, entertainment, education or instruction of the public in connection with such zoological garden. The board shall, if practical, maintain facilities at the zoological garden to accommodate overnight groups of visitors from the nonmetropolitan area.

Sec. 73. Minnesota Statutes 1988, section 85A.02, subdivision 5, is amended to read:

Subd. 5. The board may accept and use gifts, grants or contributions from any nonstate source. Unless otherwise restricted by the terms of a gift or bequest, the board may sell, exchange, or otherwise dispose of, and invest or reinvest the money, securities, or other property given or bequeathed to it from nonstate sources. The principal of these funds, the income from them, and all other revenues received by it from any nonstate source must be placed in the depositories the board determines and is subject to expenditure for the board's purposes, except that expenditures of \$10,000 or more must be approved by the full board. Any additional operating expenses incurred by virtue of capital development projects must be paid for with funds other than state appropriations.

Sec. 74. Minnesota Statutes 1988, section 85A.02, subdivision 5a, is amended to read:

Subd. 5a. [EMPLOYEES.] (a) The board governor, after consideration of a list supplied by the board, shall appoint an the administrator who shall serve as the executive secretary and principal administrative officer of the board and, subject to its approval, the administrator shall operate the Minnesota zoological garden and enforce all rules and policy decisions of the board. The administrator must be chosen solely on the basis of training, experience, and other qualifications appropriate to the field of zoo management and development. The governor, after consideration of a recommendation by the board, shall set the compensation for of the administrator within the limits established for the commissioner of agriculture in section 15A.081, subdivision 1. The administrator shall perform duties assigned by the board and shall serve in the unclassified service at the pleasure of the board. The board administrator, with the participation of the private sector board, shall appoint a development director in the unclassified service or contract with a development consultant to establish mechanisms to foster community participation in and community support for the Minnesota zoological garden. The board may employ other necessary professional, technical, and clerical personnel. Employees of the zoological garden are eligible for salary supplement in the same manner as employees of other state agencies. The commissioner of finance shall determine the amount of salary supplement based on available funds.

(b) The board may contract with individuals to perform professional services and may contract for the purchases of necessary species exhibits, supplies, services, and equipment. The board may also contract for the construction and operation of entertainment facilities on the zoo grounds that are not directly connected to ordinary functions of the zoological garden. The zoo board shall not enter into any final agreement for construction of any entertainment facility that is not directly connected to the ordinary functions of the zoo until after final construction plans have been submitted to

the chairs of the senate finance and house appropriations committees for their recommendations.

The zoo may not contract for entertainment during the period of the Minnesota state fair that would directly compete with entertainment at the Minnesota state fair.

Sec. 75. Minnesota Statutes 1988, section 85A.02, subdivision 5b, is amended to read:

Subd. 5b. [EXEMPTIONS.] Except as it determines, and except as provided in subdivisions 16 and 17, The board is not subject to chapters 15, 15A, 16A, and 16B concerning budgeting, payroll, and the purchase of goods or services. The board is not subject to sections 15.057, 15.061, 16A.128, and 16A.28; chapter 16B except for sections 16B.07, 16B.102, 16B.17, 16B.19, 16B.35, and 16B.55; and chapter 14 concerning administrative procedures except sections 14.38, subdivision 7, and 14.39 to 14.43 relating to the legal status of rules and the legislative review of rules.

Sec. 76. Minnesota Statutes 1988, section 85A.02, subdivision 12, is amended to read:

Subd. 12. The board shall report to the legislature chairs of the house appropriations committee, senate finance committee, and the chairs of the general legislation committees of the house and senate by September 15 of each year on the activities of the board and the operation of the zoological garden. The report must summarize the activities of the board and the Minnesota zoological garden over the preceding fiscal year ending June 30. The report must include monthly figures for total attendance, regular attendance, and free admissions and how these monthly figures compare to the previous fiscal year. The report must be submitted together with the financial report required by subdivision 5c.

Sec. 77. Minnesota Statutes 1988, section 85A.02, subdivision 16, is amended to read:

Subd. 16. The board may acquire by lease-purchase or installment purchase contract, transportation systems, facilities and equipment that it determines will substantially enhance the public's opportunity to view, study or derive information concerning the animals to be located in the zoological garden, and will increase attendance at the garden. The contracts may provide for: (1) the payment of money over a 12-year period, or over a longer period not exceeding 25 years if approved by the board; (2) the payment of money from any funds of the board not pledged or appropriated for another purpose; (3) indemnification of the lessor or seller for damage to property or injury to persons due primarily to the actions of the board or its employees; (4) the transfer of title to the property to the board upon execution of the contract or upon payment of specified amounts; (5)

the reservation to the lessor or seller of a security interest in the property; and (6) any other terms that the board determines to be commercially reasonable. Property so acquired by the board, and its purchase or use by the board, or by any nonprofit corporation having a concession from the board requiring its purchase, shall not be subject to taxation by the state or its political subdivisions. Each contract shall be subject to the provisions of chapter 16B, relating to competitive bidding, provided that, notwithstanding subdivision 5b, the board is not required to readvertise for competitive proposals for any transportation system, facilities and equipment heretofore selected from competitive proposals taken pursuant to subdivision 18.

Sec. 78. Minnesota Statutes 1988, section 85A.02, subdivision 17, is amended to read:

Subd. 17. [ADDITIONAL POWERS.] The board may establish a schedule of charges for admission to or the use of the Minnesota zoological garden or any related facility. The board shall have a policy encouraging the admission of admitting elementary school children at no charge when they are part of an organized school activity. The Minnesota zoological garden must be open to the public without admission charges at least two days each month. However, the zoo may charge at any time for parking, special services, and for admission to special facilities for the education, entertainment, or convenience of visitors, provided that these services are also charged for at times when regular admission charges are in effect. The board may provide for the purchase, reproduction, and sale of gifts, souvenirs, publications, informational materials, food and beverages, and grant concessions for the sale of these items.

Sec. 79. Minnesota Statutes 1988, section 85A.02, subdivision 18, is amended to read:

Subd. 18. [PURCHASING.] The board may contract for supplies, materials, purchase or rental of equipment, and utility services. Except as provided in subdivision 5b, chapter 16B does not apply to these contracts. However, contracts shall be awarded on the basis of competitive bids to the lowest responsible bidder, taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids. Competitive bidding is not required for purchases clearly and legitimately limited to a single source of supply; the purchase price may then be established by direct negotiation. Competitive bids are not required for utility services if no competition exists or if rates are fixed by law or ordinance. The board may contract for consultant, professional, and technical services without regard to sections 16B.17 and 16B.19.

Sec. 80. [93.222] [TACONITE IRON ORE SPECIAL ADVANCE ROYALTY ACCOUNT.]

The taconite iron ore special advance royalty account is created as an account in the state treasury for disposal of certain mineral lease money received under the terms of extension agreements adopted under section 93.193, relating to state iron ore or taconite iron ore mining leases. The principal of the account is distributed under the terms of the extension agreements to the account or entity entitled by applicable law and lease terms to receive the income from the class of land being leased. Interest accruing from investment of the account remains with the account until distributed as provided in this section. The interest accrued through June 30 under each extension agreement is distributed annually, as soon as possible after June 30, to the account or entity entitled by applicable law and lease terms to receive the income from the class of land being leased in the same proportion that the total acres included in a particular class of land bears to the total acreage of the leased land covered by each extension agreement. Money in the taconite iron ore special advance royalty account is appropriated for distribution as provided in this section.

Sec. 81. Minnesota Statutes 1988, section 94.09, subdivision 2, is amended to read:

Subd. 2. On or before July 1 of each year the head of each department or agency having control and supervision over any state owned land the sale or disposition of which is not otherwise provided for by law, shall certify in writing to the commissioner of administration whether or not there is any state owned land under control and supervision of that department or agency which is no longer needed. If the certification discloses lands no longer needed for a department or agency, the head thereof shall include in such certification a description of the lands, and the reasons why such lands are no longer needed. If the certification is by the commissioner of natural resources, the duties prescribed for the commissioner of administration by this section and sections 94.10 to 94.16 shall be performed by the commissioner of natural resources, including sale as directed by section 94.10, subdivision 2, paragraph (b), the issuance of any documents, and the issuance of any deed under section 94.12.

Sec. 82. Minnesota Statutes 1988, section 94.342, subdivision 3, is amended to read:

Subd. 3. [EXCHANGE RESTRICTIONS CLASS C.] Land bordering on or adjacent to any meandered or other public waters and withdrawn from sale by law is Class C land. Class C land may not be given in exchange unless expressly authorized by the legislature or unless through the same exchange the state acquires land on the same or other public waters in the same general vicinity affording at least equal opportunity for access to the waters and other riparian use by the public; provided, that any exchange with the United States or any agency thereof may be made free from this limitation

upon condition that the state land given in exchange bordering on public waters shall be subject to reservations by the state for public travel along the shores as provided by section 92.45, unless waived as provided in this subdivision, and that there shall be reserved by the state such additional rights of public use upon suitable portions of such state land as the commissioner of natural resources, with the approval of the land exchange board, may deem necessary or desirable for camping, hunting, fishing, access to the water, and other public uses. In regard to Class B or Class C land that is contained within that portion of the Superior National Forest that is designated as the Boundary Waters Canoe Area Wilderness and is also located within Cook county, the condition that state land given in exchange bordering on public waters must be subject to the public travel reservations provided in section 92.45, may be waived by the land exchange board upon the recommendation of the commissioner of natural resources and, if the land is Class B land, the additional recommendation of the county board which has the concurrence of the commissioner of natural resources, in which the land is located.

Sec. 83. Minnesota Statutes 1988, section 97A.055, is amended by adding a subdivision to read:

Subd. 3. [GAME AND FISH FUND FEES.] To reduce yearly fluctuations of the game and fish fund balance and to provide improved long-range planning of the fund, the policy of the state is to make fee adjustments as part of the budget process. Agency responsibilities are:

(a) The commissioner of natural resources must make specific requests for fee adjustments for all receipt items in the game and fish fund as a part of the fee report.

(b) The commissioner of finance must review the fee report and make recommendations for each fee. The commissioner of finance must submit a six-year projection on revenues and expenditures to the legislature.

Sec. 84. Minnesota Statutes 1988, section 97A.165, is amended to read:

97A.165 [SOURCE OF PAYMENTS FOR INDIAN AGREEMENT.]

Money to make payments to the Leech Lake Band, the 1854 treaty area agreement, and White Earth Band special license account under sections 94.16 and, 97A.151, subdivision 4, and 97A.157, subdivision 4, is annually appropriated for that purpose in a ratio of 60 20 percent from the game and fish fund and 40 80 percent from the general fund.

Sec. 85. Minnesota Statutes 1988, section 97A.475, subdivision 2, is amended to read:

Subd. 2. [RESIDENT HUNTING.] Fees for the following licenses, to be issued to residents only, are:

- (1) for persons under age 65 to take small game, \$9 \$10;
- (2) for persons age 65 or over, ~~\$4.50~~ \$5;
- (3) to take turkey, ~~\$12.50~~ \$14;
- (4) to take deer with firearms, ~~\$20~~ \$22;
- (5) family license to take deer with firearms, \$84;
- (6) to take deer by archery, ~~\$20~~ \$22;
- ~~(6)~~ (7) to take moose, for a party of not more than four persons, ~~\$250~~ \$275;
- ~~(7)~~ (8) to take bear, ~~\$30~~ \$33; and
- ~~(8)~~ (9) to take elk, for a party of not more than two persons, ~~\$200~~ \$220.

Sec. 86. Minnesota Statutes 1988, section 97A.475, subdivision 3, is amended to read:

Subd. 3. [NONRESIDENT HUNTING.] Fees for the following licenses, to be issued to nonresidents, are:

- (1) to take small game, ~~\$51~~ \$56;
- (2) to take deer with firearms, ~~\$100~~ \$110;
- (3) to take deer by archery, ~~\$100~~ \$110;
- (4) to take bear, ~~\$150~~ \$165;
- (5) to take turkey, ~~\$30~~ \$33; and
- (6) to take raccoon, bobcat, fox, coyote, or lynx, ~~\$125~~ \$137.50.

Sec. 87. Minnesota Statutes 1988, section 97A.475, subdivision 6, is amended to read:

Subd. 6. [RESIDENT FISHING.] Fees for the following licenses, to be issued to residents only, are:

- (1) to take fish by angling, for persons under age 65, ~~\$9.50~~ \$10.50;
- (2) to take fish by angling, for persons age 65 and over, ~~\$4~~ \$4.50;
- (3) to take fish by angling, for a combined license for a married couple, ~~\$13.50~~ \$15;
- (4) to take fish by spearing from a dark house, ~~\$12~~ \$13; and
- (5) to take fish by angling for a period of 24 hours from the time of issuance, ~~\$4.50~~ \$5.

Sec. 88. Minnesota Statutes 1988, section 97A.475, subdivision 7, is amended to read:

Subd. 7. [NONRESIDENT FISHING.] Fees for the following licenses, to be issued to nonresidents, are:

- (1) to take fish by angling, ~~\$18~~ \$20;
- (2) to take fish by angling limited to seven consecutive days, ~~\$15~~ \$16.50;
- (3) to take fish by angling for three consecutive days, ~~\$12~~ \$13.50;
- (4) to take fish by angling for a combined license for a family, ~~\$30.50~~ \$33.50;
- (5) to take fish by angling for a period of 24 hours from the time of issuance, ~~\$4.50~~ \$5; and
- (6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days, ~~\$22.50~~ \$25.

Sec. 89. Minnesota Statutes 1988, section 97A.475, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA SPORTING.] The commissioner shall issue Minnesota sporting licenses to residents only. The licensee may take fish by angling and small game. The fee for the license is:

- (1) for an individual, ~~\$13.50~~ \$15; and
- (2) for a combined license for a married couple to take fish and for one spouse to take small game, ~~\$19.50~~ \$21.50.

Sec. 90. Minnesota Statutes 1988, section 97A.475, subdivision 11, is amended to read:

Subd. 11. [FISH HOUSES AND DARK HOUSES; RESIDENTS.] Fees for the following licenses are:

- (1) for a fish house or dark house that is not rented, ~~\$8~~ \$9; and
- (2) for a fish house or dark house that is rented, ~~\$18~~ \$20.

Sec. 91. Minnesota Statutes 1988, section 97A.475, subdivision 12, is amended to read:

Subd. 12. [FISH HOUSES; NONRESIDENT.] The fee for a fish house license for a nonresident is ~~\$19.50~~ \$21.50.

Sec. 92. Minnesota Statutes 1988, section 97A.475, subdivision 13, is amended to read:

Subd. 13. [NETTING WHITEFISH AND CISCOES FOR PERSONAL CONSUMPTION.] The fee for a license to net whitefish and ciscoes in inland lakes and international waters for personal consumption is, for each net, ~~\$5~~ \$5.50.

Sec. 93. Minnesota Statutes 1988, section 97A.475, subdivision 14, is amended to read:

Subd. 14. [ROUGH FISH; MINNESOTA AND MISSISSIPPI RIVERS.] The fee for a license to take rough fish for domestic use with a set line in the Minnesota and Mississippi rivers is ~~\$13~~ \$14.50.

Sec. 94. Minnesota Statutes 1988, section 97A.475, subdivision 15, is amended to read:

Subd. 15. [LAKE SUPERIOR FISHING GUIDES.] The fee for a license to operate a charter boat and guide anglers on Lake Superior is:

- (1) for a resident, ~~\$25~~ \$27.50;
- (2) for a nonresident, ~~\$100~~ \$110; or
- (3) if another state charges a Minnesota resident a fee greater than \$100 for a Lake Superior fishing guide license in that state, the nonresident fee for a resident of that state is that greater fee.

Sec. 95. Minnesota Statutes 1988, section 97A.475, subdivision 16, is amended to read:

Subd. 16. [RESIDENT HUNTING GUIDES.] The fees for the following resident guide licenses are:

(1) to guide bear hunters, ~~\$75~~ \$82.50; and

(2) to guide turkey hunters, ~~\$20~~ \$22.

Sec. 96. Minnesota Statutes 1988, section 97A.475, subdivision 17, is amended to read:

Subd. 17. [NONRESIDENT BEAR GUIDES.] The fee for a license to guide bear hunters for a nonresident is ~~\$400~~ \$440.

Sec. 97. Minnesota Statutes 1988, section 97A.475, subdivision 18, is amended to read:

Subd. 18. [SHOOTING PRESERVES.] The fee for a shooting preserve license is ~~\$75~~ \$82.50.

Sec. 98. Minnesota Statutes 1988, section 97A.475, subdivision 19, is amended to read:

Subd. 19. [TAXIDERMISTS.] The fee for a taxidermist license, to be issued for a three-year period to residents only, is:

(1) for persons age 18 and older, ~~\$40~~ \$44; and

(2) for persons under age 18, ~~\$25~~ \$27.50.

Sec. 99. Minnesota Statutes 1988, section 97A.475, subdivision 20, is amended to read:

Subd. 20. [TRAPPING LICENSE.] The fee for a license to trap fur-bearing animals is:

(1) for persons over age 13 and under age 18, ~~\$5~~ \$5.50; and

(2) for persons age 18 and older, ~~\$16~~ \$18.

Sec. 100. Minnesota Statutes 1988, section 97A.475, subdivision 21, is amended to read:

Subd. 21. [FUR BUYING AND SELLING; RESIDENTS.] (a) The fee for a license for a resident to buy and sell raw furs is ~~\$100~~ \$110.

(b) The fee for a supplemental license to buy and sell furs is ~~\$50~~ \$55.

Sec. 101. Minnesota Statutes 1988, section 97A.475, subdivision 23, is amended to read:

Subd. 23. [RAW FUR TANNING.] The fee for a license to tan and dress raw furs to be issued to residents and nonresidents is ~~\$15~~ \$16.50.

Sec. 102. Minnesota Statutes 1988, section 97A.475, subdivision 24, is amended to read:

Subd. 24. [GAME AND FUR FARMS.] The fee for a game and fur farm license is ~~\$15~~ \$16.50.

Sec. 103. Minnesota Statutes 1988, section 97A.475, subdivision 25, is amended to read:

Subd. 25. [MUSKRAT FARMS.] The fee for a muskrat farm license is ~~\$10~~ \$11.

Sec. 104. Minnesota Statutes 1988, section 97A.475, subdivision 26, is amended to read:

Subd. 26. [MINNOW DEALERS.] The fees for the following licenses are:

- (1) minnow dealer, ~~\$70~~ \$77;
- (2) minnow dealer's helper, ~~\$5~~ \$5.50;
- (3) minnow dealer's vehicle, ~~\$10~~ \$11;
- (4) exporting minnow dealer, ~~\$250~~ \$275; and
- (5) exporting minnow dealer's vehicle, ~~\$10~~ \$11.

Sec. 105. Minnesota Statutes 1988, section 97A.475, subdivision 27, is amended to read:

Subd. 27. [MINNOW RETAILERS.] The fees for the following licenses, to be issued to residents and nonresidents, are:

- (1) minnow retailer, ~~\$10~~ \$11; and
- (2) minnow retailer's vehicle, ~~\$10~~ \$11.

Sec. 106. Minnesota Statutes 1988, section 97A.475, subdivision 28, is amended to read:

Subd. 28. [NONRESIDENT MINNOW HAULERS.] The fees for the following licenses, to be issued to nonresidents, are:

- (1) exporting minnow hauler, ~~\$525~~; and

(2) exporting minnow hauler's vehicle, ~~\$10~~ \$11.

Sec. 107. Minnesota Statutes 1988, section 97A.475, subdivision 29, is amended to read:

Subd. 29. [PRIVATE FISH HATCHERIES.] The fees for the following licenses to be issued to residents and nonresidents are:

(1) for a private fish hatchery, with annual sales under \$200, ~~\$25~~ \$27.50;

(2) for a private fish hatchery, with annual sales of \$200 or more, ~~\$50~~ \$55; and

(3) To take sucker eggs from public waters for a private fish hatchery, ~~\$150~~ \$165, plus \$3 for each quart in excess of 100 quarts.

Sec. 108. Minnesota Statutes 1988, section 97A.475, subdivision 29a, is amended to read:

Subd. 29a. [FISH FARMS.] The fees for the following licenses to be issued to residents and nonresidents are:

(1) for a fish farm, ~~\$250~~ \$275; and

(2) to take sucker eggs from public waters for a fish farm, ~~\$150~~ \$165, plus \$3 for each quart in excess of 100 quarts.

Sec. 109. Minnesota Statutes 1988, section 97A.475, subdivision 30, is amended to read:

Subd. 30. [COMMERCIAL NETTING OF FISH IN INLAND WATERS.] The fee for a license to net commercial fish in inland waters, to be issued to residents and nonresidents, is \$70 plus:

(1) for each hoop net pocket, ~~75 cents~~ \$1;

(2) for each 1,000 feet of seine, ~~\$15~~ \$16.50; and

(3) for each helper's license, ~~\$5~~ \$5.50.

Sec. 110. Minnesota Statutes 1988, section 97A.475, subdivision 31, is amended to read:

Subd. 31. [COMMERCIAL NETTING OF FISH IN LAKE OF THE WOODS.] The fee for a license to commercially net fish in Lake of the Woods is:

(1) for each pound net or staked trap net, ~~\$45~~ \$49.50;

(2) for each fyke net, ~~\$10~~ \$11, plus \$5 for each two-foot segment, or fraction, of the wings or lead in excess of four feet in height;

(3) for each 100 feet of gill net, ~~\$2.50~~ \$2.75;

(4) for each submerged trap net, ~~\$15~~ \$16.50; and

(5) for each helper's license, ~~\$15~~ \$16.50.

Sec. 111. Minnesota Statutes 1988, section 97A.475, subdivision 32, is amended to read:

Subd. 32. [COMMERCIAL NETTING OF FISH IN RAINY LAKE.] The fee for a license to commercially net fish in Rainy Lake is:

(1) for each pound net, ~~\$45~~ \$49.50;

(2) for each 100 feet of gill net, ~~\$2.50~~ \$2.75; and

(3) for each helper's license, ~~\$15~~ \$16.50.

Sec. 112. Minnesota Statutes 1988, section 97A.475, subdivision 33, is amended to read:

Subd. 33. [COMMERCIAL NETTING OF FISH IN NAMAKAN AND SAND POINT LAKES.] The fee for a license to commercially net fish in Namakan Lake and Sand Point Lake is:

(1) for each 100 feet of gill net, ~~\$1.50~~ \$1.75;

(2) for each pound, fyke, and submerged trap net, ~~\$15~~ \$16.50; and

(3) for each helper's license, ~~\$5~~ \$5.50.

Sec. 113. Minnesota Statutes 1988, section 97A.475, subdivision 34, is amended to read:

Subd. 34. [COMMERCIAL SEINE AND SET LINES TO TAKE FISH IN THE MISSISSIPPI RIVER.] (a) The fee for a license to commercially seine rough fish in the Mississippi river from St. Anthony Falls to the St. Croix river junction is:

(1) for a seine not exceeding 500 feet, ~~\$25~~ \$27.50; or

(2) for a seine over 500 feet, ~~\$40~~ \$44, plus \$2 for each 100 foot segment or fraction over 1,000 feet.

(b) The fee for each helper's license issued under paragraph (a) is ~~\$5~~ \$5.50.

Sec. 114. Minnesota Statutes 1988, section 97A.475, subdivision 35, is amended to read:

Subd. 35. [COMMERCIAL SEINING OF FISH IN WISCONSIN BOUNDARY WATERS.] The fee for a license to commercially seine fish in the boundary waters between Wisconsin and Minnesota from Taylors Falls to the Iowa border is:

- (1) for a seine not exceeding 500 feet, ~~\$25~~ \$27.50; or
- (2) for a seine over 500 feet, ~~\$40~~ \$44, plus \$2.50 for each 100 feet over 1,000 feet; and
- (3) for each helper's license to be issued to residents and nonresidents, ~~\$5~~ \$5.50.

Sec. 115. Minnesota Statutes 1988, section 97A.475, subdivision 36, is amended to read:

Subd. 36. [COMMERCIAL NETTING IN WISCONSIN BOUNDARY WATERS.] The fee for a license to commercially net in the boundary waters between Wisconsin and Minnesota from Lake St. Croix to the Iowa border is:

- (1) for each gill net not exceeding 500 feet, ~~\$13~~ \$14.50;
- (2) for each gill net over 500 feet, ~~\$25~~ \$27.50;
- (3) for each fyke net and hoop net, ~~\$10~~ \$11;
- (4) for each bait net, ~~\$1.50~~ \$1.75;
- (5) for each turtle net, ~~\$1.50~~ \$1.75;
- (6) for each set line identification tag, ~~\$13~~ \$14.50; and
- (7) for each helper's license to be issued to residents and nonresidents, ~~\$5~~ \$5.50.

Sec. 116. Minnesota Statutes 1988, section 97A.475, subdivision 37, is amended to read:

Subd. 37. [COMMERCIAL NETTING OF FISH IN LAKE SUPERIOR.] The fee for a license to commercially net fish in Lake Superior is:

(1) for each gill net, ~~\$70~~ \$77 plus \$2 for each 1,000 feet over 1,000 feet;

(2) for a pound or trap net, ~~\$70~~ \$77 plus \$2 for each additional pound or trap net; and

(3) for each helper's license, ~~\$5~~ \$5.50.

Sec. 117. Minnesota Statutes 1988, section 97A.475, subdivision 38, is amended to read:

Subd. 38. [FISH BUYERS.] The fees for licenses to buy fish from commercial fishing licensees to be issued residents and nonresidents are:

(1) for Lake Superior fish bought for sale to retailers, ~~\$50~~ \$55;

(2) for Lake Superior fish bought for sale to consumers, ~~\$10~~ \$11;

(3) for Lake of the Woods, Namakan, Sand Point, and Rainy Lake fish bought for sale to retailers, ~~\$100~~ \$110; and

(4) for Lake of the Woods, Namakan, Sand Point, and Rainy Lake fish bought for shipment only on international boundary waters, ~~\$10~~ \$11.

Sec. 118. Minnesota Statutes 1988, section 97A.475, subdivision 39, is amended to read:

Subd. 39. [FISH PACKER.] The fee for a license to prepare dressed game fish for transportation or shipment is ~~\$13~~ \$14.50.

Sec. 119. Minnesota Statutes 1988, section 97A.475, subdivision 40, is amended to read:

Subd. 40. [FISH VENDORS.] The fee for a license to use a motor vehicle to sell fish is ~~\$25~~ \$27.50.

Sec. 120. Minnesota Statutes 1988; section 97A.475, subdivision 41, is amended to read:

Subd. 41. [TURTLE SELLERS.] The fee for a license to take, transport, purchase, and possess unprocessed turtles for sale is ~~\$50~~ \$55.

Sec. 121. Minnesota Statutes 1988, section 97A.475, subdivision 42, is amended to read:

Subd. 42. [FROG DEALERS.] The fee for the licenses to deal in frogs that are to be used for purposes other than bait are:

(1) for a resident to purchase, possess, and transport frogs, ~~\$70~~ \$77;

(2) for a nonresident to purchase, possess, and transport frogs, ~~\$200~~ \$220; and

(3) for a resident to take, possess, transport, and sell frogs, ~~\$10~~ \$11.

Sec. 122. Minnesota Statutes 1988, section 97A.485, subdivision 6, is amended to read:

Subd. 6. [LICENSES TO BE SOLD AND ISSUING FEES.] (a) Persons authorized to sell licenses under this section must sell the following licenses for the license fee and the following issuing fees:

(1) to take deer or bear with firearms and by archery, the issuing fee is \$1;

(2) Minnesota sporting, the issuing fee is \$1; and

(3) to take small game; for a person under age 65 to take fish by angling or for a person of any age to take fish by spearing, and to trap fur-bearing animals, the issuing fee is \$1;

(4) for a trout and salmon stamp that is not issued simultaneously with an angling or sporting license, an issuing fee of 50 cents may be charged at the discretion of the authorized seller; and

(5) for stamps other than a trout and salmon stamp, there is no fee.

(b) An issuing fee may not be collected for issuance of a trout and salmon stamp if a stamp is issued simultaneously with the related angling or sporting license. Only one issuing fee may be collected when selling more than one trout and salmon stamp in the same transaction after the end of the season for which the stamp was issued.

(c) The auditor or subagent shall keep the issuing fee as a commission for selling the licenses.

(d) The commissioner shall collect the issuing fee on licenses sold by the commissioner.

(e) A license, except stamps, must state the amount of the issuing fee and that the issuing fee is kept by the seller as a commission for selling the licenses.

(f) The fee for an angling license paid by a resident 65 years of age or over must be refunded to the licensee upon request to the commissioner, if the request is made within 30 days of the sale. The commissioner shall design a system on the license for this purpose. The refund application must include a statement describing the purposes of the game and fish fund, the nature of federal matching funds, and a description of the effects of the loss of state and federal funds from the game and fish fund.

Sec. 123. Minnesota Statutes 1988, section 97A.485, subdivision 7, is amended to read:

Subd. 7. [COUNTY AUDITOR'S COMMISSION.] The county auditor shall retain for the county treasury a commission of four percent of all license fees collected by the auditor and the auditor's subagents, excluding the small game surcharge and issuing fees, and the license to take fish by angling for persons age 65 and over. In addition, the auditor shall collect the issuing fees on licenses sold by the auditor to a licensee.

Sec. 124. Minnesota Statutes 1988, section 97B.301, is amended by adding a subdivision to read:

Subd. 5. [FAMILY HUNTING LICENSE.] A resident family license may be issued by the commissioner. "Family" is defined as a husband, wife, and their children under the age of 18 residing at home. To hunt with a family license, children must be under the age of 18 and enrolled in school. The individual deer limits in subdivision 1 do not apply to the family license. When hunting with a family license, the total limit for the license is four deer.

Sec. 125. Minnesota Statutes 1988, section 115.03, subdivision 1, is amended to read:

Subdivision 1. The agency is hereby given and charged with the following powers and duties:

(a) To administer and enforce all laws relating to the pollution of any of the waters of the state;

(b) To investigate the extent, character, and effect of the pollution of the waters of this state and to gather data and information necessary or desirable in the administration or enforcement of pollution laws, and to make such classification of the waters of the state as it may deem advisable;

(c) To establish and alter such reasonable pollution standards for any waters of the state in relation to the public use to which they are or may be put as it shall deem necessary for the purposes of this

chapter and, with respect to the pollution of waters of the state, chapter 116;

(d) To encourage waste treatment, including advanced waste treatment, instead of stream low-flow augmentation for dilution purposes to control and prevent pollution;

(e) To adopt, issue, reissue, modify, deny, or revoke, enter into or enforce reasonable orders, permits, variances, standards, rules, schedules of compliance, and stipulation agreements, under such conditions as it may prescribe, in order to prevent, control or abate water pollution, or for the installation or operation of disposal systems or parts thereof, or for other equipment and facilities;

(1) Requiring the discontinuance of the discharge of sewage, industrial waste or other wastes into any waters of the state resulting in pollution in excess of the applicable pollution standard established under this chapter;

(2) Prohibiting or directing the abatement of any discharge of sewage, industrial waste, or other wastes, into any waters of the state or the deposit thereof or the discharge into any municipal disposal system where the same is likely to get into any waters of the state in violation of this chapter and, with respect to the pollution of waters of the state, chapter 116, or standards or rules promulgated or permits issued pursuant thereto, and specifying the schedule of compliance within which such prohibition or abatement must be accomplished;

(3) Prohibiting the storage of any liquid or solid substance or other pollutant in a manner which does not reasonably assure proper retention against entry into any waters of the state that would be likely to pollute any waters of the state;

(4) Requiring the construction, installation, maintenance, and operation by any person of any disposal system or any part thereof, or other equipment and facilities, or the reconstruction, alteration, or enlargement of its existing disposal system or any part thereof, or the adoption of other remedial measures to prevent, control or abate any discharge or deposit of sewage, industrial waste or other wastes by any person;

(5) Establishing, and from time to time revising, standards of performance for new sources taking into consideration, among other things, classes, types, sizes, and categories of sources, processes, pollution control technology, cost of achieving such effluent reduction, and any nonwater quality environmental impact and energy requirements. Said standards of performance for new sources shall encompass those standards for the control of the discharge of pollutants which reflect the greatest degree of effluent reduction which the agency determines to be achievable through application of

the best available demonstrated control technology, processes, operating methods, or other alternatives, including, where practicable, a standard permitting no discharge of pollutants. New sources shall encompass buildings, structures, facilities, or installations from which there is or may be the discharge of pollutants, the construction of which is commenced after the publication by the agency of proposed rules prescribing a standard of performance which will be applicable to such source. Notwithstanding any other provision of the law of this state, any point source the construction of which is commenced after May 20, 1973 and which is so constructed as to meet all applicable standards of performance for new sources shall, consistent with and subject to the provisions of section 306(d) of the Amendments of 1972 to the Federal Water Pollution Control Act, not be subject to any more stringent standard of performance for new sources during a ten-year period beginning on the date of completion of such construction or during the period of depreciation or amortization of such facility for the purposes of section 167 or 169, or both, of the Federal Internal Revenue Code of 1954, whichever period ends first. Construction shall encompass any placement, assembly, or installation of facilities or equipment, including contractual obligations to purchase such facilities or equipment, at the premises where such equipment will be used, including preparation work at such premises;

(6) Establishing and revising pretreatment standards to prevent or abate the discharge of any pollutant into any publicly owned disposal system, which pollutant interferes with, passes through, or otherwise is incompatible with such disposal system;

(7) Requiring the owner or operator of any disposal system or any point source to establish and maintain such records, make such reports, install, use, and maintain such monitoring equipment or methods, including where appropriate biological monitoring methods, sample such effluents in accordance with such methods, at such locations, at such intervals, and in such a manner as the agency shall prescribe, and providing such other information as the agency may reasonably require;

(8) Notwithstanding any other provision of this chapter, and with respect to the pollution of waters of the state, chapter 116, requiring the achievement of more stringent limitations than otherwise imposed by effluent limitations in order to meet any applicable water quality standard by establishing new effluent limitations, based upon section 115.01, subdivision 5, clause (b), including alternative effluent control strategies for any point source or group of point sources to insure the integrity of water quality classifications, whenever the agency determines that discharges of pollutants from such point source or sources, with the application of effluent limitations required to comply with any standard of best available technology, would interfere with the attainment or maintenance of the water quality classification in a specific portion of the waters of the

state. Prior to establishment of any such effluent limitation, the agency shall hold a public hearing to determine the relationship of the economic and social costs of achieving such limitation or limitations, including any economic or social dislocation in the affected community or communities, to the social and economic benefits to be obtained and to determine whether or not such effluent limitation can be implemented with available technology or other alternative control strategies. If a person affected by such limitation demonstrates at such hearing that, whether or not such technology or other alternative control strategies are available, there is no reasonable relationship between the economic and social costs and the benefits to be obtained, such limitation shall not become effective and shall be adjusted as it applies to such person;

(9) Modifying, in its discretion, any requirement or limitation based upon best available technology with respect to any point source for which a permit application is filed after July 1, 1977 upon a showing by the owner or operator of such point source satisfactory to the agency that such modified requirements will represent the maximum use of technology within the economic capability of the owner or operator and will result in reasonable further progress toward the elimination of the discharge of pollutants;

(f) To require to be submitted and to approve plans and specifications for disposal systems or point sources, or any part thereof and to inspect the construction thereof for compliance with the approved plans and specifications thereof;

(g) To prescribe and alter rules, not inconsistent with law, for the conduct of the agency and other matters within the scope of the powers granted to and imposed upon it by this chapter and, with respect to pollution of waters of the state, in chapter 116, provided that every rule affecting any other department or agency of the state or any person other than a member or employee of the agency shall be filed with the secretary of state;

(h) To conduct such investigations, issue such notices, public and otherwise, and hold such hearings as are necessary or which it may deem advisable for the discharge of its duties under this chapter and, with respect to the pollution of waters of the state, under chapter 116, including, but not limited to, the issuance of permits, and to authorize any member, employee, or agent appointed by it to conduct such investigations or, issue such notices and hold such hearings;

(i) For the purpose of water pollution control planning by the state and pursuant to the Federal Water Pollution Control Act, as amended, to establish and revise planning areas, adopt plans and programs and continuing planning processes, including, but not limited to, basin plans and areawide waste treatment management plans, and to provide for the implementation of any such plans by means of, including, but not limited to, standards, plan elements,

procedures for revision, intergovernmental cooperation, residual treatment process waste controls, and needs inventory and ranking for construction of disposal systems;

(j) To train water pollution control personnel, and charge such fees therefor as are necessary to cover the agency's costs. All such fees received shall be paid into the state treasury and credited to the water pollution control training fund of the agency, from which the agency shall have the power to make disbursements to pay expenses relating to such training;

(k) To impose as additional conditions in permits to publicly owned disposal systems appropriate measures to insure compliance by industrial and other users with any pretreatment standard, including, but not limited to, those related to toxic pollutants, and any system of user charges ratably as is hereby required under state law or said Federal Water Pollution Control Act, as amended, or any regulations or guidelines promulgated thereunder;

(l) To set a period not to exceed five years for the duration of any National Pollutant Discharge Elimination System permit; and

(m) To require a governmental subdivision that owns or operates a wastewater disposal system to have a plan to address its ability to pay the costs of making major repairs to the existing system and planning and constructing an adequate replacement system at the end of the existing system's expected useful life; and

(n) To train individual sewage treatment system personnel, including persons who design, construct, install, inspect, service, and operate individual sewage treatment systems, and charge fees as necessary to pay the agency's costs. All fees received must be paid into the state treasury and credited to the agency's training account. Money in the account is continually appropriated to the agency to pay expenses related to training.

Sec. 126. [115A.99] [MONITORS REQUIRED FOR INCINERATORS]

Notwithstanding any other law to the contrary, an incinerator permit issued to a facility that allows burning of PCB's or that contains emission limits for cadmium, chromium, lead, or mercury must, as a condition of the permit, require the installation of a continuous emission monitoring system approved by the commissioner. The monitoring system must provide continuous emission measurements to ensure optimum combustion efficiency of dioxin precursors. The system shall also be capable of providing a permanent record of monitored emissions that will be available upon request to the commissioner and the general public. The commissioner shall provide periodic inspection of the monitoring system to determine its continued accuracy. Should, at any time, the permit-

ted facility's emissions exceed permit requirements, the facility shall immediately commence shutdown of the incinerator until the appropriate modifications to the facility have been made to ensure its ability to meet permitted requirements.

Sec. 127. Minnesota Statutes 1988, section 116.65, subdivision 3, is amended to read:

Subd. 3. [APPROPRIATION.] By the end of the initial contract entered by the agency under section 116.62, subdivision 3, the amounts appropriated from the motor vehicle transfer fund to the vehicle emission inspection account must be repaid to the transfer fund, and the amounts necessary for this repayment are appropriated from the vehicle emission inspection account. An additional sum not to exceed the amount of annual receipts is appropriated for the cost of the contract entered under section 116.62, subdivision 3. This open appropriation authority is effective until June 30, 1991.

Sec. 128. Minnesota Statutes 1988, section 116J.01, is amended to read:

116J.01 [DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT.]

Subdivision 1. [APPOINTMENT.] The department of trade and economic development is supervised and controlled by the deputy commissioner of trade and economic development for community development, who is appointed by the governor and serves under section 15.06.

Subd. 2. [CONFIDENTIAL SECRETARY.] The deputy commissioner for community development may appoint a confidential secretary in the unclassified service.

Subd. 3. [DEPARTMENTAL ORGANIZATION.] The deputy commissioner for community development shall organize the department as provided in section 15.06. The department must be organized into three four divisions, designated as the business promotion and marketing division, the community development division, the policy analysis and science and technology division, and the Minnesota trade division, and two offices, the office of tourism and the policy analysis office. Each division and office shall administer the duties and functions assigned to it by law. When the duties of the divisions or office are not allocated by law, the deputy commissioner for community development may establish and revise the assignments of each division and office. Each division is under the direction of a deputy commissioner in the unclassified service. The deputy commissioner of the Minnesota trade division must be experienced and knowledgeable in matters of international trade.

Each office is under the direction of a director in the unclassified service.

Subd. 4. [APPOINTMENT OF DIRECTOR OF THE OFFICE OF TOURISM.] The director of the office of tourism shall be appointed by the governor.

Sec. 129. Minnesota Statutes 1988, section 116J.03, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] "Commissioner" or "commissioner of trade and economic development" means the deputy commissioner of trade and economic development for community development.

Sec. 130. [116J.036] [POWERS AND DUTIES OF THE COMMISSIONER FOR DISCONTINUED PROGRAMS.]

The commissioner of trade and economic development has those powers granted to the Minnesota energy and economic development authority under Minnesota Statutes 1986, sections 116M.06, 116M.07, and 116M.08, and to the Minnesota agricultural and economic development board under Minnesota Statutes 1988, section 41A.023, notwithstanding the repeal of these sections, that are necessary and appropriate to administer and protect loans made or participated in or bonds issued by the authority or board on or before the effective date of this section for the following programs:

- (1) the agricultural loan guaranty program under chapter 41A;
- (2) the small business development loan program under Minnesota Statutes 1986, chapter 116M, and Minnesota Statutes 1988, section 41A.036; and
- (3) the hazardous waste processing facility loan program under Minnesota Statutes 1986, section 116M.07, and Minnesota Statutes 1988, section 41A.066.

Sec. 131. [SUCCESSOR STATUS.]

Subdivision 1. [MINNESOTA AGRICULTURAL AND ECONOMIC DEVELOPMENT BOARD.] The deputy commissioner of trade and economic development for community development is the legal successor in all respects of the Minnesota agricultural and economic development board established under Minnesota Statutes, chapter 41A. All bonds, loan guarantees, resolutions, contracts, and liabilities of the Minnesota agricultural and economic development board are the bonds, loan guarantees, resolutions, contracts, and liabilities of the deputy commissioner of trade and economic development for community development.

Subd. 2. [MINNESOTA SMALL BUSINESS DEVELOPMENT PROGRAM.] The deputy commissioner of trade and economic development for community development is the legal successor in all respects of the Minnesota energy and economic development authority and the Minnesota agricultural and economic development board under the general bond resolution for the Minnesota small business development program as amended and restated by the authority on September 24, 1986, and the resolution for the Minnesota economic development revenue bond program as stated by the authority on December 16, 1985. All bonds, resolutions, contracts, and liabilities of the Minnesota energy and economic development authority and the Minnesota agricultural and economic development board relating to the Minnesota small business development loan program and the Minnesota economic development revenue bond program are the bonds, resolutions, contracts, and liabilities of the deputy commissioner of trade and economic development for community development.

Subd. 3. [HAZARDOUS WASTE PROCESSING FACILITY LOANS.] The deputy commissioner of trade and economic development for community development is the legal successor in all respects of the Minnesota agricultural and economic development board and the Minnesota energy and economic development authority for the hazardous waste processing facility loan program. All bonds, resolutions, contracts, or liabilities of the Minnesota agricultural and economic development board and the Minnesota energy and economic development authority relating to the hazardous waste processing facility loan program are the bonds, resolutions, contracts, or liabilities of the deputy commissioner of trade and economic development for community development.

Sec. 132. [TRANSFER; MINNESOTA AGRICULTURAL AND ECONOMIC DEVELOPMENT FUND.]

All accounts and all money in the accounts of the Minnesota agricultural and economic development fund established under Minnesota Statutes, section 41A.05, subdivision 1, are transferred to the Minnesota agricultural and economic development account of the special revenue fund. All loan repayments, earnings, releases from insurance accounts and trustee accounts, and other income of the account must be credited to the general fund.

Sec. 133. [TRANSFER; ECONOMIC DEVELOPMENT FUND.]

All accounts and money in those accounts of the economic development fund, established under Minnesota Statutes 1986, section 116M.06, subdivision 4, and continued under Minnesota Statutes 1988, section 116J.968, that are related to the certified development company established under Minnesota Statutes 1988, section 41A.065, are transferred to an account in the special revenue fund. The trustee and insurance accounts related to the energy loan

insurance program established under Minnesota Statutes 1986, section 116M.11, are transferred to the energy loan insurance account of the special revenue fund. All repayments, earnings, releases from insurance accounts, and trust accounts of the energy loan insurance account must be credited to the general fund. All other money in the economic development account is credited to the general fund.

Sec. 134. [LOAN REPAYMENTS.]

The deputy commissioner of trade and economic development for community development shall credit money received from loan repayments, earnings, releases from insurance reserve accounts and trustee accounts, and other income from the small business development loan program under Minnesota Statutes, section 41A.036, and the agricultural resource loan guaranty program under Minnesota Statutes, chapter 41A, and the hazardous waste processing facility loan program under Minnesota Statutes, section 41A.066, to the general fund.

Sec. 135. [116J.616] [SPECIFIC AGREEMENTS PROHIBITED.]

The commissioner or director of tourism may not enter into an agreement which would obligate the state to pay any part of a debt incurred by a public or private facility, organization, or attraction.

Sec. 136. [116J.617] [TOURISM LOAN PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The commissioner may establish a tourism revolving loan program to provide loans or participate in loans to resorts, campgrounds, lodging facilities, and other tourism-related businesses. The commissioner shall work with financial institutions in making or participating in loans under this section.

Subd. 2. [ELIGIBLE BORROWER.] To receive a loan under this section, the borrower must be a sole proprietorship, partnership, corporation, or other person engaged in a tourism-related business or other entity that is defined by the standard industrial classification codes of 7011 and 7033 as set out in the Code of Federal Regulations, title 13, section 121.2. An eligible borrower under this section must maintain the business or other entity as a tourism-related entity as defined by this subdivision during the term of the loan. An eligible borrower may not receive a loan under this section if the borrower has received a tourism-related loan made by the state or participated in by the state in the past three years.

Subd. 3. [ELIGIBLE LOAN.] The maximum loan made or participated in under this section may not be for more than 50 percent of the total cost of the project. Loan proceeds may be used for the

following purposes: building construction and improvement, site improvement, equipment, other construction costs, and engineering costs. Project-related expenditures made more than 30 days prior to an application may not be financed by a loan made or participated in under this section.

Subd. 4. [LOAN TERMS.] The maximum term of a loan made or participated in under this section may not exceed the useful life of the real property or 80 percent of the useful life of the equipment or machinery, or the following limits, whichever is less:

(1) ten years for land, building, or other real property;

(2) five years for equipment or machinery; or

(3) a weighted average of the limits under clauses (1) and (2) for loans made or participated in for a combination of real property and equipment or machinery.

The commissioner may establish interest rates for loans made under this section. All loans made must be secured by collateral.

Subd. 5. [TOURISM LOAN ACCOUNT.] The tourism loan account is created in the special revenue fund. The fund consists of money appropriated or transferred to the account and interest collected through the tourism revolving loan program, and gifts, donations, and bequests made to the account. Fees collected through the tourism revolving loan program must be allocated to the general fund.

Sec. 137. Minnesota Statutes 1988, section 116J.58, subdivision 1, is amended to read:

Subdivision 1. [ENUMERATION.] The commissioner shall:

(1) investigate, study, and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Minnesota business, industry, and commerce, within and outside the state;

(2) locate markets for manufacturers and processors and aid merchants in locating and contacting markets;

(3) investigate and study conditions affecting Minnesota business, industry, and commerce and collect and disseminate information, and engage in technical studies, scientific investigations, and statistical research and educational activities necessary or useful for the proper execution of the powers and duties of the commissioner in promoting and developing Minnesota business, industry, and commerce, both within and outside the state;

(4) plan and develop an effective business information service both for the direct assistance of business and industry of the state and for the encouragement of business and industry outside the state to use economic facilities within the state;

(5) compile, collect, and develop periodically, or otherwise make available, information relating to current business conditions;

(6) conduct or encourage research designed to further new and more extensive uses of the natural and other resources of the state and designed to develop new products and industrial processes;

(7) study trends and developments in the industries of the state and analyze the reasons underlying the trends; study costs and other factors affecting successful operation of businesses within the state; and make recommendations regarding circumstances promoting or hampering business and industrial development;

(8) serve as a clearing house for business and industrial problems of the state; and advise small business enterprises regarding improved methods of accounting and bookkeeping;

(9) cooperate with interstate commissions engaged in formulating and promoting the adoption of interstate compacts and agreements helpful to business, industry, and commerce;

(10) cooperate with other state departments, and with boards, commissions, and other state agencies, in the preparation and coordination of plans and policies for the development of the state and for the use and conservation of its resources insofar as the use, conservation, and development may be appropriately directed or influenced by a state agency;

(11) assemble and coordinate information relative to the status, scope, cost, and employment possibilities and the availability of materials, equipment, and labor in connection with public works projects, state, county, and municipal; recommend limitations on the public works; gather current progress information with reference to public and private works projects of the state and its political subdivisions with reference to conditions of employment; inquire into and report to the governor, when requested by the governor, with respect to any program of public state improvements and the financing thereof; and request and obtain information from other state departments or agencies as may be needed properly to report thereon;

(12) study changes in population and current trends and prepare plans and suggest policies for the development and conservation of the resources of the state;

(13) confer and cooperate with the executive, legislative, or planning authorities of the United States and neighboring states and of the counties and municipalities of such neighboring states, for the purpose of bringing about a coordination between the development of such neighboring states, counties, and municipalities and the development of this state;

(14) generally, gather, compile, and make available statistical information relating to business, trade, commerce, industry, transportation, communication, natural resources, and other like subjects in this state, with authority to call upon other departments of the state for statistical data and results obtained by them and to arrange and compile that statistical information in a manner that seems wise;

(15) publish documents and annually convene regional meetings to inform businesses, local government units, assistance providers, and other interested persons of changes in state and federal law related to economic development; and

(16) annually convene conferences of providers of economic development related financial and technical assistance for the purposes of exchanging information on economic development assistance, coordinating economic development activities, and formulating economic development strategies.

Sec. 138. Minnesota Statutes 1988, section 116J.68, subdivision 2, is amended to read:

Subd. 2. The bureau shall:

(a) provide information and assistance with respect to all aspects of business planning and business management related to the start-up, operation, or expansion of a small business in Minnesota;

(b) refer persons interested in the start-up, operation, or expansion of a small business in Minnesota to assistance programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, private industry associations, and other organizations or to the business assistance referral system established by the Minnesota Project Outreach Corporation;

(c) plan, develop, and implement a master file of information on small business assistance programs of federal, state, and local governments, and other public and private organizations so as to provide comprehensive, timely information to the bureau's clients;

(d) employ staff with adequate and appropriate skills and education and training for the delivery of information and assistance;

(e) seek out and utilize, to the extent practicable, contributed expertise and services of federal, state, and local governments, educational institutions, and other public and private organizations;

(f) maintain a close and continued relationship with the director of the procurement program within the department of administration so as to facilitate the department's duties and responsibilities under sections 16B.19 to 16B.22 relating to the small business set aside program of the state;

(g) develop an information system which will enable the commissioner and other state agencies to efficiently store, retrieve, analyze, and exchange data regarding small business development and growth in the state. All executive branch agencies of state government and the secretary of state shall to the extent practicable, assist the bureau in the development and implementation of the information system;

(h) establish and maintain a toll free telephone number so that all small business persons anywhere in the state can call the bureau office for assistance. An outreach program shall be established to make the existence of the bureau well known to its potential clientele throughout the state. If the small business person requires a referral to another provider the bureau may use the business assistance referral system established by the Minnesota Project Outreach Corporation;

(i) conduct research and provide data as required by state legislature;

(j) develop and publish material on all aspects of the start-up, operation, or expansion of a small business in Minnesota;

(k) collect and disseminate information on state procurement opportunities, including information on the procurement process;

(l) develop a public awareness program through the use of newsletters, personal contacts, and electronic and print news media advertising about state assistance programs for small businesses, including those programs specifically for socially disadvantaged small business persons;

(m) publicize to small businesses the provisions of Laws 1983, chapter 188, requiring section 14.115 which requires consideration of small business issues in state agency rulemaking;

(n) enter into agreements with the federal government and other public and private entities to serve as the statewide coordinator or host agency for the federal small business development center program under United States Code, title 15, section 648;

(o) establish an evaluation mechanism to determine if assistance providers have adequate expertise and resources to deliver quality services. Evaluation of assistance providers may be based on the ability of the provider to offer the advertised service, the training and experience of the provider, and the formal evaluation process used by the provider. The evaluation mechanism must be designed so that the business assistance referral system established by the Minnesota Project Outreach Corporation may use the results of the evaluation in providing clients with referrals to providers; and

(p) assist providers in the evaluation of their programs and the assessment of their service area needs. The bureau may establish model evaluation techniques and performance standards for providers to use.

Sec. 139. [116J.691] [MINNESOTA PROJECT OUTREACH CORPORATION.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] The Minnesota Project Outreach Corporation is established as a nonprofit corporation under chapter 317 and is subject to the provisions of that chapter. The purpose of the corporation is to (i) facilitate the transfer of technology and scientific advice from the University of Minnesota and other institutions to businesses in the state that may make economic use of the information; and (ii) to assist small and medium-sized businesses in finding technical and financial assistance providers that meet their needs.

Subd. 2. [BOARD OF DIRECTORS.] The Minnesota Project Outreach Corporation shall be governed by a nine-member board of directors consisting of the president of the University of Minnesota or the president's designee, the deputy commissioner of trade and economic development for community development or the commissioner's designee, the chair of the Greater Minnesota Corporation board of directors or the chair's designee, the president of the Minnesota Project Outreach Corporation, a member of the state senate appointed by the subcommittee on committees of the senate rules and administration committee, a member of the house of representatives appointed by the speaker, a representative of small manufacturing firms located outside the metropolitan area, a representative of medium-sized manufacturing firms located in the metropolitan area, and a private sector person representing the general public. Vacancies on the board for the members who are representatives of the manufacturing firms and the general public shall be filled by the board. The president of the Minnesota Project Outreach Corporation shall be appointed by at least a two-thirds majority of the other members of the board.

The terms of the directors appointed by the governor shall be three years. The directors appointed by the governor shall serve

until their successors are appointed and qualify. The board may elect a chair and form committees of the board.

Subd. 3. [ARTICLES OF INCORPORATION.] The articles of incorporation of the Minnesota Project Outreach Corporation must be filed with the secretary of state under chapter 317 and must be consistent with the duties of the corporation under subdivision 4 and the other provisions of this section.

Subd. 4. [DUTIES.] The Minnesota Project Outreach Corporation shall:

(1) establish a technology assistance system to assist business, specifically new and other small and medium-sized businesses across the state, in gaining access to technical information, including but not limited to technologies developed by the University of Minnesota and other higher education systems and their personnel; and in gaining access to technology-related federal programs.

(2) establish and continually update a business assistance referral system which includes a data base of economic development related technical assistance and financial assistance providers or programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, local governments, private industry associations, and other organizations and individuals that provide assistance;

(3) establish and maintain or contract for the establishment of a toll-free telephone number operated by trained staff familiar with the business assistance referral system and data base;

(4) maintain a marketing and outreach program informing persons interested in starting, operating, or expanding small business and assistance providers of the technology assistance system and the business assistance referral system;

(5) establish, where possible, regional bases and referral systems for the business assistance referral system; and

(6) make available the data base of the business assistance referral system to the legislature, the department of trade and economic development, and other state agencies for evaluating the effectiveness and efficiency of the provision of economic development-related technical and financial assistance in the state.

Subd. 5. [STATE AGENCY COOPERATION.] The Minnesota Project Outreach Corporation shall consult with the department of trade and economic development in the development and marketing of the business assistance referral system. The corporation shall assist the department of trade and economic development in estab-

lishing an evaluation mechanism for the business assistance referral system which at least includes a process for determining the effectiveness of the economic development related technical or financial assistance provider's service in meeting the needs of the client referred to the provider.

Subd. 6. [CHARGES TO CLIENTS.] (a) The Minnesota Project Outreach Corporation may charge reasonable fees to a client for the technology assistance system. The corporation shall establish a fee structure for the technology assistance system and may base the fee structure on the type of service provided, the size of the client based on number of employees or amount of annual revenues, the length of time the client has been in operation, and other criteria.

(b) The corporation shall provide the business assistance referral system at no cost to the client and may not charge the client a fee or any other compensation for the referral to a provider. This subdivision does not prohibit the technical or financial assistance provider from charging a fee or other compensation to a client that has been referred to the provider by the business assistance referral system.

Subd. 7. [ADVISORY COMMITTEES.] The board of directors of the Minnesota Project Outreach Corporation may appoint advisory committees to assist in selecting vendors and evaluating the corporation's activities.

Subd. 8. [ANNUAL REPORT.] The Minnesota Project Outreach Corporation shall submit an annual report by January 15 of each year to the appropriations, finance, and economic development committees of the legislature, the governor, the Greater Minnesota Corporation, and the University of Minnesota. The report must include a description of the corporation's activities for the past year, a listing of the contracts entered into by the corporation, and a summary of the corporation's expenditures.

Subd. 9. [AUDIT.] The Minnesota Project Outreach Corporation shall contract with a certified public accounting firm to perform a financial and compliance audit of the corporation and any subsidiary annually in accordance with generally accepted accounting standards.

Sec. 140. [116J.692] [REGISTERED NAME.]

Notwithstanding Minnesota Statutes, section 317.09, the secretary of state shall register the name "Minnesota Project Outreach Corporation" on behalf of the corporation.

Sec. 141. [INITIAL APPOINTMENTS.]

Notwithstanding section 139, subdivision 2, the members of the

initial board of directors representing manufacturing firms and the general public shall be appointed by the governor as follows: one member to a one-year term, one member to a two-year term, and one member to a three-year term.

Sec. 142. Minnesota Statutes 1988, section 116J.74, subdivision 5, is amended to read:

Subd. 5. [COMMISSIONER.] "Commissioner" means the deputy commissioner of the department of trade and economic development for community development.

Sec. 143. Minnesota Statutes 1988, section 116J.970, is amended to read:

116J.970 [SCIENCE AND TECHNOLOGY OFFICE DUTIES.]

~~Subdivision 1. [DUTIES.] The commissioner shall establish an office of science and technology, which shall:~~

(1) provide assistance to the committee on science and technology research and development established in section 116J.971;

(2) prepare and deliver to the legislature every January 15, a science and technology annual report that shall contain:

(i) a list of the scientifically and technologically related research and development projects and development activities funded by a grant or loan of state money;

(ii) guidelines that the legislature may use in allocating state grant or loan money for scientifically and technologically related research and development projects, to include assessments of emerging technologies and those technologies that provide significant promise for the development of job-creating businesses; and

(iii) an analysis of the efficacy and completeness of the decentralized research peer review processes mandated in section 116J.971, subdivision 5, with special emphasis on whether or not scientifically and technologically related research and development projects in Minnesota are in conformance with the guidelines established in ~~item (ii)~~ section 116J.971, subdivision 6, and whether or not the scientifically and technologically related research and development projects have or will result in creating scientifically and technologically related jobs;

(3) keep a current roster of technology intensive businesses in the state;

(4) collect and disseminate information on financial, technical, marketing, management, and other services available to technology intensive small and emerging businesses, including potential sources of debt and equity capital;

(5) review the technological development potential of various regions of the state and cooperate with and make recommendations to the legislature, state agencies, the Greater Minnesota Corporation, local governments, local technology development agencies, the federal government, private businesses, and individuals for the realization of the development potential; and

(6) sponsor and conduct conferences and studies, collect and disseminate information, and issue periodic reports relating to scientifically and technologically related research and development, and education in the state and represent the state at appropriate interstate and national conferences; and

(7) ~~take other action as assigned by the commissioner.~~

Sec. 144. Minnesota Statutes 1988, section 116J.971, subdivision 3, is amended to read:

Subd. 3. [QUALIFICATIONS AND DUTIES OF THE COMMITTEE ON SCIENCE AND TECHNOLOGY RESEARCH AND DEVELOPMENT.] Members of the committee on science and technology research and development must be qualified in at least one of the five following areas: economic development, academic and applied research, the administration of research, the review of research processes, and the management and development of technology intensive companies. The committee shall:

(i) advise upon and approve by a majority vote the guidelines required by section 116J.970, clause (2), item (ii);

(ii) advise the director of the office of science and technology commissioner on the preparation of the analysis required by section 116J.970, clause (2), item (iii);

(iii) approve the assignment of ad hoc advisory committees on science and technology research and development as needed; and

(iv) review and comment upon, if the committee considers it to be necessary, the reports of the ad hoc advisory committees and forward the reports to the director of the office of science and technology commissioner.

Sec. 145. Minnesota Statutes 1988, section 116J.971, subdivision 6, is amended to read:

Subd. 6. [PEER REVIEW PLANS.] A state agency, board, commission, authority, ~~or~~ institution or other entity, including the Greater Minnesota Corporation, that funds allocates state money by a grant, loan, or contract for scientifically and technologically related research shall establish a peer review system to evaluate the research. The committee on science and technology research and development shall recommend guidelines for establishing effective peer review. An agency, board, commission, authority, or institution that funds scientifically and technologically related research shall, at least biennially, present to the committee on science and technology research and development or to ad hoc committees, as determined by the committee on science and technology research and development, a review and evaluation of the peer review process used in that organization.

Sec. 146. Minnesota Statutes 1988, section 116J.971, subdivision 7, is amended to read:

Subd. 7. [AUTHORITY TO PERFORM REQUESTED EVALUATIONS.] The governor, commissioner ~~or~~ director of the office of science and technology, speaker of the house of representatives, house of representatives minority leader, senate majority leader, senate minority leader, chair of the house of representatives appropriations committee, chair of the senate finance committee, or a member of the legislature considering the introduction or approval of legislation containing funding for scientifically and technologically related research and development, may request the committee on science and technology research and development to evaluate a loan or grant made or to be made or the proposed legislation for funding scientifically and technologically related research and development to determine (1) whether it complies with the guidelines required by section 116J.970, clause (2), item (ii); (2) whether it is technically feasible; and (3) for development proposals, whether the proposal appears to have the potential for economic development. Ad hoc committees may be appointed by the committee on science and technology research and development to perform these reviews.

Sec. 147. Minnesota Statutes 1988, section 116J.971, subdivision 8, is amended to read:

Subd. 8. [AUTHORITY FOR REVIEW AND COMMENT UPON RESEARCH AND DEVELOPMENT PROGRAMS.] Each agency, board, commission, authority ~~or~~ institution receiving an appropriation for the funding of or other entity, including the Greater Minnesota Corporation, that allocates state money by a grant, loan, or a contract for scientifically and technologically related research and development must notify the office of science and technology commissioner within 60 days of making a loan or grant for scientifically or technologically related research and development. The notice shall contain a summary of the nature of and significant objectives of the research and development project funded by a grant

or loan. The notice must also include information on the size and timing of previous grants or loans and anticipated additional funding needs. The committee on science and technology research and development shall, at least once each biennium, review scientifically and technologically related research funded by a state agency, board, commission, authority, or institution or other entity, including the Greater Minnesota Corporation, to assess whether or not the research and development is conducted in accordance with the guidelines required by section 116J.970, clause (2), item (ii). The committee's assessment shall be sent to the legislature on or before January 15 of every odd-numbered year.

Sec. 148. Minnesota Statutes 1988, section 116J.971, subdivision 9, is amended to read:

Subd. 9. [STAFF APPOINTMENTS.] The director of the office of science and technology commissioner shall appoint those staff members necessary to perform the functions of the science and technology division duties of the commissioner required under section 116J.970. The director commissioner shall appoint in the unclassified service an executive director of the committee on science and technology research and development, who shall report to the director. The executive director must hold a postbaccalaureate degree in scientific or technologically related studies, or demonstrate experience in technological policy formulation.

Sec. 149. Minnesota Statutes 1988, section 116J.982, subdivision 1, is amended to read:

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

(a) "Commissioner" means the deputy commissioner of trade and economic development for community development.

(b) "Economic development region" means an area so designated in the governor's executive order number 60, dated June 12, 1970, as amended.

(c) "Federal poverty level" means the income level established by the United States Community Services Administration in Code of Federal Regulations, title 45, section 1060.2-2.

(d) "Low income" means an annual income below the federal poverty level.

Sec. 150. [116J.983] [CERTIFIED DEVELOPMENT COMPANY.]

Subdivision 1. [PURPOSE; OBJECTIVES.] The commissioner may create, promote, and assist a development company that will

qualify as a certified development company for the purposes of United States Code, title 15, section 697, and Code of Federal Regulations, title 13, section 108.503.

The commissioner shall use the development company program, in conjunction with the other economic development programs administered by the department, to stimulate the state's economic activity.

The development company and its directors and officers shall comply with the organizational, operational, regulatory, and reporting requirements as adopted by the United States Small Business Administration and the Minnesota department of trade and economic development, the guidelines contained in the bylaws, the articles of incorporation, and standard operating procedure prescribed by the Small Business Administration.

Subd. 2. [CAPITAL; LOAN LIMITS; MEMBERSHIP REQUIREMENTS.] The capital for a certified development company must be derived from corporate holders or members, each of whom must not have more than ten percent of the voting control of the development company. The company must have a minimum of 25 members. The members of the company from each economic development region must represent, to the greatest extent practical, the same proportion of the membership of the company as the population of the economic development region is of the population of the state.

Subd. 3. [MEMBERS.] Members must be representatives of local government, community organizations, financial institutions, and businesses in Minnesota and must, upon application, have been accepted for membership by a majority vote of the members of the development company's board of directors present at a regular or special meeting of the board at which there is a quorum. Department of trade and economic development staff may not be members of the development company. A "financial institution" is a business organization recognized under Minnesota or federal law as a banking institution, trust company, savings and loan association, insurance company, or a corporation, partnership, foundation, or other institution licensed to do business in Minnesota and engaged primarily in lending or investing money.

Subd. 4. [MEMBERSHIP APPLICATIONS.] Applications for membership must be submitted to the development company's board of directors on forms provided by the commissioner and accompanied by additional information as the form may require. Application forms must provide that if the application is approved and the applicant accepted for membership by the development company's board of directors before withdrawal of the application, the applicant agrees to become a member upon the acceptance and to assume the rights and obligations of a member. Notice of approval or rejection of an application must be forwarded, by certified or

registered United States mail, to the applicant for the attention of the person signing the application, within 15 days following the date when the approval or rejection is made. Approval of the application constitutes acceptance of the applicant as a member of the corporation.

Subd. 5. [OFFICERS.] The executive officers of the development company are a president, one or more vice-presidents including the executive vice-president, a secretary, and a treasurer. None of the officers, except the president, need be directors. One person may hold the offices and perform the duties of any two or more of the offices. The development company's board of directors by majority vote may leave unfilled, for any period it may fix, any office except that of president, treasurer, or secretary.

Subd. 6. [ADMINISTRATION.] The commissioner shall make available staff to provide services to the certified development company. The staff must have the capability to package, process, close, and service loans made through the development company.

Subd. 7. [REPORTS.] The development company shall submit annual operation reports to the Small Business Administration and the state legislature. When requested by the Small Business Administration or the state legislature, interim reports of a similar nature must be provided. The reports must be provided in accordance with the instructions and attachments set by the Small Business Administration. The development company shall comply with all regulations issued under United States Code, title 15, section 697, and applicable state and federal laws affecting its operation.

Subd. 8. [REVOLVING ACCOUNT.] The development company may charge a one-time processing fee up to the maximum allowed by the Small Business Administration on a debenture issued for loan purposes. In addition, a fee for servicing loans may be imposed up to the maximum allowed by the Small Business Administration based on the unpaid balance of each debenture. These fees must be deposited in the state treasury and credited to an account in the special revenue fund. Money in the account is appropriated to the commissioner for the costs of administering the program, including personnel costs; to compensate members of the board of directors under section 15.0575, subdivision 3; and to create and operate a pool of money for investment in projects that further the purposes of this section.

Sec. 151. [TRANSFER.]

The Washington, D.C. office of the department of trade and economic development is transferred to the state planning agency. All powers and duties of the commissioner and office staff under

Minnesota Statutes, section 116J.613, are transferred to the state planning agency under Minnesota Statutes, section 15.039.

Sec. 152. [116K.14] [WASHINGTON OFFICE.]

The commissioner may appoint employees in the Washington, D.C., office of the state of Minnesota in accordance with chapter 43A, and prescribe their duties.

In the operation of the Washington, D.C., office of the state of Minnesota, the commissioner may expend money appropriated by the legislature for promotional purposes in the same manner as private persons, firms, corporations, and associations expend money for promotional purposes. Promotional expenditures for food, lodging, or travel are not governed by the travel rules of the commissioner of employee relations.

Sec. 153. Minnesota Statutes 1988, section 116L.02, is amended to read:

116L.02 [JOB SKILLS PARTNERSHIP PROGRAM.]

The Minnesota job skills partnership program is created to act as a catalyst to bring together employers with specific training needs with educational or other nonprofit institutions which can design programs to fill those needs. The partnership shall work closely with employers to train and place workers in identifiable positions as well as assisting educational or other nonprofit institutions in developing training programs that coincide with current and future employer requirements. The partnership shall provide grants to educational or other nonprofit institutions for the purpose of training displaced workers. A participating business must match the grant-in-aid made by the Minnesota job skills partnership. ~~Preference must be given to a business located in a rural area.~~ The match may be in the form of funding, equipment, or faculty.

Sec. 154. Minnesota Statutes 1988, section 116L.03, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT.] The Minnesota job skills partnership board consists of: eight members appointed by the governor, ~~the commissioner of trade and economic development,~~ the commissioner of jobs and training, and the state director of vocational technical education.

Sec. 155. Minnesota Statutes 1988, section 116L.03, subdivision 7, is amended to read:

Subd. 7. [OFFICES.] The higher education coordinating board

department of trade and economic development shall provide staff and administrative services for the board.

Sec. 156. Minnesota Statutes 1988, section 116L.04, subdivision 1, is amended to read:

Subdivision 1. [GRANTS-IN-AID.] (a) The partnership may provide grants-in-aid to educational or other nonprofit institutions using the following guidelines:

(a) (1) the educational or other nonprofit institution is a provider of training within the state in either the public or private sector;

(b) (2) the program involves skills training that is an area of employment need; and

(c) (3) preference will be given to educational or other nonprofit institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.

Grants (b) A single grant to any one institution shall not exceed \$200,000 to any one institution.

Sec. 157. Minnesota Statutes 1988, section 116N.01, subdivision 3, is amended to read:

Subd. 3. [COMMISSIONER.] "Commissioner" means the deputy commissioner of trade and economic development for community development.

Sec. 158. Minnesota Statutes 1988, section 116O.02, is amended by adding a subdivision to read:

Subd. 6. [TECHNOLOGY RELATED ASSISTANCE.] "Technology related assistance" means the transfer of technological information and technologies to assist in the development and production of new technology related products or services or to increase the productivity or otherwise enhance the production or delivery of existing products or services.

Sec. 159. Minnesota Statutes 1988, section 116O.03, subdivision 1, is amended to read:

Subdivision 1. [NAME ESTABLISHMENT.] The Greater Minnesota Corporation is established as a public corporation of the state and is not subject to the laws governing a state agency except as provided in this chapter. The business of the corporation must be conducted under the name "Greater Minnesota Corporation."

Sec. 160. Minnesota Statutes 1988, section 1160.03, is amended by adding a subdivision to read:

Subd. 1a. [PURPOSE.] The purpose of the corporation is to foster long-term economic growth and job creation by stimulating innovation and the development of new products, services, and production processes through technology transfer, applied research, and financial assistance. The corporation's purpose is not to create new programs or services but to build on the existing educational, business, and economic development infrastructure. The primary focus of the corporation's activities must be to benefit new or existing small and medium-sized businesses in greater Minnesota.

Sec. 161. Minnesota Statutes 1988, section 1160.03, subdivision 2, is amended to read:

Subd. 2. [BOARD OF DIRECTORS.] The corporation is governed by a board of 11 directors which consists of the deputy commissioner of trade and economic development for community development and ten other members. The term of a director member other than the commissioner is six years. Vacancies on the board, other than that of the commissioner, are filled by appointment of the board, subject to the advice and consent of the senate. Board members other than the commissioner may receive reasonable compensation and be reimbursed for reasonable expenses, which must be reviewed each year by the commissioner of finance. The deputy commissioner of trade and economic development for community development may only receive reimbursement for reasonable expenses.

Sec. 162. Minnesota Statutes 1988, section 1160.05, is amended to read:

1160.05 [POWERS OF THE CORPORATION.]

Subdivision 1. [GENERAL CORPORATE POWERS.] (a) Except as otherwise provided in this article, The corporation has the powers granted to a business corporation by section 302A.161, subdivisions 3; 4; 5; 7; 8; 9; 11; 12; 13, except that the corporation may not act as a general partner in any partnership; 14; 15; 16; 17; 18; and 22.

(b) The state is not liable for the obligations of the corporation.

(c) Section 302A.041 applies to this article chapter and the corporation in the same manner that it applies to business corporations established under chapter 302A.

Subd. 2. [DUTIES.] The corporation shall:

(1) establish programs, activities, and policies that provide technology transfer and applied research and development assistance to

individuals, sole proprietorships, partnerships, corporations, other business entities, and nonprofit organizations in the state that are primarily new and existing small and medium-sized businesses in greater Minnesota;

(2) provide or provide for technology related assistance to individuals, sole proprietorships, partnerships, corporations, other business entities, and nonprofit organizations;

(3) provide financial assistance under section 1160.06 to assist the development of new products, services, or production processes or to assist in bringing new products or services to the marketplace;

(4) provide or provide for research services including on-site research and testing of production techniques and product quality;

(5) establish and operate regional research institutes as provided for in section 1160.08;

(6) make matching research grants for applied research and development to public and private post-secondary education institutes as provided for in section 1160.11;

(7) enter into contracts for establishing formal relationships with public or private research institutes or facilities;

(8) establish the agricultural utilization research institute under section 1160.09; and

(9) not duplicate existing services or activities provided by other public and private organizations but shall build on the existing educational, business, and economic development infrastructure.

Subd. 3. [RULES.] The corporation is not subject to chapter 14, but must publish in the State Register any guidelines, policies, rules, or eligibility criteria prepared or adopted by the corporation for any of its financial or technology transfer programs.

Sec. 163. Minnesota Statutes 1988, section 1160.06, subdivision 1, is amended to read:

Subdivision 1. [FINANCIAL ASSISTANCE; TYPES.] The corporation may provide financial assistance to individuals, sole proprietorships, businesses partnerships, corporations, other business entities, or for-profit or nonprofit organizations that have (1) received research assistance from a corporation research facility or as a result of a research grant under section 1160.09, subdivision 4, or 1160.011; or (2) received favorable review through a peer review process established under guidelines developed under section 1160.10, subdivision 2. Financial assistance includes, but is not

limited to, loan guarantees or insurance, direct loans, and interest subsidy payments. The corporation may participate in loans by purchasing from a lender up to 50 percent of each loan. Financial assistance under this section is for assisting in the financing of a business's debt financing, product development financing, or working capital needs.

Sec. 164. Minnesota Statutes 1988, section 1160.06, subdivision 5, is amended to read:

Subd. 5. [PREFERENCE.] In providing financial assistance, the corporation must give preference to individuals, sole proprietorships, businesses partnerships, corporations, other business entities, or organizations that are starting or expanding their operations in greater Minnesota.

Sec. 165. Minnesota Statutes 1988, section 1160.08, subdivision 2, is amended to read:

Subd. 2. [PURPOSE.] The purpose of the institutes is to provide applied research and development services to individuals, businesses, or organizations for the purposes of developing the region's economy through the utilization of the region's resources and the development of technology. Research and development services may include on-site research, product development grants, testing of production techniques and product quality, marketing and business management assistance, and feasibility studies.

Sec. 166. Minnesota Statutes 1988, section 1160.08, subdivision 7, is amended to read:

Subd. 7. [DESIGNATED RESEARCH INSTITUTES.] The agricultural utilization research institute established in section 1160.09 is and the natural resources research institute are designated as one two of the regional research institutes authorized under this section.

Sec. 167. Minnesota Statutes 1988, section 1160.14, is amended to read:

1160.14 [AUDITS.]

The corporation board shall contract with a certified public accounting firm to do a financial and compliance audit of the corporation and any subsidiary annually in accordance with generally accepted accounting standards. A copy of this audit must be submitted to the chairs of the senate finance and economic development and housing committees, and the house appropriations and economic development committees.

The books and records of the corporation and any subsidiary, fund,

or entity to be administered or governed by the corporation are subject to audit without previous notice by the legislative auditor. The corporation is subject to the auditing requirements under sections 3.971 and 3.972.

Sec. 168. Minnesota Statutes 1988, section 1160.15, is amended to read:

1160.15 [~~REPORTS~~ ANNUAL REPORT.]

The board shall submit a report to the appropriate chairs of the senate economic development and housing and the house economic development committees of the legislature and the governor on the activities of the corporation by January February 1 of each year. The report must include, at least, a description of projects supported by the corporation, an account of all grants made by the corporation during the calendar year, the source and amount of all money collected and distributed by the corporation, the corporation's assets and liabilities, an explanation of administrative expenses, and any amendments to the operational plan. the following:

(1) a description of each of the programs that the corporation has provided or undertaken at some time during the previous year. The description of each program must describe (i) the statement of purpose for the program, (ii) the administration of the program including the activities the corporation was responsible for and the responsibilities that other organizations had in administering the program, (iii) the results of the program including how the results were measured, (iv) the expenses of the program paid by the corporation, and (v) the source of corporate and noncorporate funding for the program;

(2) an identification of the sources of funding in the previous year for the corporation and its programs including federal, state and local government, foundations, gifts, donations, fees, and all other sources;

(3) a description of the distribution of all money spent by the corporation in the previous year including an identification of the total expenditures, other than corporate administrative expenditures, by sector of the economy;

(4) a description of the administrative expenses of the corporation during the previous year;

(5) a listing of the assets and liabilities of the corporation at the end of the previous fiscal year;

(6) a list and description of each grant awarded by the corporation during the previous year;

(7) a description of any changes made to the operational plan during the previous year; and

(8) a description of any newly adopted or significant changes to bylaws, programmatic or administrative guidelines, policies, rules, or eligibility criteria for programs created or administered by the corporation during the previous year.

Reports must be made to the legislature as required by section 3.195.

Sec. 169. [APPOINTMENT OF COMMISSIONER.]

Notwithstanding Minnesota Statutes, section 116O.03, subdivision 2, the deputy commissioner of trade and economic development for community development is a member of the Greater Minnesota Corporation's board of directors when the first vacancy on the board occurs.

Sec. 170. Minnesota Statutes 1988, section 116P.08, subdivision 1, is amended to read:

Subdivision 1. [EXPENDITURES.] Money in the trust fund may be spent only for:

(1) the reinvest in Minnesota program as provided in section 84.95, subdivision 2;

(2) research that contributes to increasing the effectiveness of protecting or managing the state's environment or natural resources;

(3) collection and analysis of information that assists in developing the state's environmental and natural resources policies;

(4) enhancement of public education, awareness, and understanding necessary for the protection, conservation, restoration, and enhancement of air, land, water, forests, fish, wildlife, and other natural resources;

(5) capital projects for the preservation and protection of unique natural resources;

(6) activities that preserve or enhance fish, wildlife, land, air, water, and other natural resources that otherwise may be substantially impaired or destroyed in any area of the state;

(7) administrative and investment expenses incurred by the state board of investment in investing deposits to the trust fund; and

(8) administrative expenses subject to the limits in section 116P.09.

Sec. 171. Minnesota Statutes 1988, section 116P.08, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] Money from the trust fund may not be spent for:

(1) purposes of environmental compensation and liability under chapter 115B and response actions under chapter 115C;

(2) purposes of municipal water pollution control under the authority of chapters 115 and 116, including combined sewer overflow under section 116.162;

(3) costs associated with the decommissioning of nuclear power plants;

(4) (3) hazardous waste disposal facilities;

(5) (4) solid waste disposal facilities; or

(6) (5) projects or purposes inconsistent with the strategic plan.

Sec. 172. Minnesota Statutes 1988, section 116P.13, is amended to read:

116P.13 [MINNESOTA FUTURE RESOURCES ACCOUNT FUND.]

Subdivision 1. [REVENUE SOURCES.] The money in the Minnesota future resources ~~account~~ fund consists of revenue credited under section 297.13, subdivision 1, clause (1).

Subd. 2. [INTEREST.] The interest attributable to the investment of the Minnesota future resources ~~account~~ fund must be credited to the ~~account~~ fund.

Subd. 3. [REVENUE PURPOSES.] Revenue in the Minnesota future resources ~~account~~ fund may be spent for purposes of natural resources acceleration and outdoor recreation, including but not limited to the development, maintenance, and operation of the state outdoor recreation system under chapter 86A and regional recreation open space systems as defined under section 473.351, subdivision 1.

Sec. 173. Minnesota Statutes 1988, section 176.135, subdivision 1, is amended to read:

Subdivision 1. [MEDICAL, PSYCHOLOGICAL, CHIROPRACTIC, PODIATRIC, SURGICAL, HOSPITAL.] (a) The employer shall furnish any medical, psychological, chiropractic, podiatric, surgical and hospital treatment, including nursing, medicines, medical, chiropractic, podiatric, and surgical supplies, crutches and apparatus, including artificial members, or, at the option of the employee, if the employer has not filed notice as hereinafter provided, Christian Science treatment in lieu of medical treatment, chiropractic medicine and medical supplies, as may reasonably be required at the time of the injury and any time thereafter to cure and relieve from the effects of the injury. This treatment shall include treatments necessary to physical rehabilitation. The employer shall furnish replacement or repair for artificial members, glasses, or spectacles, artificial eyes, podiatric orthotics, dental bridge work, dentures or artificial teeth, hearing aids, canes, crutches, or wheel chairs damaged by reason of an injury arising out of and in the course of the employment. In case of the employer's inability or refusal seasonably to do so the employer is liable for the reasonable expense incurred by or on behalf of the employee in providing the same, including costs of copies of any medical records or medical reports that are in existence, obtained from health care providers, and that directly relate to the items for which payment is sought under this chapter, limited to the charges allowed by subdivision 7, and attorney fees incurred by the employee. No action to recover the cost of copies may be brought until the commissioner adopts a schedule of reasonable charges under subdivision 7. Attorney's fees shall be determined on an hourly basis according to the criteria in section 176.081, subdivision 5. The employer shall pay for the reasonable value of nursing services by a member of the employee's family in cases of permanent total disability.

(b) Both the commissioner and the compensation judges have authority to make determinations under this section in accordance with sections 176.106 and 176.305.

Sec. 174. Minnesota Statutes 1988, section 190.07, is amended to read:

190.07 [APPOINTMENT; QUALIFICATIONS; RANK.]

There shall be an adjutant general of the state who shall be appointed by the governor, ~~who~~. The adjutant general shall be a staff officer, who at the time of appointment shall be a commissioned officer of the national guard of this state, with not less than ten years military service in the armed forces of this state or of the United States, at least three of which shall have been commissioned and who shall have reached the grade of a field officer.

The adjutant general shall hold rank equal to that of the highest rank authorized for the army and air national guard in the table of organization for units allotted to the state by the department of the

army, or the department of the air force, or by both such departments, through the national guard bureau. However, the adjutant general shall not be appointed to the rank of major general without having 20 years service in the national guard, of which two years has been in the rank of brigadier general.

The term of the adjutant general shall hold office as provided by United States Code, title 32, section 314, as amended through is seven years from the date of appointment, and Section 15.06, subdivisions 3, 4, and 5, govern filling of vacancies in the office of adjutant general. The adjutant general shall not be removed from office during a term except upon withdrawal of federal recognition or as otherwise provided by the military laws of this state.

Sec. 175. [192.50] [FINANCIAL INCENTIVES FOR NATIONAL GUARD MEMBERS.]

Subdivision 1. [REENLISTMENT BONUS.] (a) The adjutant general shall establish a program providing a reenlistment bonus for members of the Minnesota National Guard in accordance with this section. An active member of the Minnesota National Guard serving satisfactorily, as defined by the adjutant general, shall be paid \$250 per year for reenlisting in the Minnesota National Guard.

(b) A member must reenlist in the Minnesota National Guard for a minimum of three years.

(c) A member is eligible for subsequent reenlistment bonuses to the extent that total years of bonus eligibility are limited to 12 years.

(d) Bonus payments shall be paid in the month prior to the anniversary of a member's current reenlistment.

(e) A member electing to receive tuition assistance under subdivision 2, shall forfeit the reenlistment bonus for the years that the tuition assistance is provided.

Subd. 2. [TUITION REIMBURSEMENT.] (a) The adjutant general shall establish a program providing tuition reimbursement for members of the Minnesota national guard in accordance with this section. An active member of the Minnesota national guard serving satisfactorily, as defined by the adjutant general, shall be reimbursed for tuition paid to a post-secondary education institution as defined by Minnesota Statutes, section 136A.15, subdivision 5, upon proof of satisfactory completion of course work.

(b) In the case of tuition paid to a public institution located in Minnesota, including any vocational or technical school, tuition is limited to an amount equal to 50 percent of the cost of tuition at that

public institution, except as provided in this section. In the case of tuition paid to a Minnesota private institution or vocational or technical school or a public or private institution or vocational or technical school not located in Minnesota, reimbursement is limited to 50 percent of the cost of tuition for lower division programs in the college of liberal arts at the twin cities campus of the University of Minnesota in the most recent academic year, except as provided in this section.

(c) If a member of the Minnesota national guard is killed in the line of state active duty, the state shall reimburse 100 percent of the cost of tuition for post-secondary courses satisfactorily completed by any surviving spouse and any surviving dependents who are 21 years old or younger. Reimbursement for surviving spouses and dependents is limited in amount and duration as is reimbursement for the national guard member.

(d) The amount of tuition reimbursement for each eligible individual shall be determined by the adjutant general according to rules formulated within 30 days of the effective date of this section. Tuition reimbursement received under this section shall not be considered by the Minnesota higher education coordinating board or by any other state board, commission, or entity in determining a person's eligibility for a scholarship or grant-in-aid under sections 136A.09 to 136A.132.

Subd. 3. [RECORD KEEPING; RECRUITMENT AND RETENTION; FISCAL MANAGEMENT.] The department of military affairs shall keep an accurate record of the recipients of the reenlistment bonus and tuition reimbursement programs. The department shall report to the legislature on the effectiveness of the reenlistment bonus and tuition reimbursement programs in retaining and recruiting members for the Minnesota National Guard. The report to the legislature shall be made by January 1 of each year. The report shall include a review of the effect that the reenlistment bonus and tuition reimbursement programs have on the enlistment and reenlistment of National Guard members. The report shall include an accurate record of the effect that both the tuition reimbursement program and the reenlistment bonus program have on the recruitment and retention of members by rank, unit location, race, and sex.

The department of military affairs shall make a specific effort to recruit and retain women and members of minority groups into the guard through the use of the tuition reimbursement and reenlistment bonus programs.

Sec. 176. Minnesota Statutes 1988, section 192.51, subdivision 2, is amended to read:

Subd. 2. [ACTIVE DUTY PAY.] When called into active service by

the governor, other than for encampment or maneuvers, including the time necessarily consumed in travel, each enlisted person of the military forces shall be paid by the state the pay and the allowances, when not furnished in kind, provided by law for enlisted persons of similar grade, rating and length of service in the armed forces of the United States, or \$65 \$130 a day, whichever is more.

Sec. 177. Minnesota Statutes 1988, section 196.02, is amended to read:

196.02 [COMMISSIONER OF VETERANS AFFAIRS.]

Subdivision 1. [APPOINTMENT; QUALIFICATIONS.] The department shall be under the supervision and control of a deputy commissioner of for veterans affairs services who shall be appointed by the governor under the provisions of section 15.06. No person shall be eligible to receive appointment as deputy commissioner for veterans services unless that person has the following qualifications:

- (1) Residence in the state of Minnesota;
- (2) Citizenship in the United States;
- (3) Veteran of the armed forces of the United States as defined in section 197.447.

Subd. 2. [BOND OF COMMISSIONER.] The deputy commissioner for veterans services shall give bond to the state in the sum of \$10,000.

Sec. 178. Minnesota Statutes 1988, section 196.021, is amended to read:

196.021 [DEPUTY COMMISSIONERS TO BE APPOINTED; DUTIES.]

Subdivision 1. [APPOINTMENT.] The commissioner shall appoint a deputy commissioner for veteran services as provided in subdivision 2, and The board of directors of the Minnesota veterans homes may appoint a deputy commissioner for veteran health care as provided in section 198.004. Both deputy commissioners serve in the unclassified service, the deputy for veteran services at the pleasure of the commissioner and the deputy for veteran health care The deputy commissioner serves in the unclassified service at the pleasure of the board. Both deputies The deputy shall be residents a resident of Minnesota, citizens a citizen of the United States, and veterans a veteran as defined in section 197.447.

Subd. 2. [DEPUTY FOR VETERAN SERVICES; POWERS AND

DUTIES.] The deputy commissioner for veteran services has those powers delegated by the commissioner that have not otherwise been delegated to the deputy commissioner for veteran health care by the deputy commissioner for veterans services or assigned to that deputy commissioner by law. A delegation must be in writing, signed by the deputy commissioner for veterans services, and filed with the secretary of state.

Sec. 179. Minnesota Statutes 1988, section 256.482, subdivision 3, is amended to read:

Subd. 3. [RECEIPT OF FUNDS.] Whenever any person, firm, or corporation, or the federal government offers to the council funds by the way of gift, grant, or loan, for purposes of assisting the council to carry out its powers and duties, the council may accept the offer by majority vote and upon acceptance the chair shall receive the funds subject to the terms of the offer. However, no money shall be accepted or received as a loan nor shall any indebtedness be incurred except in the manner and under the limitations otherwise provided by law.

Sec. 180. Minnesota Statutes 1988, section 256.482, is amended by adding a subdivision to read:

Subd. 5a. [TECHNOLOGY FOR PEOPLE WITH DISABILITIES.] The council has the following duties related to technology for people with disabilities:

(1) to identify individuals with disabilities, including individuals from underserved groups, who reside in the state and conduct an ongoing evaluation of their needs for technology-related assistance;

(2) to identify and coordinate state policies, resources, and services relating to the provision of assistive technology devices and assistive technology services to individuals with disabilities, including entering into interagency agreements;

(3) to provide assistive technology devices and assistive technology services to individuals with disabilities and payment for the provision of assistive technology devices and assistive technology services;

(4) to disseminate information relating to technology-related assistance and sources of funding for assistive technology devices and assistive technology services to individuals with disabilities, the families or representatives of individuals with disabilities, individuals who work for public agencies, and private entities that have contact with individuals with disabilities, including insurers, employers, and other appropriate individuals;

(5) to provide training and technical assistance relating to as-

sistive technology devices and assistive technology services to individuals with disabilities, the families or representatives of individuals with disabilities, individuals who work for public agencies, and private entities that have contact with individuals with disabilities, including insurers, employers, and other appropriate individuals;

(6) to conduct a public awareness program focusing on the efficacy and availability of assistive technology devices and assistive technology services for individuals with disabilities;

(7) to assist statewide and community-based organizations or systems that provide assistive technology services to individuals with disabilities;

(8) to support the establishment or continuation of partnerships and cooperative initiatives between the public sector and the private sector;

(9) to develop standards, or where appropriate, apply existing standards to ensure the availability of qualified personnel for assistive technology devices;

(10) to compile and evaluate appropriate data relating to the program; and

(11) to establish procedures providing for the active involvement of individuals with disabilities, the families or representatives of the individuals, and other appropriate individuals in the development and implementation of the program, and for individuals with disabilities who use assistive technology devices and assistive technology services, for their active involvement, to the maximum extent appropriate in decisions relating to the assistive technology devices and assistive technology services.

Sec. 181. [TRANSFER.]

The council on technology for people with disabilities, created by executive order number 86-12, is transferred to the council on disability. Minnesota Statutes, section 15.039, applies to this transfer.

Sec. 182. [290.432] [CORPORATE NONGAME WILDLIFE CHECKOFF.]

A corporation that files an income tax return may designate on its original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that corporation and paid into the nongame wildlife management account established by section 290.431 for use by the section of wildlife

in the department of natural resources for its nongame wildlife program. The commissioner of revenue shall, on the corporate tax return, notify filers of their right to designate that a portion of their tax return be paid into the nongame wildlife management account for the protection of endangered natural resources. All interest earned on money accrued in the nongame wildlife management account shall be credited to the account by the state treasurer. The commissioner of natural resources shall submit a work program for each fiscal year to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be spent unless the commission has approved the work program.

The state pledges and agrees with all corporate contributors to the nongame wildlife account to use the funds contributed solely for the nongame wildlife program and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of those programs.

Sec. 183. Minnesota Statutes 1988, section 297.13, subdivision 1, is amended to read:

Subdivision 1. [CIGARETTE TAX APPORTIONMENT.] Revenues received from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be deposited by the commissioner of revenue in a separate and special fund, designated as the tobacco tax revenue fund, in the state treasury and credited as follows:

(a) first to the general obligation special tax bond debt service account in each fiscal year the amount required to increase the balance on hand in the account on each December 1 to an amount equal to the full amount of principal and interest to come due on all outstanding bonds whose debt service is payable primarily from the proceeds of the tax to and including the second following July 1; and

(b) after the requirements of paragraph (a) have been met:

(1) the revenue produced by one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the Minnesota future resources account fund;

(2) the revenue produced by two mills of the tax on cigarettes weighing not more than three pounds a thousand and four mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the Minnesota state water pollution control fund created in section 116.16, provided that, if the tax on cigarettes imposed by United States Code, title 26, section 5701, as amended,

is reduced after June 1, 1985, an additional one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the Minnesota state water pollution control fund created in section 116.16 less any amount credited to the general obligation special tax debt service account under paragraph (a), with respect to bonds issued for the prevention, control, and abatement of water pollution;

(3) the revenue produced by one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to a public health fund, provided that if the tax on cigarettes imposed by United States Code, title 26, section 5701, as amended, is reduced after June 1, 1985, an additional two-tenths of one mill of the tax on cigarettes weighing not more than three pounds a thousand and an additional four-tenths of one mill of the tax on cigarettes weighing more than three pounds a thousand must be credited to the public health fund;

(4) the balance of the revenues derived from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be credited to the general fund.

Sec. 184. Minnesota Statutes 1988, section 299D.03, subdivision 7, is amended to read:

Subd. 7. [DISCHARGE OF TROOPER.] Every person employed and designated as a state trooper under and pursuant to the provisions of this section, after ~~six~~ 12 months of continuous employment, shall continue in service and hold the position without demotion, until suspended, demoted, or discharged in the manner hereinafter provided for one or more of the causes specified herein.

Sec. 185. Minnesota Statutes 1988, section 302A.821, subdivision 4, is amended to read:

Subd. 4. [NOTICE OF REPEATED VIOLATION.] If a corporation fails for ~~two~~ three consecutive years to file a registration pursuant to the requirements of subdivision 1, the secretary of state shall give notice by ~~registered~~ first class mail to the corporation at its registered office that it has violated this section and is subject to dissolution by the office of the secretary of state if the delinquent registrations are not filed pursuant to subdivision 1 within 60 days after the mailing of the notice.

Sec. 186. Minnesota Statutes 1988, section 302A.821, subdivision 5, is amended to read:

Subd. 5. [PENALTY.] (a) A corporation that has failed for ~~two~~ three consecutive years to file a registration pursuant to the requirements of subdivision 1, has been notified of the failure pursuant to subdivision 4, and has failed to file the delinquent registrations during the 60-day period described in subdivision 4, may be dissolved by the secretary of state as described in paragraph (b).

(b) Immediately after the expiration of the 60-day period described in paragraph (a), if the corporation has not filed the delinquent registrations, the secretary of state shall issue a certificate of involuntary dissolution, and a copy of the certificate shall be filed in the office of the secretary of state. The original certificate and a notice explaining that the corporation has been dissolved shall be sent to the registered office of the corporation. The secretary of state shall annually inform the attorney general and the commissioner of revenue of the names of corporations dissolved under this section during the preceding year. A corporation dissolved in this manner is not entitled to the benefits of section 302A.781, subdivision 1. The liability, if any, of the shareholders of a corporation dissolved in this manner shall be determined and limited in accordance with section 302A.557, except that the shareholders shall have no liability to any director of the corporation under section 302A.559, subdivision 2.

Sec. 187. Minnesota Statutes 1988, section 307.08, subdivision 5, is amended to read:

Subd. 5. The cost of authentication, identification, marking, and rescue of unmarked or unidentified burial grounds or burials shall be the responsibility of the state. The data collected by this activity that has common value for natural resource planning must be provided and integrated into the Minnesota land management information system's geographic and summary data bases according to published data compatibility guidelines. Costs associated with this data delivery must be borne by the state.

Sec. 188. Minnesota Statutes 1988, section 336.9-302, is amended to read:

336.9-302 [WHEN FILING IS REQUIRED TO PERFECT SECURITY INTEREST; SECURITY INTERESTS TO WHICH FILING PROVISIONS OF THIS ARTICLE DO NOT APPLY.]

(1) A financing statement must be filed to perfect all security interest except the following:

(a) A security interest in collateral in possession of the secured party under section 336.9-305;

(b) A security interest temporarily perfected in instruments or

documents without delivery under section 336.9-304 or in proceeds for a 20 day period under section 336.9-306;

(c) A security interest created by an assignment of a beneficial interest in a trust or a decedent's estate;

(d) A purchase money security interest in consumer goods; but filing is required for a motor vehicle required to be registered; and fixture filing is required for priority over conflicting interests in fixtures to the extent provided in section 336.9-313;

(e) An assignment of accounts which does not alone or in conjunction with other assignments to the same assignee transfer a significant part of the outstanding accounts of the assignor;

(f) A security interest of a collecting bank (section 336.4-208) or in securities (section 336.8-321) or arising under the article on sales (see section 336.9-113) or covered in subsection (3) of this section;

(g) An assignment for the benefit of all the creditors of the transferor, and subsequent transfers by the assignee thereunder.

(2) If a secured party assigns a perfected security interest, no filing under this article is required in order to continue the perfected status of the security interest against creditors of and transferees from the original debtor.

(3) The filing of a financing statement otherwise required by this article is not necessary or effective to perfect a security interest in property subject to the following statutes or treaties; except that to the extent such statutes or treaties are silent on a specific matter, the provisions of this article shall govern:

(a) a statute or treaty of the United States which provides for a national or international registration or a national or international certificate of title or which specifies a place of filing different from that specified in this article for filing of the security interest; or

(b) the following statutes of this state;

(i) Sections 168A.01 to 168A.31 and sections 194 to 214; but during any period in which collateral is inventory held for sale by a person who is in the business of selling goods of that kind, the filing provisions of this article (part 4) apply to a security interest in that collateral created by the person as a debtor; or

(ii) Sections 300.11 to 300.115.

(c) a certificate of title statute of another jurisdiction under the law of which indication of a security interest on the certificate is

required as a condition of perfection (subsection (2) of section 336.9-103).

(4) Compliance with a statute or treaty described in subsection (3) is equivalent to the filing of a financing statement under this article, and a security interest in property subject to the statute or treaty can be perfected only by compliance therewith except as provided in section 336.9-103 on multiple state transactions. A security interest perfected by compliance with such a statute or treaty is governed by this article in all respects not inconsistent with the provisions of the statute or treaty under which it was perfected, provided that this article shall not be deemed inconsistent if it provides for a more extensive duration of effectiveness.

Sec. 189. Minnesota Statutes 1988, section 336.9-413, is amended to read:

336.9-413 [UNIFORM COMMERCIAL CODE ACCOUNT.]

(a) The uniform commercial code account is established as an account in the state treasury.

(b) The filing officer with whom a financing statement, assignment, or continuation statement is filed, or to whom a request for search is made, shall collect a ~~\$2~~ \$3 surcharge on each filing or search. By the 15th day following the end of each fiscal quarter, each county recorder shall forward the receipts from the surcharge accumulated during that fiscal quarter to the secretary of state. The surcharge does not apply to a search request made by a natural person who is the subject of the data to be searched except when a certificate is requested as a part of the search.

(c) The surcharge amounts received from county recorders and the surcharge amounts collected by the secretary of state's office must be deposited in the state treasury and credited to the uniform commercial code account.

(d) Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing a service under sections 336.9-411 to 336.9-413 must be deposited in the state treasury and credited to the uniform commercial code account.

(e) Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing information contained in the computerized records maintained by the secretary of state must be deposited in the state treasury and credited to the uniform commercial code account.

(f) Money in the uniform commercial code account is continuously appropriated to the secretary of state to implement and maintain

the computerized uniform commercial code filing system under section 336.9-411 and to provide electronic-view-only access to other computerized records maintained by the secretary of state.

Sec. 190. Minnesota Statutes 1988, section 349.213, subdivision 1, is amended to read:

Subdivision 1. [LOCAL REGULATION.] A statutory or home rule city or county has the authority to adopt more stringent regulation of any form of lawful gambling within its jurisdiction, including the prohibition of any form of lawful gambling, and may require a permit for the conduct of gambling exempt from licensing under section 349.214. The fee for a permit issued under this subdivision may not exceed \$100. The authority granted by this subdivision does not include the authority to require a license or permit to conduct gambling by organizations or sales by distributors licensed by the board. The authority granted by this subdivision does not include the authority to require an organization to make specific expenditures of more than ten percent from its net profits derived from lawful gambling. For the purposes of this subdivision, net profits are profits less amounts expended for allowable expenses. A statutory or home rule charter city or a county may not require an organization conducting lawful gambling within its jurisdiction to make an expenditure to the city or county as a condition to operate within that city or county, except as authorized under section 349.16, subdivision 4, or section 349.212; provided, however, that an ordinance requirement that such organizations must contribute ten percent of their net profits derived from lawful gambling to a fund administered and regulated by the responsible local unit of government without cost to such fund, for disbursement by the responsible local unit of government of the receipts for lawful purposes, is not considered an expenditure to the city or county nor a tax under section 349.212, and is valid and lawful.

Sec. 191. Minnesota Statutes 1988, section 356.215, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of sections 3.85 and 356.20 to 356.23, each of the following terms shall have the meaning given:

(1) "Actuarial valuation" means a set of calculations prepared by an approved actuary to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to a stated actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation and the resulting actuarial balance sheet of the benefit plan.

(2) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who has at least 15 years of service to major public employee pension or retirement funds or who is a fellow in the society of actuaries.

(3) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual if the benefit plan is governed by section 69.773 or over the earnings of the individual if the benefit plan is governed by any other law between the entry age and the assumed exit age, with the portion of this actuarial present value which is allocated to the valuation year to be the normal cost and the portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

(4) "Experience study" means a report which provides experience data and an actuarial analysis which substantiate the actuarial assumptions on which valuations are based.

(5) "Expected future statutory supplemental contributions" means the sum of future employee and employer contributions at the rates specified in statute when the valuation is completed, reduced by the present value of future normal costs.

(6) "Current assets" means, for funds governed by section 69.77 in cities of the first class with over 300,000 population, the value of all assets at cost, which includes realized capital gains or losses, plus two-thirds of any unrealized capital gains or losses. For all other funds, current assets means the value of all assets at cost, which includes realized capital gains or losses, plus one-third of any unrealized capital gains or losses.

(7) "Unfunded actuarial accrued liability" means total current and expected future benefit obligations less the sum of current assets and the present value of future normal costs.

Sec. 192. Minnesota Statutes 1988, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST AND SALARY ASSUMPTIONS.] For funds governed by chapters 3A, 352, 352B, 352C, 353, 354 other than the variable annuity fund governed by section 354.62, and 490, the actuarial valuation shall use a preretirement interest assumption of eight percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on

which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year. For funds governed by chapter 354A, the actuarial valuation shall use preretirement and postretirement assumptions of eight percent and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year, but the actuarial valuation shall reflect the payment of postretirement adjustments to retirees shall be based on the methods specified in the bylaws of the fund as approved by the legislature. For funds governed by section 69.77, in cities of the first class with over 300,000 population, the actuarial valuation shall use an annual preretirement interest assumption of six percent, an annual postretirement interest assumption of six percent, and an annual salary increase assumption of four percent. For all other funds, the actuarial valuation shall use a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year.

For funds governed by chapters 3A, 352C, and 490, the actuarial valuation shall use a preretirement interest assumption of eight percent, a postretirement interest assumption of five percent, and an assumption that in each future year in which the salary amount payable is not determinable from section 3.099, 15A.081, subdivision 6, or 15A.083; subdivision 1, whichever is applicable, or from applicable compensation council recommendations under section 15A.082, the salary on which a retirement or other benefit is based is 1.065 multiplied by the known or computed salary for the preceding year, whichever is applicable.

Sec. 193. Minnesota Statutes 1988, section 361.03, is amended by adding a subdivision to read:

Subd. 3a. [WATERCRAFT SURCHARGE.] A surcharge of \$2 is placed on each watercraft licensed under subdivision 3, that is 17 feet in length or longer, for management of purple loosestrife and Eurasian water milfoil according to law.

CHAPTER 361A

WATERCRAFT TITLING

Sec. 194. [361A.01] [DEFINITIONS.]

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

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of natural resources.

Subd. 3. [DEALER.] "Dealer" means a person who: (1) is in the business of manufacturing, distributing, selling, or purchasing new or used watercraft; (2) has an established place of business for the sale, trade, and display of watercraft; and (3) possesses watercraft for the purpose of sale or trade.

Subd. 4. [DEPARTMENT.] "Department" means the department of natural resources.

Subd. 5. [DEPUTY REGISTRAR.] "Deputy registrar" means a person appointed or hired by the commissioner of public safety under section 168.33.

Subd. 6. [MANUFACTURER.] "Manufacturer" means a person engaged in the business of constructing or assembling watercraft required to have a certificate of title.

Subd. 7. [MANUFACTURER'S OR IMPORTER'S CERTIFICATE OF ORIGIN.] "Manufacturer's or importer's certificate of origin" means a certificate with the authorized signature of the manufacturer or importer of a watercraft, describing and identifying the watercraft, giving the name and address of the person to whom the watercraft is first sold by the manufacturer or importer, and containing executed assignments of the watercraft to an applicant for a certificate of title on the watercraft in this state.

Subd. 8. [OWNER.] "Owner" means a person, other than a secured party, having the title to a watercraft. "Owner" includes a person entitled to use or possess the watercraft, subject to a security interest in another person, reserved or created by agreement and securing payment of performance of an obligation, but "owner" does not include a lessee under a lease not intended as security.

Subd. 9. [PERSON.] "Person" means an individual, firm, partnership, association, corporation, or governmental organization.

Subd. 10. [SECURED PARTY.] "Secured party" means a secured party as defined in section 336.9-105, subsection (1)(m), having a security interest in a watercraft and includes a lienholder.

Subd. 11. [SECURITY AGREEMENT.] "Security agreement" has the meaning given it in section 336.9-105, subsection (1)(l).

Subd. 12. [SECURITY INTEREST.] "Security interest" has the meaning given it in section 336.1-201, subsection (37), and includes statutory liens for which lien statements are filed.

Subd. 13. [TITLED WATERCRAFT.] "Titled watercraft" means a watercraft required to have a certificate of title under section 195, subdivision 1, or for which a certificate of title has been issued under section 195, subdivision 3.

Subd. 14. [WATERCRAFT.] "Watercraft" means a device used or designed for navigation on water that is greater than 14 feet in length, as defined in section 361.02, subdivision 14, but does not include:

(1) a row-type fishing boat of single hull construction, with oar locks and an outboard motor capacity rating of less than 40 horsepower;

(2) a canoe;

(3) a kayak;

(4) a ship's lifeboat;

(5) a vessel of at least five net tons measured in Code of Federal Regulations, title 46, part 69, that is documented under Code of Federal Regulations, title 46, subpart 67.01; or

(6) a seaplane.

Subd. 15. [WATERS OF THIS STATE.] "Waters of this state" means waters capable of substantial public use and waters to which the public has access, that are within the territorial limits of this state, including boundary waters.

Sec. 195. [361A.02] [CERTIFICATE OF TITLE REQUIRED.]

Subdivision 1. [REQUIREMENT.] Except as provided in subdivision 2, a watercraft used on the waters of the state must have a certificate of title if:

(1) the watercraft is owned by a resident of this state and is kept in the state for more than 90 consecutive days; or

(2) the watercraft is kept in the state for more than 60 consecutive days and has not been issued a certificate of title or similar document from another jurisdiction.

Subd. 2. [EXEMPT WATERCRAFT.] A watercraft is not required to have a certificate of title if the watercraft is:

(1) owned by a manufacturer or dealer and held for sale;

(2) used by a manufacturer solely for testing;

(3) from a jurisdiction other than this state, temporarily using the waters of this state;

(4) owned by the United States, a state, this state, or a political subdivision;

(5) a duck boat used only during duck hunting season;

(6) a rice boat used only during the wild rice harvesting season;

(7) owned by a person, firm, or corporation operating a resort as defined in section 157.01, subdivision 1, or a recreational camping area as defined in section 327.14, subdivision 8, except with respect to a previously titled watercraft; or

(8) watercraft manufactured prior to August 1, 1979.

Subd. 3. [VOLUNTARY TITLING.] The owner of a device used or designed for navigation on water and used on the waters of this state may obtain a certificate of title for the device, even though it is not a watercraft as defined in section 194, subdivision 14, in the same manner and with the same effect as the owner of a watercraft required to be titled under this act. Once titled, the device is a titled watercraft as defined in section 194, subdivision 13, and is and remains subject to this act to the same extent as a watercraft required to be titled.

Subd. 4. [TITLE REQUIRED FOR TRANSFER.] A person may not sell or otherwise transfer a titled watercraft without delivering to the person acquiring the watercraft a certificate of title with an assignment on it to show title in the person acquiring the watercraft. A person may not acquire a watercraft required to have a certificate of title without obtaining a certificate of title for the watercraft in the person's name.

Subd. 5. [NO LEGAL TITLE WITHOUT CERTIFICATE.] A person acquiring a watercraft through a sale or gift does not acquire a right, title, claim, or interest in the watercraft until the person has been issued a certificate of title to the watercraft or has received a manufacturer's or importer's certificate. A waiver or estoppel does not operate in favor of that person against another person who has obtained possession of the certificate of title or manufacturer's or importer's certificate for the watercraft for valuable consideration.

Subd. 6. [WATERCRAFT LICENSE MAY NOT BE ISSUED WITHOUT TITLE.] The commissioner may not issue or renew a watercraft license to an owner of a titled watercraft unless the

owner has been issued or has applied for a certificate of title for the watercraft.

Sec. 196. [361A.03] [APPLICATION AND ISSUANCE OF CERTIFICATE OF TITLE.]

Subdivision 1. [APPLICATION.] The owner of a titled watercraft must apply for the first certificate of title of a watercraft in this state to the commissioner or a deputy registrar on a form prescribed by the commissioner. The appropriate fee under section 204 must accompany the application. The application must be signed by the owner and contain:

(1) the full names, dates of birth, and addresses of owners who are natural persons and the full names and addresses of other owners;

(2) a description of the watercraft including its make, model, year, length, the principal material used in construction, the builder's hull identification number, and the manufacturer's inboard engine serial number;

(3) the date of purchase by the applicant, the name and address of the person from whom the watercraft was acquired;

(4) the name and address of the person who is to possess the title and any conditions of possession; and

(5) other information required by the commissioner to determine whether the owner is entitled to a certificate of title and whether security interests exist in the watercraft.

Subd. 2. [ISSUANCE.] (a) The commissioner shall issue a certificate of title for a watercraft upon verification that:

(1) the application is genuine;

(2) the applicant is the owner of the watercraft; and

(3) payment of the required fee.

(b) The original certificate of title must be mailed to the first secured party disclosed in the application or, if none, to the owner named in the application.

Subd. 3. [CONTENTS.] (a) A certificate of title issued by the commissioner must contain:

(1) the date issued;

(2) the full names, dates of birth, and addresses of owners who are natural persons and the full names and addresses of other owners;

(3) the names and addresses of secured parties;

(4) the title number assigned to the watercraft;

(5) a description of the watercraft including its make, model, year of manufacture, length, principal material used in construction, registration number, and manufacturer's hull identification number or, if none, the builder's hull identification number assigned to the watercraft by the commissioner;

(6) spaces for assignment of title by the owner or by the dealer and for warranting that the signer is the owner and that the watercraft is not subject to security interests, liens, or encumbrances except as noted on the face of the certificate of title;

(7) spaces on the certificate for application of title by a new owner subject to the security interests of secured parties named and for the assignment or release of the security interest of a secured party; and

(8) other information the commissioner may require.

(b) A certificate of title issued by the commissioner is prima facie evidence of the facts appearing on it.

Subd. 4. [ISSUANCE WITHOUT ABSOLUTE PROOF OF OWNERSHIP] (a) If application is made for a certificate of title for a watercraft and the commissioner is not satisfied of the ownership of the watercraft or the existence of security interests in the watercraft, the watercraft may be assigned a title number but the commissioner must:

(1) withhold issuance of a certificate of title until the applicant presents documents that satisfy the commissioner of the applicant's ownership of the watercraft and of security interest in the watercraft; or

(2) require the applicant to file a bond in the form prescribed by the commissioner and executed by the applicant as a condition to issuing a certificate of title.

(b) A bond filed under this subdivision must be accompanied by the deposit of cash or executed by a surety company authorized to do business in this state. The bond must be in an amount equal to one and one-half times the value of the watercraft as determined by the commissioner. The bond must be conditioned to indemnify prior owners, secured parties, and later purchasers of the watercraft or persons acquiring a security interest in the watercraft, or successors

in interest of the persons, against expenses, losses, or damages, including reasonable attorney fees, by reason of the issuance of the certificate of title to the watercraft or on account of a defect in or undisclosed security interest upon the right, title, and interest of the applicant in the watercraft.

(c) An interested person has a right of action to recover on the bond for a breach of its conditions, but the aggregate liability of the surety to all persons may not exceed the amount of the bond.

(d) The commissioner shall return the bond and any deposit accompanying the bond if:

(1) the commissioner has not been notified of the pendency of an action to recover on the bond;

(2) questions of ownership and outstanding security interests have been resolved to the satisfaction of the commissioner;

(3) the bond has been posted for three years or the watercraft is not registered for license purposes in this state under section 361.03; and

(4) the currently valid certificate of title is surrendered.

Subd. 5. [RECORDS.] (a) The commissioner shall maintain records of certificates of title issued under this section according to one of the following systems:

(1) under a distinctive title number assigned to a watercraft;

(2) under the registration number awarded to a watercraft in accordance with the registration and numbering law of the state where it is registered;

(3) alphabetically, under the name of the owner; or

(4) under another system determined by the commissioner.

(b) Records relating to watercraft titling maintained by the commissioner are public records and are open to public inspection during regular office hours.

Subd. 6. [GROUNDS FOR REFUSAL TO ISSUE CERTIFICATE OF TITLE.] The commissioner may not issue a certificate of title if a required fee is not paid or the commissioner has reasonable grounds to believe that:

(1) the applicant is not the owner of the watercraft;

- (2) the application contains a false statement; or
- (3) the applicant failed to furnish required information or documents or additional information the commissioner reasonably requires.

Sec. 197. [361A.04] [DEALER ACQUISITION AND TRANSFER.]

Subdivision 1. [CERTIFICATE OF ORIGIN REQUIRED.] (a) A dealer may not purchase or acquire a new titled watercraft without obtaining a manufacturer's or importer's certificate of origin from the seller.

(b) A manufacturer, importer, dealer, or other person may not sell or otherwise dispose of a new titled watercraft to a dealer for purposes of display and resale without delivering to the dealer a manufacturer's or importer's certificate of origin.

Subd. 2. [CONTENTS OF CERTIFICATE.] The manufacturer's or importer's certificate of origin must be of a form prescribed by the commissioner and contain:

(1) a description of the watercraft, including its trade name, if any, year, series or model, hull material, length, and hull identification number;

(2) certification of the date of transfer of the watercraft and the name and address of the person to whom the watercraft was transferred;

(3) certification that the transfer of the watercraft was in ordinary trade and commerce;

(4) the signature and address of a representative of the person transferring the watercraft;

(5) an assignment form, including the name and address of the person the watercraft is to be transferred to, a certification that the watercraft is new, and a warranty that the title at the time of delivery is subject only to the security interests stated on the title; and

(6) other information required by the commissioner.

Subd. 3. [SALE OF NEW WATERCRAFT.] A dealer selling or exchanging a new titled watercraft, before delivering the watercraft to a purchaser, shall apply to the commissioner for a new title in the name of the purchaser. The application must contain the name and address of any secured party holding a security interest created or reserved at the time of sale and the date of the security agreement

and must be accompanied by a manufacturer's or importer's certificate of origin. The application must be signed by the dealer and the owner, and the dealer shall promptly mail or deliver the application to the commissioner or a deputy registrar.

Subd. 4. [USED WATERCRAFT ACQUIRED FOR RESALE.] (a) If a dealer buys or acquires a used titled watercraft for resale, the dealer must apply to the commissioner or deputy registrar and obtain a title number before selling or exchanging the watercraft in the same manner as a new watercraft on forms the commissioner provides or apply for and obtain a certificate of title.

(b) If a dealer acquires a used titled watercraft for resale and the watercraft is covered by a certificate of title that is surrendered to the dealer by the owner at the time of delivery of the watercraft, the dealer need not send the certificate of title to the commissioner. Upon transferring the watercraft to another person, the dealer must promptly execute the assignment, showing the name and address of the person to whom the watercraft is transferred and forward the certificate to the commissioner or deputy registrar with the application for a new certificate of title.

Subd. 5. [WATERCRAFT WITH FOREIGN REGISTRATION.] (a) Except as provided in paragraph (b), an application for a certificate of title for a watercraft last registered in another state or foreign country must contain or be accompanied by:

(1) a certificate of title or registration issued by the other state or foreign country; and

(2) other information or documents the commissioner requires to establish the ownership of the watercraft and the existence or nonexistence of security interests.

(b) If the state or foreign country where the watercraft was last registered does not issue certificates of title, the application must contain or be accompanied by:

(1) a proper bill of sale or sworn statement of ownership, certificate of registration, or evidence of ownership as required by the law of the state or foreign country; and

(2) any other information or documents the commissioner requires to establish the ownership of the watercraft and the existence or nonexistence of security interests.

Sec. 198. [361A.05] [TRANSFER BY OWNER.]

Subdivision 1. [VOLUNTARY TRANSFER.] (a) An owner who transfers a titled watercraft must execute the assignment and

warranty of title to the person to whom the watercraft is transferred in the space provided on the certificate of title where the watercraft is delivered.

(b) The person acquiring the watercraft must obtain a new certificate of title by applying to the commissioner or a deputy registrar on a form prescribed by the commissioner, and submitting the required fee. The application for certificate of title must be filed within 15 days after delivery of the watercraft to the person acquiring the watercraft.

(c) Upon request of the owner or the person who acquired the watercraft, a secured party in possession of the certificate of title must deliver the certificate to the person acquiring the watercraft, the commissioner, or a deputy registrar, unless the transfer is a breach of the security agreement. The delivery of the certificate does not affect the rights of the secured party under the security agreement.

(d) If a security interest or encumbrance is first created at the time of transfer of ownership, the certificate must be retained by or delivered to the secured party.

Subd. 2. [TRANSFER BY LAW.] (a) Except as otherwise provided in this chapter, if the ownership of a titled watercraft is transferred by operation of law, including inheritance or bequest, order in bankruptcy, insolvency, replevin, execution, sale, or satisfaction of mechanic's lien, or repossession upon default in performance of the terms of a security agreement, the person acquiring the watercraft by operation of law must promptly submit the last certificate of title, if available, or the manufacturer's or importer's certificate or other satisfactory proof of the transfer of ownership to the commissioner or deputy registrar with the application for a new certificate of title and the required fee.

(b) If a secured party acquires a titled watercraft under the terms of a security agreement or by operation of law, the secured party must promptly submit to the commissioner, a deputy registrar, or the person acquiring the watercraft from the secured party the last certificate of title, if available, an application for a new certificate of title with the required fee, and an affidavit by the secured party or an authorized representative stating the facts entitling the secured party to possession and ownership of the watercraft, including a copy of the journal entry, court order, or instrument upon which the claim of possession and ownership is founded. If the secured party cannot produce the required proof of ownership, the secured party may submit other evidence with the application and the commissioner may issue a new certificate of title if the evidence provides satisfactory proof of ownership.

Sec. 199. [361A.06] [TEMPORARY WATERCRAFT USE PERMITS.]

Subdivision 1. [ISSUANCE TO TITLE APPLICANT.] (a) The commissioner may issue a temporary watercraft use permit to a person applying for a certificate of title for a new or used watercraft to allow that person to operate the watercraft on the waters of this state pending completion of the titling and watercraft licensing process.

(b) The watercraft use permit must be carried aboard the watercraft to allow immediate inspection. The watercraft use permit must contain a description of the watercraft, including its trade name, if any, year, series or model, hull material, length, hull identification number, and other information prescribed by the commissioner. A permit is valid only for the watercraft for which it is issued.

Subd. 2. [DISTRIBUTION TO DEALERS.] The commissioner may distribute permits in booklet form to licensed dealers. If the dealer issues a permit, the dealer must submit a watercraft use permit information form to the commissioner. The commissioner must provide information forms that require the name of the person to whom the watercraft use permit was issued, the watercraft description, dates of issue and expiration, and other information prescribed by the commissioner.

Sec. 200. [361A.07] [DUPLICATE CERTIFICATE.]

Subdivision 1. [FORM AND ISSUANCE.] (a) The commissioner may issue a duplicate certificate of title under this section. The duplicate certificate of title must be a certified copy plainly marked "duplicate" across its face and must contain the legend: "This duplicate certificate of title may be subject to the rights of a person under the original certificate." It must be mailed to the first secured party named in it or, if none, to the owner. The commissioner shall indicate in the department records that a duplicate has been issued.

(b) As a condition to issuing a duplicate certificate of title, the commissioner may require a bond from the applicant in the manner and form prescribed in section 196, subdivision 4, paragraph (b).

Subd. 2. [WAITING PERIOD TO ISSUE NEW CERTIFICATE OF TITLE.] The commissioner may not issue a new certificate of title to a person acquiring a watercraft under an application made on a duplicate certificate of title until at least 15 days after receiving the application.

Subd. 3. [DISAPPEARANCE OF ORIGINAL CERTIFICATE.] If a certificate of title is lost, stolen, or destroyed, the owner or legal representative of the owner named in the certificate may obtain a

duplicate by applying to the commissioner, furnishing information the commissioner requires concerning the original certificate, and the circumstances of its loss or destruction.

Subd. 4. [MUTILATED OR ILLEGIBLE CERTIFICATE.] If an original certificate of title is mutilated or rendered illegible, the person in possession of the title must return it to the commissioner with the application for a duplicate.

Subd. 5. [RECOVERY OF LOST OR STOLEN CERTIFICATE.] If a lost or stolen certificate of title for which a duplicate has been issued is recovered, the lost or stolen certificate of title must be surrendered promptly to the commissioner for cancellation.

Sec. 201. [361A.08] [SUSPENSION OR REVOCATION OF CERTIFICATE.]

Subdivision 1. [SUSPENSION OR REVOCATION.] The commissioner shall suspend or revoke a certificate of title upon notice and reasonable opportunity to be heard if authorized by law or if the commissioner finds that:

(1) the certificate of title was fraudulently procured or erroneously issued; or

(2) the watercraft has been scrapped, dismantled, or destroyed.

Subd. 2. [DUTIES OF OWNER.] If the commissioner suspends or revokes a certificate of title, the owner or person in possession of the certificate of title, immediately upon receiving notice of the suspension or revocation, shall mail or deliver the certificate to the commissioner.

Subd. 3. [SEIZURE OR IMPOUNDMENT.] The commissioner may seize and impound a certificate of title that has been suspended or revoked.

Subd. 4. [SUBSEQUENT GOOD FAITH PURCHASER.] Suspension or revocation of a certificate of title does not affect the validity of a subsequent transfer to a purchaser relying in good faith on the assignment of a suspended or revoked title if the certificate of title was not surrendered to or seized by the commissioner under subdivisions 2 and 3, and the commissioner shall issue a new certificate of title to an applicant who is a good faith purchaser for value in those circumstances.

Sec. 202. [361A.09] [RESPONSIBILITIES OF COMMISSIONER.]

The commissioner shall prescribe and provide suitable forms of applications, certificates of title, notices of security interests, and

other notices and forms necessary to implement this chapter. In addition, the commissioner may:

(1) make necessary investigations to procure information required to implement this chapter;

(2) assign a new hull identification number to a watercraft if the watercraft does not have a number or the number is destroyed or obliterated; or

(3) adopt and enforce rules necessary to implement this chapter.

Sec. 203. [361A.10] [PENALTIES.]

Subdivision 1. [FELONY.] A person is guilty of a felony and punishable by imprisonment for a term of not more than four years, or payment of a fine of not more than \$5,000, or both, if the person with fraudulent intent:

(1) uses a false or fictitious name or address, makes a material false statement, fails to disclose a security interest, or conceals any other material fact in an application for a certificate of title; or

(2) submits a false, forged, or fictitious document in support of an application for a certificate of title.

Subd. 2. [MISDEMEANOR.] A person is guilty of a misdemeanor if that person:

(1) with fraudulent intent permits another to use or possess a certificate of title who is not entitled to use or possess the certificate of title;

(2) willfully fails to mail or deliver a certificate of title to the commissioner or a deputy registrar within ten days after the time required;

(3) willfully fails to deliver to a person acquiring a watercraft a certificate of title within ten days after the time required;

(4) commits a fraud in an application for a certificate of title; or

(5) fails to notify the commissioner of a fact as required by law.

Sec. 204. [361A.11] [TITLE FEES.]

Subdivision 1. [FEES.] (a) The fee to be paid to the commissioner:

(1) for issuing an original certificate of title, including the concurrent notation of an assignment of the security interest and its subsequent release or satisfaction, is \$15;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of an assignment of the security interest and its subsequent release or satisfaction, is \$10;

(3) for transferring the interest of an owner and issuing a new certificate of title, is \$10;

(4) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, is \$1; and

(5) for issuing a duplicate certificate of title, is \$4.

(b) In addition to other statutory fees and taxes, a filing fee of \$3.25 is imposed on every application. The filing fee must be shown as a separate item on title renewal notices sent by the commissioner.

Subd. 2. [CONCURRENT APPLICATIONS.] If a person applies for an original or a new certificate of title for a watercraft concurrently with an application for transfer of license of the watercraft to the applicant, the fee prescribed in subdivision 1 is in lieu of the fee prescribed by section 361.03 for a transfer of ownership or license of the watercraft to the applicant.

Subd. 3. [FEES PAID BEFORE TITLE ISSUED.] Subject to subdivision 2, the commissioner may not issue a certificate of title for a watercraft until the fees prescribed by subdivision 1 and section 361.03 for a prior transfer of ownership or license of the watercraft have been paid.

Subd. 4. [DEPOSIT OF FEE.] Fees collected under this section must be deposited in the state treasury and credited to the water recreation account, except a deputy registrar who originates an application shall retain the filing fee under subdivision 1, paragraph (b).

Sec. 205. [361A.12] [INAPPLICABLE LIENS AND SECURITY INTERESTS.]

The requirements of this chapter relating to security interests and certificate of title do not apply to or affect:

(1) a lien given by statute or rule of law to a supplier of services or materials for the watercraft while the watercraft is in the possession of the lienholder;

(2) a lien given by statute to the United States, this state, or a political subdivision of this state; or

(3) a security interest in a watercraft created by a manufacturer or dealer who holds the watercraft for sale.

Sec. 206. [361A.13] [SECURITY INTERESTS.]

Subdivision 1. [VALIDITY.] Unless excepted by section 205, a security interest in a titled watercraft is not valid against creditors of the owner or subsequent transferees or secured parties of the watercraft unless perfected as provided in this chapter.

Subd. 2. [PERFECTION.] A security interest is perfected by the delivery to the commissioner of the existing certificate of title, if any, or an application for a certificate of title, containing the name and address of the secured party, the date of the security agreement, and the required fee. It is perfected as of the time of its creation if the delivery is completed within the following ten days. In other instances it is perfected as of the time of the delivery. The method provided in this chapter is exclusive.

Sec. 207. [361A.14] [OWNER-CREATED SECURITY INTEREST.]

Paragraphs (a) to (d) apply if an owner creates a security interest in a titled watercraft.

(a) The owner shall immediately execute the application in the space provided on the certificate of title or on a separate form prescribed by the commissioner, show the name and address of the secured party on the certificate, and have the certificate, application, and required fee delivered to the secured party.

(b) The secured party shall immediately have the certificate, application, and required fee mailed or delivered to the commissioner.

(c) Upon request of the owner or subordinate secured party, a secured party in possession of the certificate of title shall either (1) mail or deliver the certificate to the subordinate secured party for delivery to the commissioner, or (2) upon receiving from the subordinate secured party the owner's application and the required fee, mail or deliver them to the commissioner with the certificate. The delivery of the certificate does not affect the rights of the first secured party under the security agreement.

(d) Upon receiving the certificate of title, application, and required fee, the commissioner shall either endorse on the certificate or issue a new certificate containing the name and address of the

new secured party, and mail or deliver the certificate to the first secured party named on it.

Sec. 208. [361A.15] [LICENSED WATERCRAFT PREVIOUSLY PERFECTED.]

If a security interest in a previously licensed watercraft is perfected under other applicable Minnesota law on January 1, 1991, the security interest continues perfected:

(1) until its perfection lapses under the law under which it was perfected or would lapse in the absence of a further filing; or

(2) until a certificate of title for the watercraft is issued and the security interest is perfected under section 206.

The assignment, release, or satisfaction of a security interest in a previously licensed watercraft is governed by the laws under which it was perfected.

Sec. 209. [361A.16] [SATISFACTION OF SECURITY INTEREST.]

Subdivision 1. [RELEASE.] Upon the satisfaction of a security interest in a watercraft for which the certificate of title is in the possession of the secured party, the secured party, within 15 days, shall execute a release of the security interest in the space provided on the certificate or as prescribed by the commissioner, and mail or deliver the certificate and release to the next secured party named or, if none, to the owner or a person who delivers to the secured party an authorization from the owner to receive the certificate. The owner, other than a dealer holding the watercraft for resale, shall promptly have the certificate, the release, and the required fee mailed or delivered to the commissioner, who shall release the secured party's rights on the certificate or issue a new certificate.

Subd. 2. [RELEASE OF SUBORDINATE SECURITY INTEREST.] Upon the satisfaction of a security interest in a watercraft for which the certificate of title is in the possession of a prior secured party, the secured party whose security interest is satisfied shall execute a release in the form prescribed by the commissioner and, within 15 days after satisfaction, deliver the release to the owner or a person who delivers to the secured party.

Sec. 210. [361A.17] [DISCLOSURE OF SECURITY AGREEMENT.]

A secured party named in a certificate of title, upon written request of the owner or other secured party named on the certificate,

must disclose pertinent information about the security agreement and the indebtedness secured by it.

Sec. 211. [361A.18] [EFFECT OF SUSPENSION OR REVOCATION ON SECURITY INTEREST.]

Suspension or revocation of a certificate of title does not, in itself, affect the validity of a security interest noted on it.

Sec. 212. [361A.19] [PREVIOUSLY LICENSED WATERCRAFT UNDISCLOSED SECURITY INTERESTS.]

If the commissioner is not satisfied that there are no undisclosed security interests created before the watercraft is initially titled, the commissioner may, in addition to its options under section 196, subdivision 4, issue a distinctive certificate of title for the watercraft containing the legend: "This watercraft may be subject to an undisclosed lien," and any other information the commissioner prescribes.

Sec. 213. [361A.20] [LIENS ATTACHING TO WATERCRAFT.]

(a) A nonpossessory lien on a titled watercraft is not perfected unless a lien statement is filed with the commissioner.

(b) The lien statement must include:

- (1) the watercraft owner's name and address;
- (2) the statute under which the lien is taken;
- (3) the name and address of the lienholder; and
- (4) the title number of the watercraft.

(c) The commissioner shall note the time and date of filing the lien statement.

Sec. 214. [361A.21] [STOLEN WATERCRAFT.]

Subdivision 1. [DUTY OF PEACE OFFICERS.] A peace officer aware of a stolen or converted watercraft shall immediately furnish the commissioner with information concerning the theft or conversion.

Subd. 2. [DUTY OF COMMISSIONER.] The commissioner, upon receiving a report of the theft or conversion of a watercraft, shall record the report information, including the make of the stolen or converted watercraft and its builder's hull identification number, if

any. The commissioner shall prepare a list of watercraft reported stolen and those recovered as disclosed by the reports submitted. The report may be distributed as the commissioner deems advisable.

Subd. 3. [DUTY OF OWNER.] If a stolen or converted watercraft is recovered, the owner shall immediately notify the commissioner.

Sec. 215. Minnesota Statutes 1988, section 423A.02, subdivision 1, is amended to read:

Subdivision 1. Any municipality in which is located a local police or salaried firefighters' relief association to which the provisions of section 69.77, apply, unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to section 423A.01, subdivision 1, shall be entitled upon application as required by the commissioner of revenue to receive local police and salaried firefighters' relief association amortization state aid if the municipality and the appropriate relief association both comply with the applicable provisions of sections 69.031, subdivision 5, 69.051, subdivisions 1 and 3, and 69.77. The amount of amortization state aid to which a municipality is entitled annually shall be an amount

Subd. 2. (a) Beginning in calendar year 1989, a city of the first class with a population in excess of 300,000 whose local police or salaried firefighters' relief association has not been consolidated into the public employees police and fire fund prior to January 1, 1989, is annually entitled to amortization state aid equal to the sum of:

(1) the level annual dollar amount required to amortize, by December 31, 2010, the unfunded accrued liability of the special fund of the appropriate relief association as reported in the December 31, 1978, actuarial valuation of the relief association prepared pursuant to sections 356.215 and 356.216, reduced by the dollar amount required to pay the interest on the unfunded accrued liability of the special fund of the relief association for calendar year 1981 set at the rate specified in Minnesota Statutes 1978, section 356.215, subdivision 4, clause (4), plus

(2) the product of \$1,000,000 times the proportion the unfunded accrued liability of each relief association bears to the total unfunded accrued liabilities of all relief associations as reported in the most recent actuarial valuations of the relief associations eligible to receive amortization state aid according to subdivision 1, less

(3) the difference between the total annual costs of the fund calculated using the salary assumption, interest assumption, and definition of current assets specified in Minnesota Statutes 1988, section 356.215, and the total annual costs of the fund calculated

using the interest assumption, salary assumption, and definition of current assets specified in sections 191 and 192.

(b) Beginning in calendar year 1989, a municipality other than a city of the first class with a population in excess of 300,000 whose local police or salaried firefighters' relief association has not been consolidated into the public employees police and fire fund prior to January 1, 1989, is annually entitled to amortization state aid equal to the sum of:

(1) the level annual dollar amount required to amortize, by December 31, 2010, the unfunded accrued liability of the special fund of the appropriate relief association as reported in the December 31, 1978, actuarial valuation of the relief association prepared pursuant to sections 356.215 and 356.216, reduced by the dollar amount required to pay the interest on the unfunded accrued liability of the special fund of the relief association for calendar year 1981 set at the rate specified in Minnesota Statutes 1978, section 356.215, subdivision 4, clause (4), plus

(2) the product of \$1,000,000 times the proportion the unfunded accrued liability of each relief association bears to the total unfunded accrued liabilities of all relief associations as reported in the most recent actuarial valuations of the relief associations eligible to receive amortization state aid according to subdivision 1.

Payment of amortization state aid to municipalities shall be made directly to the municipalities involved in four equal installments on March 15, July 15, September 15 and November 15 annually. Upon receipt of amortization state aid, the municipal treasurer shall transmit the aid amount to the treasurer of the local relief association for immediate deposit in the special fund of the relief association. The commissioner of revenue shall prescribe and periodically revise the form for and content of the application for the amortization state aid. The amounts required to pay the amortization state aid are hereby annually appropriated from the general fund to the commissioner of revenue.

Sec. 216. Minnesota Statutes 1988, section 423A.02, subdivision 2, is amended to read:

Subd. 2. 3. Any municipality which has qualified for amortization state aid under subdivision 1 and which consolidated a local salaried police or salaried firefighters fund into the public employees police and fire fund prior to January 1, 1989, shall continue upon application to be entitled to receive the same amounts as received in 1988 of amortization state aid and supplementary amortization state aid authorized by Laws 1984, chapter 564, section 48. Any municipality which was qualified for amortization state aid under subdivision 1 and which consolidates a local salaried police or salaried firefighters fund into the public employees police and fire fund after January 1,

1989, shall continue upon application to be entitled to receive amortization state aid after the local police or salaried firefighters' relief association has been consolidated into the public employees police and fire fund.

Sec. 217. [462A.057] [MINNESOTA RURAL AND URBAN HOMESTEADING PROGRAM.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] There is established the Minnesota rural and urban homesteading program to be administered by the agency for grants to eligible applicants to acquire, rehabilitate, and sell eligible property. The program is directed at single family residential properties in need of rehabilitation that are sold to "at risk" homebuyers committed to strengthening the neighborhood and following a good neighbor policy.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them.

(1) "Contract for deed" is the agreement between the homebuyer and eligible applicant as established by the agency.

(2) "Eligible organization" or "organization" means a political subdivision, nonprofit or cooperative organization, as defined by the agency, housing and redevelopment authority, or other organization designated by the agency, which demonstrates the capacity to perform the duties outlined in subdivision 5.

(3) "Eligible property" or "property" means a single family residential dwelling and surrounding property that is vacant, condemned, abandoned, or otherwise defined as eligible by the agency, which, if rehabilitated, may prevent or arrest the spread of blight.

(4) "Homebuyer" means an individual or family who has not owned a residential dwelling in the past three years and meets the definition of "at risk" established by the agency under subdivision 4.

(5) "Designated home ownership area" or "designated area" means a specific area where the acquisition, rehabilitation, and sale of eligible properties may take place under this section. In the metropolitan area, as defined in section 473.121, subdivision 2, a designated area must be a specific four square block area.

(6) "Neighborhood volunteer resident advisory board" or "advisory board" means the board established by an organization under subdivision 6.

(7) "Program" means the Minnesota rural and urban homesteading program established in subdivision 1.

Subd. 3. [GRANTS.] The agency may award grants of up to \$300,000 to eligible organizations. The grants must be used by the organization to buy eligible properties and pay for the costs of rehabilitating those properties. Up to \$30,000 of the grant award may be used for the administrative costs of the organization and for other costs associated with the acquisition and sale of properties under this program including the payment of taxes on the property during the period between the purchase and sale of the property.

Subd. 4. [AGENCY POWERS; DUTIES.] The agency shall:

(1) establish criteria for selecting which eligible organizations that apply for grants under this section receive the grants;

(2) establish criteria for targeting the program to homebuyers who are at risk which is defined to include families and individuals who are homeless, receiving public assistance, or otherwise cannot afford home ownership; and

(3) establish the terms and provisions of the contract for deed and other program standards as necessary.

Subd. 5. [ELIGIBLE ORGANIZATION; CAPACITY.] The eligible organization must demonstrate to the agency that it has the capacity to:

(1) organize and continue an ongoing relationship with the neighborhood volunteer resident advisory boards required under subdivision 6;

(2) provide the necessary staff to administer the program on the local level for an extended period; and

(3) select and acquire property that meets the requirements established for this program and contract with businesses or organizations for the rehabilitation of the property.

Subd. 6. [NEIGHBORHOOD VOLUNTEER RESIDENT ADVISORY BOARD.] Each organization must establish a neighborhood volunteer resident advisory board for each designated area. The advisory board must:

(1) recommend to the organization properties that may be acquired for the program in the designated area; and

(2) recommend to the organization the selection of homebuyers.

Subd. 7. [PURCHASE AND REHABILITATION.] An eligible organization may acquire up to five properties in a designated area with the consent of the advisory board for that area. The organiza-

tion must rehabilitate these properties to the standards established by the agency.

Subd. 8. [SALE OF PROPERTY TO HOMEBUYER.] The eligible organization may sell rehabilitated property to homebuyers. The terms and other provisions of the contract for deed must be established by the agency.

Subd. 9. [REPORTS.] Each organization that receives a grant under this section shall submit an annual report to the agency by December 1 of each year that describes the use of grant funds received under this section.

The agency shall prepare and submit an annual report to the legislature and the governor by January 15 of each year, beginning in 1991, that summarizes the reports of the organizations. The agency's report may also include recommendations to improve the program.

Sec. 218. [462A.073] [SERVICING OF LOANS.]

The agency, when selecting entities to service loans in which it has an interest, shall:

(1) establish specific standards to measure the performance of entities that are servicing the loans;

(2) base its selection on the entity's ability to service the loans. The agency may base the selection on an entity's past performance in servicing loans for the agency or other lender; and

(3) contract, whenever possible, with more than one entity to service any one type of loan in order to minimize financial risk to the agency and to the state.

Sec. 219. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 15. It may make grants to eligible organizations for the Minnesota rural and urban homesteading program under section 155 and may pay the costs and expenses necessary and incidental to the grant program.

Sec. 220. [462A.28] [HOME EQUITY CONVERSION LOAN COUNSELING PROGRAM.]

The Minnesota housing finance agency shall select and contract with a nonprofit corporation to administer a home equity conversion loan counseling program for senior homeowners. The organization selected must meet the following requirements:

(1) its primary purpose is to assist elderly persons in obtaining and maintaining affordable housing;

(2) it is knowledgeable about reverse mortgage programs;

(3) it has experience in counseling older persons on housing, including knowledge of alternative living arrangements for older persons; and

(4) it has knowledge of existing public support programs for older persons.

Sec. 221. [462A.29] [PROGRAM RESPONSIBILITIES.]

The organization selected to administer the counseling program in section 220 must perform the following program responsibilities with program clients:

(1) conduct a review of reverse mortgage programs, including the advantages, disadvantages, and alternatives;

(2) explain the effects of the mortgage on the client's estate and public benefits;

(3) explain the lending process; and

(4) discuss the client's supplemental income needs.

Sec. 222. [MINNESOTA RURAL AND URBAN HOMESTEADING PROGRAM PILOT PROJECT.]

The Minnesota housing finance agency may award five pilot project grants. The agency may not award more than two pilot project grants in a county. The agency shall award five pilot project grants to five different organizations that would administer the program in one of the following areas: (1) city of Minneapolis; (2) city of St. Paul; (3) a city in the seven county metropolitan area other than the cities of St. Paul or Minneapolis; (4) a city located outside the seven county metropolitan area with a population greater than 35,000; and (5) a city located outside the seven county metropolitan area with a population less than 35,000.

Sec. 223. [473.155] [METROPOLITAN WATER USE AND SUPPLY PLAN.]

Subdivision 1. [PLAN COMPONENTS.] The metropolitan council shall develop a short-term and long-term plan for existing and expected water use and supply in the metropolitan area. The plan shall be submitted to and reviewed by the state planning agency. At a minimum, the plans must:

(1) update the data and information on water supply and use within the metropolitan area;

(2) identify alternative courses of action, including water conservation initiatives and economic alternatives, in case of drought conditions; and

(3) recommend approaches to resolving problems that may develop because of water use and supply. Consideration must be given to problems that occur outside of the metropolitan area, but which have an effect within the area.

Subd. 2. [COMPLETION AND REPORT.] The short-term plan must be completed by February 1, 1990. The long-term plan must be completed by July 1, 1990, and continually updated as the need arises. The plans must be prepared in consultation with the Army Corps of Engineers, the Leech Lake Reservation business committee, the Mississippi headwaters board, department of natural resources, and the environmental quality board. Both plans must be given to the metropolitan affairs and natural resources committees of the house of representatives and senate, and be available to the public.

Sec. 224. Minnesota Statutes 1988, section 473.877, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] Any agreement under section 471.59 to jointly or cooperatively manage or plan for the management of surface water in a watershed delineated pursuant to subdivision 2, as required by sections 473.875 to 473.883, may provide, in addition to other provisions authorized by section 471.59, for a joint board having:

(a) the authority to prepare, adopt, and implement a plan for the watershed meeting the requirements of section 473.878;

(b) the authority to review and approve local water management plans as provided in section 473.879;

(c) the authority of a watershed district under chapter 112 to regulate the use and development of land in the watershed when one or more of the following conditions exists: (1) the local government unit exercising planning and zoning authority over the land under sections 366.10 to 366.19, 394.21 to 394.37, or 462.351 to 462.364, does not have a local water management plan approved and adopted in accordance with the requirements of section 473.879 or has not adopted the implementation program described in the plan; (2) an application to the local government unit for a permit for the use and development of land requires an amendment to or variance from the adopted local water management plan or implementation program

of the local unit; (3) the local government unit has authorized the organization to require permits for the use and development of land;

(d) the authority of a watershed district under section 112.65 to accept the transfer of drainage systems in the watershed, to repair, improve, and maintain the transferred drainage systems, and to construct all new drainage systems and improvements of existing drainage systems in the watershed, provided that projects may be carried out under the powers granted in chapter 112 or 473 and sections 106A.005 to 106A.811 and that proceedings of the board with respect to the systems must be in conformance with the watershed plan adopted under section 473.878; and

(e) the authority to prohibit appropriations for nonessential uses, as prescribed in section 105.418, that are below the minimum amount established under section 105.41, subdivision 1b, from any public water basin or wetland and protected watercourses that have a drainage area less than 25 square miles; and

(f) other powers necessary to exercise the authority under clauses (a) to (c), including the power to enter into contracts for the performance of functions with governmental units or persons.

Sec. 225. Minnesota Statutes 1988, section 480.01, is amended to read:

480.01 [JUSTICES; TERMS; TRAVEL EXPENSES.]

Subdivision 1. [JUSTICES; TERMS.] The supreme court shall consist of one chief justice and six associate justices, who shall hold one term of court each year, at the seat of government, commencing on the first Tuesday after the first Monday in January, with such continuations or adjournments thereof during the year as may be necessary for the dispatch of the business coming before the court. When the chief justice of the court shall be absent from the state, or shall be, for any reason, incapacitated from acting as such, the associate justice present within the state and not incapacitated who shall have served the longest time, or when there are two or more associate justices of equal terms of service, then the associate justice, whom the chief justice shall designate as senior associate justice as such, shall have and exercise all the powers, duties, and functions of the chief justice during the absence or incapacity and shall be, during such absence or incapacity, the presiding justice of the court.

Subd. 2. [TRAVEL EXPENSES.] Travel expenses shall be paid by the state in the same manner and amount as provided for judges of the district court in section 484.54.

Sec. 226. Minnesota Statutes 1988, section 480.241, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF SURCHARGE; COLLECTION BY COURT ADMINISTRATORS.] A plaintiff, petitioner, defendant, respondent, intervenor or moving party in any district, county, or municipal trial court civil action or civil proceeding in which an initial filing fee is payable by that party, except a marriage dissolution or conciliation court action, shall pay to the court administrator of district or county court or court administrator of the municipal courts of Hennepin county or Ramsey county a surcharge of \$10 ~~\$25~~ in addition to the initial filing fee otherwise prescribed. For such a civil action or civil proceeding commenced on and after July 1, 1987, the surcharge is \$20. A plaintiff, defendant, or moving party in any conciliation court action in which an initial filing fee is payable shall pay to the court administrator of conciliation court a surcharge of \$2 ~~\$3~~ in addition to the initial filing fee otherwise prescribed. Notwithstanding any other law or rule to the contrary, no surcharge shall be paid by any governmental unit of the state of Minnesota, any local unit of government, or agency thereof, when the governmental unit, local government, or agency thereof is a party to any civil action or civil proceeding in the municipal courts of Hennepin or Ramsey counties, or in any county court.

Sec. 227. Minnesota Statutes 1988, section 480.241, subdivision 2, is amended to read:

Subd. 2. [TRANSMITTAL OF SURCHARGE TO SUPREME COURT STATE TREASURER.] Notwithstanding any other law or rule to the contrary, all surcharges collected pursuant to subdivision 1 shall be transmitted monthly by the district, county, and conciliation court court administrators and municipal court administrators to the supreme court state treasurer for deposit in the state treasury and credit to the general fund.

Sec. 228. Minnesota Statutes 1988, section 480.242, is amended to read:

480.242 [DISTRIBUTION OF SURCHARGE CIVIL LEGAL SERVICES FUNDS TO QUALIFIED LEGAL SERVICES PROGRAMS.]

Subdivision 1. [ADVISORY COMMITTEE.] The supreme court shall establish an advisory committee to assist it in performing its responsibilities under sections 480.24 to 480.244. The advisory committee shall consist of 11 members appointed by the supreme court including seven attorneys-at-law who are well acquainted with the provision of legal services in civil matters, two public members who are not attorneys and two persons who would qualify as eligible clients. Four of the attorney-at-law members shall be nominated by the state bar association in the manner determined by it, and three of the attorney-at-law members shall be nominated by the programs

in Minnesota providing legal services in civil matters on July 1, 1982, with funds provided by the federal Legal Services Corporation in the manner determined by them. In making the appointments of the attorney-at-law members, the supreme court shall not be bound by the nominations prescribed by this section. In making appointments to the advisory committee, the supreme court shall ensure that urban and rural areas of the state are represented. The supreme court shall adopt by rule policies and procedures for the operation of the advisory committee including, but not limited to, policies and procedures governing membership terms, removal of members, and the filling of membership vacancies.

Subd. 2. [REVIEW OF APPLICATIONS; SELECTION OF RECIPIENTS.] At times and in accordance with any procedures as the supreme court adopts in the form of court rules, applications for the expenditure of civil legal services funds collected pursuant to section 480.241 shall be accepted from qualified legal services programs or from local government agencies and nonprofit organizations seeking to establish qualified alternative dispute resolution programs. The applications shall be reviewed by the advisory committee, and the advisory committee, subject to review by the supreme court, shall distribute the funds received pursuant to section 480.241, subdivision 2 to qualified legal services programs or to qualified alternative dispute resolution programs submitting applications. Subject to the provisions of subdivision 4, the funds shall be distributed in accordance with the following formula:

(a) Eighty-five percent of the funds distributed shall be distributed to qualified legal services programs that have demonstrated an ability as of July 1, 1982, to provide legal services to persons unable to afford private counsel with funds provided by the federal Legal Services Corporation. The allocation of funds among the programs selected shall be based upon the number of persons with incomes below the poverty level established by the United States Census Bureau who reside in the geographical area served by each program, as determined by the supreme court on the basis of the 1980 national census. All funds distributed pursuant to this clause shall be used for the provision of legal services in civil matters to eligible clients.

(b) Fifteen percent of the funds distributed may be distributed (1) to other qualified legal services programs for the provision of legal services in civil matters to eligible clients, including programs which organize members of the private bar to perform services and programs for qualified alternative dispute resolution, or (2) to programs for training mediators operated by nonprofit alternative dispute resolution corporations. Grants may be made pursuant to this clause only until June 30, 1987. If all the funds to be distributed pursuant to this clause cannot be distributed because of insufficient acceptable applications, the remaining funds shall be distributed pursuant to clause (a).

Subd. 3. [TIMING OF DISTRIBUTION OF FUNDS.] The funds to be distributed to recipients selected in accordance with the provisions of subdivision 2 shall be distributed by the supreme court no less than twice per calendar year.

Subd. 4. [ADMINISTRATION.] The supreme court may retain up to five percent of the funds received pursuant to section 480.241, ~~subdivision 2~~ to defray the costs incurred in executing its responsibilities and the responsibilities of the advisory committee under sections 480.24 to 480.244.

Sec. 229. Minnesota Statutes 1988, section 484.54, subdivision 2, is amended to read:

Subd. 2. A judge shall be paid travel and subsistence expenses for travel from the judge's place of residence to and from the judge's permanent chambers only for a period of two years after July 1, 1977 or the date the judge initially assumes office, whichever is later.

Sec. 230. Minnesota Statutes 1988, section 486.06, is amended to read:

486.06 [CHARGE FOR TRANSCRIPT.]

In addition to the salary specified in section 486.05, the court reporter may charge for a transcript of a record ordered by any person other than the judge, the attorney general's office, or the board of public defense, 50 cents per original folio thereof and ten cents per folio for each manifold or other copy thereof when so ordered that it can be made with the original transcript. The chief judge of the judicial district may by order establish new transcript fee ceilings annually.

A court reporter may impose a fee authorized under this section only if the transcript is delivered to the person who ordered it within a reasonable time after it was ordered.

Sec. 231. Minnesota Statutes 1988, section 611.17, is amended to read:

611.17 [FINANCIAL INQUIRY; STATEMENTS.]

Upon a request for the appointment of counsel, the court shall make appropriate inquiry into the financial circumstances of the applicant, who shall submit, unless waived in whole or in part by the court, a financial statement under oath or affirmation setting forth the applicant's assets and liabilities, source or sources of income, and any other information required by the court. The state public defender shall furnish appropriate forms for the financial statements. The information contained in the statement shall be

confidential and for the exclusive use of the court, except for any prosecution under section 609.48. A refusal to execute the financial statement constitutes a waiver of the right to the appointment of a public defender.

Sec. 232. Minnesota Statutes 1988, section 611.21, is amended to read:

611.21 [SERVICES OTHER THAN COUNSEL.]

(a) Counsel, whether or not appointed by the court, for a defendant who is financially unable to obtain investigative, expert, or other services necessary to an adequate defense in the case may request them in an ex parte application. Upon finding, after appropriate inquiry in an ex parte proceeding, that the services are necessary and that the defendant is financially unable to obtain them, the court shall authorize counsel to obtain the services on behalf of the defendant. The court may establish a limit on the amount which may be expended or promised for such services. The court may, in the interests of justice, and upon a finding that timely procurement of necessary services could not await prior authorization, ratify such services after they have been obtained, but such ratification shall be given only in unusual situations. The court shall determine reasonable compensation for the services and direct payment by the county in which the prosecution originated, to the organization or person who rendered them, upon the filing of a claim for compensation supported by an affidavit specifying the time expended, services rendered, and expenses incurred on behalf of the defendant, and the compensation received in the same case or for the same services from any other source.

(b) The compensation to be paid to a person for such service rendered to a defendant under this section, or to be paid to an organization for such services rendered by an employee thereof, shall may not exceed ~~\$300~~ \$1,000, exclusive of reimbursement for expenses reasonably incurred, unless payment in excess of that limit is certified by the court as necessary to provide fair compensation for services of an unusual character or duration and the amount of the excess payment is approved by the chief judge of the district. The chief judge of the judicial district may delegate approval authority to an active district judge.

(c) If the court denies authorizing counsel to obtain services on behalf of the defendant, the court shall make written findings of fact and conclusions of law that specifically state the basis for determining that counsel may not obtain services on behalf of the defendant. When the court issues an order denying counsel the authority to obtain services, the defendant may appeal immediately from that order to the court of appeals. The court of appeals shall give this appeal an expedited hearing.

Sec. 233. Minnesota Statutes 1988, section 611.215, subdivision 2, is amended to read:

Subd. 2. [DUTIES AND RESPONSIBILITIES.] (a) The state board of public defense shall appoint the state public defender, who serves full time for a term of four years. The board must shall prepare an annual report to the governor, the legislature, and the supreme court on the operation of the state public defender's office, district defender systems, and appointed counsel systems public defense corporations. The board shall approve and recommend to the legislature a budget for the board, the office of state public defender, the judicial district public defenders, and the public defense corporations. The board shall establish procedures for distribution of state funding under this chapter to the state and district public defenders, including Hennepin and Ramsey county public defenders, and to the public defense corporations.

(b) The board shall establish standards for the offices of the state and district public defenders and for the conduct of all appointed counsel systems. The standards must include, but are not limited to:

(1) standards needed to maintain and operate an office of public defender including requirements regarding the qualifications, training, and size of the legal and supporting staff for a public defender or appointed counsel system;

(2) standards for public defender caseloads;

(3) standards and procedures for the eligibility for appointment, assessment, and collection of the costs for legal representation provided by public defenders or appointed counsel;

(4) standards for contracts between a board of county commissioners and a county public defender system for the legal representation of indigent persons;

(5) standards prescribing minimum qualifications of counsel appointed under the board's authority or by the courts; and

(6) standards ensuring the economical and efficient delivery of legal services, including alternatives to the present geographic boundaries of the public defender districts.

The board may require the reporting of statistical data, budget information, and other cost factors by the state and district public defenders and appointed counsel systems.

The state board of public defense shall design and conduct programs for the training of all state and district public defenders,

appointed counsel, and attorneys for public defense corporations funded in section 611.26.

Sec. 234. Laws 1971, chapter 355, section 1, subdivision 2, is amended to read:

Subd. 2. The lake conservation district shall be governed by a board composed of members elected by the governing bodies of the municipalities included in the district. Each municipality shall elect one member two members. The term of office of each member shall be three years.

Sec. 235. Laws 1987, chapter 386, article 2, section 22, is amended to read:

Sec. 22. [LOAN PROGRAMS TERMINATED; ADMINISTRATION; CREDIT OF REPAYMENTS.]

The following loan programs administered by the Minnesota energy and economic development authority are terminated: the special assistance program under section 116M.07, subdivision 11, except for the small business development loans; the technology product loan program; the tourism loan program created under section 116M.07; the energy loan insurance program under section 116M.11; the energy development fund program under section 116M.12; and the Minnesota fund program under sections 472.11 to 472.13. Loan repayments, earnings, releases from insurance reserve accounts, and other income from these programs must be paid to the the deputy commissioner of energy trade and economic development for community development, who shall deposit them in the state treasury and credit them to the greater Minnesota general fund.

Sec. 236. Laws 1987, chapter 386, article 9, section 19, is amended to read:

Sec. 19. [LOAN REPAYMENTS.]

The deputy commissioner of energy trade and economic development for community development shall credit money received before July 1, 1987, from loan repayments, earnings, releases from insurance reserve accounts, and other income from the following programs to the Minnesota agricultural and economic development fund: the special assistance program under section 116M.07, subdivision 11, except for the small business development loans; the technology product loan program; the tourism loan program created under section 116M.07; the energy loan insurance program under section 116M.11; the energy development fund program under section 116M.12; and the Minnesota fund program under sections 472.11 to 472.13. The deputy commissioner of energy trade and economic development for community development shall credit

money received on or after July 1, 1987, to the greater Minnesota general fund.

Sec. 237. Laws 1988, chapter 686, article 2, section 10, is amended to read:

Sec. 10. [REPEALER.]

Sections 1 to 3 are repealed July 1, 1991. Sections 4 to 8 are repealed July 1, ~~1990~~ 1991.

Sec. 238. [CAREER DEVELOPMENT GRANTS.]

Subdivision 1. [AUTHORITY.] The commissioner of employee relations may make career development grants to state employees in the executive, judicial, or legislative branch who have at least three years of state service.

Subd. 2. [PURPOSE OF GRANTS.] The grants may be used to fund projects that examine government practices in Minnesota, other states, the United States, and foreign countries. The projects must be short-term and designed to investigate new methods for delivering state services.

Subd. 3. [AMOUNT OF GRANT MATCHING.] The maximum grant amount is \$3,000. The grant must be matched by the agency employing the grantee.

Subd. 4. [GRANT APPLICATIONS.] The commissioner must publicize the grant program to eligible grant applicants. The commissioner shall develop and make available a grant application form. Only persons applying for grants on the application form are eligible for grants.

Subd. 5. [GRANT CRITERIA.] The commissioner shall award grants to those projects which the commissioner decides have the best prospects for improving delivery of state services. The decision of the commissioner is final with no right of appeal.

Subd. 6. [REPORT TO LEGISLATURE.] The commissioner shall report on the grant program to the legislature by January 1, 1991.

Sec. 239. [INTERIM PERMITTING AND USE REQUIREMENTS FOR COMBUSTION OF REFUSE-DERIVED FUEL.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Refuse-derived fuel" means a product resulting from the processing of mixed municipal solid waste in a manner that reduces

the quantity of noncombustible material present in the waste, reduces the size of waste components through shredding or other mechanical means, and produces a fuel suitable for combustion in existing or new solid fuel fired boilers.

(c) "Solid fuel fire boiler" means a device that is designed to combust solid fuel, including, but not limited to: wood, coal, biomass, or lignite to produce steam or heat water.

(d) "Minor physical or operational modifications" means physical or operational changes that do not increase the rated energy production capacity of a solid fuel fired boiler and which do not involve capital costs in excess of 20 percent of a new solid fuel fired boiler having the same rated capacity.

Subd. 2. [INTERIM PERMITTING AND USE OF REFUSE-DERIVED FUEL.] (a) The provisions in this subdivision are applicable to the permitting and use of refuse-derived fuel in solid fuel fired boilers for an interim period that expires on occurrence of the earliest of the following events:

(1) final adoption of rules by the United States Environmental Protection Agency establishing new permitting, emissions, or performance requirements for municipal waste combustion facilities;

(2) final adoption of rules by the pollution control agency establishing new standards of performance for incinerators or solid waste energy recovery facilities; or

(3) June 30, 1991.

(b) Existing or new solid fuel fired boilers may utilize refuse-derived fuel for up to 50 percent of their rated heat input capacity during the interim period under the following conditions:

(1) utilization of refuse-derived fuel involves no modification or only minor modification to the solid fuel fired boiler;

(2) utilization of refuse-derived fuel does not cause a violation of existing United States Environmental Protection Agency emissions limitations or ambient air quality standards applicable to the solid fuel fired boiler;

(3) the solid fuel fired boiler has a valid permit to operate; and

(4) the boiler meets reasonable test burn requirements set by the pollution control agency.

The results from the test burn shall be used solely for purposes of

determining permitting for purposes of this provision and for no other purpose.

Sec. 240. [WASTE MANAGEMENT BOARD; POWERS AND DUTIES RESTORED.]

The powers and duties of the waste management board transferred from it by or as a result of reorganization order number 155 under Minnesota Statutes, section 16B.37, including functions of the waste tire office, are transferred back to it under Minnesota Statutes, section 15.039. The waste management board is not subject to further transfers under Minnesota Statutes, section 16B.37.

Sec. 241. [AIRPORT NEEDS STUDY.]

The metropolitan council shall study the need for reclassifying airports owned by the metropolitan airports commission from minor to intermediate. The study must include an examination of the need for the reclassification based on the present and anticipated future demand for airport facilities in the metropolitan area including the consideration of the current and potential capacity constraints of existing intermediate class airports and the Minneapolis-St. Paul international airport.

The metropolitan council shall submit a report to the legislature by January 15, 1991. The report must include recommendations on whether (i) the aviation plan should be amended to change the classification of existing airports owned by the metropolitan airports commission from minor to intermediate; and (ii) the metropolitan airports commission should expand or upgrade the facilities of a specific airport owned by the commission.

Sec. 242. [SHORELAND GRANTS.]

The commissioner of natural resources may make grants to local governments:

(1) to administer, monitor, and enforce state approved shoreland management ordinances;

(2) to adopt shoreland management ordinances consistent with statewide standards;

(3) to develop comprehensive lake by lake or river shoreland management strategies that provide a unique plan to guide activities on and adjacent to a lake or river; and

(4) to implement elements of a comprehensive lake or river management strategy.

Sec. 243. [ACTION ON GRANT APPLICATIONS.]

Upon receipt of a request for a grant under section 242, the commissioner of natural resources must confer with the local government requesting the grant and may make a grant based on the following considerations:

(1) the number and classification of lakes and rivers in the jurisdiction of the local government;

(2) the extent of current shoreland development;

(3) the development trends for the lakes and rivers;

(4) the miles of lake and river shoreline;

(5) whether the shoreland management ordinance or regulation adopted by the local government meets the minimum standards established by the commissioner;

(6) the degree and effectiveness of administration, enforcement, and monitoring of the existing shoreland ordinances;

(7) the ability of the local government to finance the program or project; and

(8) the degree to which the program considers a comprehensive approach to lake or river management including land use, recreation, water levels, surface water use, fish, wildlife, and water quality that may be secondary to the other elements.

Sec. 244. [LIMITATIONS.]

(a) The maximum annual grant to local government for purposes of section 242, clauses (1) and (2), may not exceed the local contribution to the shoreland management activity.

(b) Any federal program aid for shoreland management shall serve to reduce the state and local contribution to the activity.

Sec. 245. [ADJUTANT GENERAL.]

Section 174 does not apply to the person who is adjutant general on the effective date of section 174.

Sec. 246. [EXOTIC SPECIES MANAGEMENT AND MONITORING.]

Subdivision 1. [DEFINITION.] For the purpose of this section, "exotic species" means nonnative plants or wild animals that have the potential to harm the environment, or threaten native plants or wild animals.

Subd. 2. [TASK FORCE.] (a) An interagency task force is created to establish a long-term program on exotic species management. The task force shall be composed of the commissioner or director of the departments of natural resources, agriculture, health, transportation, and board of water and soil resources, and three people with special expertise in the private sector on exotic plants or animals, to be appointed by the commissioner of natural resources who shall also serve as chair.

(b) Each commissioner or director may designate a delegate from their respective state agencies to represent that commissioner on the task force.

(c) The three private citizens on the task force may be reimbursed for their necessary expenses in attending task force meetings according to Minnesota Statutes, section 15.0575.

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

(1) identify the existing and potential exotic species threats to the state's environment;

(2) rank the exotic species identified according to their degree of threat;

(3) develop a long term management program for exotic species control; and

(4) report on findings and recommendations to the natural resources committees in the house and senate by January 1, 1990, along with any necessary changes in legislation.

Sec. 247. [INSTRUCTION TO THE REVISOR.]

(a) The revisor shall change references to "commissioner of trade and economic development" to "deputy commissioner of trade and economic development for community development," wherever those words appear in Minnesota Statutes 1990 and subsequent editions of the statutes.

(b) The revisor shall change references to "Minnesota future resources commission" to "legislative commission on Minnesota resources" wherever they appear in the 1990 edition of Minnesota Statutes and subsequent editions of the statutes.

(c) The revisor shall change the term "commissioner" to "deputy commissioner for veterans services," whenever "commissioner" refers to the commissioner of veterans affairs in Minnesota Statutes 1990 and subsequent editions of the statutes.

(d) The revisor shall reinstate references to "waste management board" or "board" where it refers to the waste management board wherever the term was changed to another board or agency as a result of reorganization order number 155 in laws enacted during the 1989 legislative session.

(e) If legislation is enacted in the 1989 legislature to change section numbers of provisions governing watercraft licensing or to recodify those provisions into chapter 361A, the revisor of statutes shall correct cross-references to those provisions in this act and renumber the sections of Minnesota Statutes in this act consistent with those changes.

Sec. 248. [REPEALER.]

(a) Minnesota Statutes 1988, sections 3.865; 3.866; 16A.133, subdivision 3; 41A.01; 41A.02; 41A.021; 41A.022; 41A.023; 41A.03; 41A.035; 41A.036; 41A.04; 41A.05; 41A.051; 41A.06; 41A.065; 41A.066; 41A.07; 41A.08; 43A.316; 85A.01, subdivision 1b; 115A.162; 116E.01; 116E.02; 116E.03; 116E.035; 116E.04; 116J.941; 116J.942; 116J.968; 161.52; 198.001, subdivision 5; 469.148; 469.149; 480.242, subdivision 4; 480.245; 611.07; 611.071; 611.25, subdivision 2; Laws 1983, chapter 334, section 7, as amended by Laws 1987, chapters 384, article 3, section 27; 386, article 10, section 8; and 401, section 36; Laws 1988, chapter 686, article 1, sections 14, paragraph (j), and 21; and article 2, section 9, are repealed.

(b) Laws 1984, chapter 564, section 48, is repealed on the day following final enactment for payments made after March 20, 1989.

Sec. 249. [EFFECTIVE DATE.]

(a) Section 193 is effective January 1, 1990. Section 173 is effective retroactively to any treatment after May 26, 1988.

(b) Sections 64; 65; 81; 83; 175; 191; 192; 215; 216; and 223 are effective the day following final enactment. Payments made under Laws 1984, chapter 564, section 48, for 1989 shall be counted in determining aids for 1989 under section 214.

(c) Section 182 is effective for forms filed for taxable year beginning after December 31, 1989.

(d) Except as otherwise provided in this paragraph, sections 188

and 194 to 214 are effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title under sections 188 and 194 to 214 until the owner transfers part of an interest in the watercraft, grants a security interest in the watercraft, or renews the license.

(e) Sections 85 to 121 are effective March 1, 1991, with the exception of section 85, clause (5), which is effective March 1, 1990. Section 124 is effective March 1, 1990.

(f) Section 246 is effective June 1, 1989, and is repealed June 30, 1990.

ARTICLE 2

PROCEEDS OF STRIPPER WELL LITIGATION

Section 1. [STRIPPER WELL LITIGATION.]

Subdivision 1. The appropriations in this section are added to the appropriations made in Laws 1988, chapter 686, article 1, section 37, and are available immediately after enactment.

Subd. 2. \$173,500 is appropriated to the commissioner of administration for a grant to Bemidji State University for research on the biotechnical conversion of peat to energy and other useful products.

Subd. 3. \$272,800 is appropriated to the commissioner of administration for a grant to the University of Minnesota, Crookston, for research on short rotation intensive culture of hybrid poplars for the production of petroleum substitutes.

Subd. 4. \$272,900 is appropriated to the commissioner of administration for a grant to the city of Minneapolis energy office to develop programs for promoting energy efficiency in multifamily buildings and small businesses.

Subd. 5. \$336,000 is appropriated to the commissioner of administration for a grant to the University of Minnesota southwest experiment station for research and on farm adoption of energy efficient and conservation farming methods in Minnesota.

Subd. 6. \$284,000 is appropriated to the commissioner of administration for a grant to the University of Minnesota, St. Anthony Falls hydraulics laboratory for economic hydropower development in Minnesota.

Subd. 7. \$102,500 is appropriated to the commissioner of admin-

istration for a grant to the self-reliance center for a demonstration program on low cost furnace efficiency.

Subd. 8. \$45,000 is appropriated to the commissioner of administration for a grant to the Staples technical institute for a natural air and low temperature grain drying demonstration project.

Subd. 9. \$107,500 is appropriated to the commissioner of administration for a grant to the energy resource center for a project evaluating domestic hot water supply options in multifamily buildings.

Subd. 10. \$255,000 is appropriated to the commissioner of administration for a grant to the upper Minnesota valley regional development commission for research and analysis of the biological, engineering, and economic issues surrounding the lowering of feedstock costs into polyhydroxybutyrate (PHBV) biodegradable plastic resin plants.

Subd. 11. \$57,000 is appropriated to the commissioner of administration for a grant to the University of Minnesota extension service 4H youth development for a University of Minnesota bicycle promotion program to increase the number of bicycle commuters.

Subd. 12. \$724,000 is appropriated to the commissioner of administration for a grant to the University of Minnesota cold climate research center for research and demonstration projects using alternative sources of energy and to promote energy efficiency in buildings located in cold climates.

Subd. 13. \$100,000 is appropriated to the commissioner of administration for administration of the grants program. One complement position is authorized.

Subd. 14. It is a condition of acceptance of the appropriations made by this section that the agency or entity receiving the appropriation must submit semiannual progress reports and work plans in the form determined by the legislative commission on Minnesota resources.

Sec. 2. [REPEALER.]

Laws 1988, chapter 686, article 1, section 37, subdivision 10, is repealed.

Sec. 3. [EFFECTIVE DATE.]

This article is effective the day after final enactment.

ARTICLE 3
YEAR OF THE CITY

Section 1. [469.201] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 6.

Subd. 2. [CITY.] "City" means a city of the first class as defined in section 410.01. For each city, a port authority, housing and redevelopment authority, or other agency or instrumentality, the jurisdiction of which is the territory of the city, is included within the meaning of city.

Subd. 3. [CITY COUNCIL.] "City council" means the city council of a city as defined in subdivision 2.

Subd. 4. [MATCHING MONEY.] (a) "Matching money" means money received or committed from nonpublic sources generated by or for activities or programs that are part of the revitalization program. Matching money does not include money from the city's general fund, proceeds of bonds issued by the city, or money given by the state to fund any part of the revitalization program.

Subd. 5. [COMMISSIONER.] "Commissioner" means the deputy commissioner of trade and economic development for community development.

Subd. 6. [HOUSING ACTIVITIES.] "Housing activities" include any work or undertaking to provide housing and related services and amenities primarily for persons and families of low or moderate income. This work or undertaking may include the planning of buildings and improvements; the acquisition of real property that may be needed immediately or in the future for housing purposes and the demolition of any existing improvements; the construction, reconstruction, alteration, and repair of new and existing buildings; and the provision of all equipment, facilities, and other real or personal property for necessary, convenient, or desirable appurtenances, site preparation, and landscaping. Housing activities also include the provision of a housing rehabilitation and energy improvement loan and grant program with respect to any residential property located within the targeted neighborhood, the cost of relocation relating to acquiring property for housing activities, and programs authorized by chapter 462C.

Subd. 7. [LOST UNIT.] "Lost unit" means a rental housing unit that is lost as a result of revitalization activities because it is demolished, converted to an owner-occupied unit that is not a cooperative, converted to a nonresidential use, or because the gross

rent to be charged exceeds 125 percent of the gross rent charged for the unit six months before the start of rehabilitation.

Subd. 8. [PERSONS AND FAMILIES OF LOW INCOME.] "Persons and families of low income" means persons and families of low income as defined in section 469.002, subdivision 17.

Subd. 9. [PERSONS AND FAMILIES OF MODERATE INCOME.] "Persons and families of moderate income" means persons and families of moderate income as defined in section 469.002, subdivision 18.

Subd. 10. [TARGETED NEIGHBORHOOD.] "Targeted neighborhood" means an area including one or more census tracts as determined and measured by the Bureau of Census of the United States Department of Commerce that a city council determines in a resolution adopted under section 2, subdivision 1, meets the criteria of section 2, subdivision 2, and any additional area designated under section 2, subdivision 3.

Subd. 11. [TARGETED NEIGHBORHOOD MONEY.] "Targeted neighborhood money" means the money designated in the revitalization program to be used to implement the revitalization program.

Subd. 12. [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM.] "Targeted neighborhood revitalization and financing program," "revitalization program," or "program" means the targeted neighborhood revitalization and financing program adopted in accordance with section 3.

Sec. 2. [469.202] [DESIGNATION OF TARGETED NEIGHBORHOODS.]

Subdivision 1. [CITY AUTHORITY.] A city may by resolution designate targeted neighborhoods within its borders after adopting detailed findings that the designated neighborhoods meet the eligibility requirements in subdivision 2 or 3.

Subd. 2. [ELIGIBILITY REQUIREMENTS FOR TARGETED NEIGHBORHOODS.] An area within a city is eligible for designation as a targeted neighborhood if the area meets two of the following three criteria:

(a) The area had an unemployment rate that was twice the unemployment rate for the standard metropolitan statistical area as determined by the most recently available federal decennial census.

(b) The median household income in the area was no more than half the median household income for the standard metropolitan

statistical area as determined by the most recently available federal decennial census.

(c) The area is characterized by residential dwelling units in need of substantial rehabilitation. An area qualifies under this paragraph if 25 percent or more of the residential dwelling units are in substandard condition as determined by the city or 70 percent or more of the residential dwelling units in the area were built before 1940 as determined by the most recently available federal decennial census.

For the purposes of this subdivision, standard metropolitan statistical area means (i) the Minneapolis and St. Paul standard metropolitan statistical area for the purposes of designating targeted neighborhoods in Minneapolis and St. Paul, and (ii) the Duluth and Superior standard metropolitan statistical area for the purposes of designating targeted neighborhoods in Duluth.

Subd. 3. [ADDITIONAL AREA ELIGIBLE FOR INCLUSION IN TARGETED NEIGHBORHOOD.] A city may add to the area designated as a targeted neighborhood under subdivision 2 additional area extending up to four contiguous city blocks in all directions from the designated targeted neighborhood. For the purpose of this subdivision, "city block" has the meaning determined by the commissioner.

Sec. 3. [469.203] [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM REQUIREMENTS.]

Subdivision 1. [COMPREHENSIVE REVITALIZATION AND FINANCING PROGRAM.] For each targeted neighborhood for which a city requests state financial assistance under section 4, the city must prepare a comprehensive revitalization and financing program that includes the following:

(1) the revitalization objectives of the city for the targeted neighborhood;

(2) the specific activities or means by which the city intends to pursue and implement the revitalization objectives;

(3) the extent to which the activities identified in clause (2) will benefit low- and moderate-income families, will alleviate the blighted condition of the targeted neighborhood, or will otherwise assist in the revitalization of the targeted neighborhood;

(4) a statement of the intended outcomes to be achieved by implementation of the revitalization program, how the outcomes will be measured both qualitatively and quantitatively, and the estimated time over which they will occur;

(5) a description of the process to involve the residents of the targeted neighborhood in the preparation and implementation of the program; and

(6) a financing program and budget that identifies the financial resources necessary to implement the revitalization program, including:

(i) the estimated total cost to implement the revitalization program;

(ii) the estimated cost to implement each activity in the revitalization program identified in clause (2);

(iii) the estimated amount of financial resources that will be available from all sources other than from the appropriation available under section 4 to implement the revitalization program, including the amount of private investment expected to result from the use of public money in the targeted neighborhood;

(iv) the estimated amount of the appropriation available under section 4 that will be necessary to implement the revitalization program;

(v) a description of the activities identified in the revitalization program for which the state appropriation will be committed or spent; and

(vi) a statement of how the city intends to meet the requirement for a financial contribution from city matching money in accordance with section 4, subdivision 3.

Subd. 2. [TARGETED NEIGHBORHOOD PARTICIPATION IN PREPARING REVITALIZATION PROGRAM.] A city requesting state financial assistance under section 4 shall adopt a process to involve the residents of targeted neighborhoods in the planning, development, drafting, and implementation of the revitalization program. As part of the process, the city shall ensure that this community-based process has sufficient resources to assist in the development of the revitalization program. The process to involve residents of the targeted neighborhood must include at least one public hearing. The city of Minneapolis shall establish the community-based process as outlined in subdivision 3. The city of St. Paul shall use the same community-based process the city used in planning, developing, drafting, and implementing the revitalization program required under Laws 1987, chapter 386, article 6, section 6. The city of Duluth shall use the same citizen participation process the city used in planning, developing, and implementing the federal funded community development program.

Subd. 3. [COMMUNITY PARTICIPATION; MINNEAPOLIS.] (a) For the purposes of this subdivision, "city" means the city of Minneapolis.

(b) The city shall adopt a process to involve the residents in targeted neighborhoods and assisted housing in planning, developing, and implementing the program. As part of this process, the city shall ensure that this community-based process has sufficient resources to assist in the development of the program and that the advisory board is established.

(c) Beginning with the program for 1991, each targeted neighborhood or group of targeted neighborhoods in the city must have a strategic planning group whose members include residents of the targeted neighborhood and representatives of institutions in the neighborhood. The group shall, as part of its responsibilities, develop a strategic plan for the neighborhood. This strategic plan must include the elements that the planning group recommends as part of the program. The strategic plan must also address how the targeted neighborhood portions of the community resources program will be integrated with the elements that are recommended to be included as part of the community resources program. The groups must be the same strategic planning groups established for the community resources program.

(d) The city shall ensure that the strategic planning group required under paragraph (c) is established. An existing group or organization that reflects the required membership under paragraph (c) may be designated as the strategic planning group. The city may provide financial and staff resources to ensure the establishment of the strategic planning groups, and may use part of the money received from the state under section 4 to assist in the establishment of the targeted neighborhood strategic planning groups.

(e) As part of the process for the development of the program, each targeted neighborhood strategic planning group shall submit recommendations for the revitalization program to the city and the advisory board established under paragraph (f).

(f) The city shall establish an urban revitalization action program advisory board to assist the city in developing and implementing the preliminary revitalization program. The advisory board shall consist of at least two representatives of the city council appointed by the city council, one or more for-profit or nonprofit housing developers, one or more representatives of the business community appointed by the city's chamber of commerce, and representatives of the targeted neighborhoods. The representatives of the targeted neighborhoods shall represent a majority of the membership of the advisory board and reflect the geographic, cultural, racial, and ethnic diversity of the targeted neighborhoods. The city may deter-

mine the size of the advisory board and may designate an existing entity as the advisory board if the entity meets the membership requirements outlined in this subdivision.

(g) The advisory board shall work closely with city staff in developing and drafting the preliminary revitalization program. The advisory board shall be involved in assessing needs, prioritizing funds, and developing criteria for evaluating program proposals. In developing the preliminary program, the advisory board shall give priority to the recommendations made by the targeted neighborhood strategic planning groups.

(h) The advisory board shall conduct a public hearing and secure input from residents of targeted neighborhoods, business persons, governmental units affected by the program, and other organizations and persons.

(i) The advisory board and city staff may make any changes to the preliminary program resulting from testimony given at the public hearing. The advisory board must formally recommend to the city council a preliminary revitalization program.

Subd. 4. [CITY APPROVAL OF PROGRAM.] (a) Before adoption of a revitalization program under paragraph (b), the city must submit a draft program to the commissioner and the Minnesota housing finance agency for their comments. The city may not adopt the revitalization program until comments have been received from the state agencies or 30 days have elapsed without response after the program was sent to them. Comments received by the city from the state agencies within the 30-day period must be responded to in writing by the city before adoption of the program by the city.

(b) The city may adopt a revitalization program only after holding a public hearing after the program has been prepared. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing.

(c) A certification by the city that a revitalization program has been approved by the city council for the targeted neighborhood must be provided to the commissioner together with a copy of the program. A copy of the program must also be provided to the Minnesota housing finance agency.

(d) A revitalization program for the city may be modified at any time by the city council after a public hearing, notice of which is published in a newspaper of general circulation in the city and in the targeted neighborhood at least ten days nor more than 30 days before the date of the hearing. Any modification to the program that may result in the transfer of targeted neighborhood money from one project to another must be reviewed by the commissioner. If the city

council determines that the proposed modification is a significant modification to the program originally certified under paragraph (c), the city council shall implement the revitalization program approval and certification process of this subdivision for the proposed modification.

Sec. 4. [469.204] [PAYMENT; CITY MATCHING MONEY; DRAW-DOWN; USES OF STATE MONEY.]

Subdivision 1. [PAYMENT OF STATE MONEY.] Upon receipt from a city of a certification that the revitalization program has been adopted or modified, the commissioner shall, within 30 days, initiate payments to the city equal to the amount of state money identified as necessary to implement the revitalization program certified by the city. State money may be paid to the city only to the extent that the appropriation limit for the city specified in subdivision 2 is not exceeded. Payments to the city must be made quarterly in equal installments. The commissioner, at the written request of the city, may accelerate the payment to the city if the commissioner determines that the state money is required immediately to implement all or a portion of the revitalization program. Once the state money has been paid to the city, it becomes targeted neighborhood money for use by the city in accordance with an adopted revitalization program and subject only to the restrictions on its use in sections 1 to 7.

Subd. 2. [ALLOCATION.] Each city of the first class, as defined in section 410.01, may receive a part of the appropriations made available that is the proportion that the population of such city bears to the combined population of such cities of the first class. One city may agree to reduce its entitlement amount and to make it available to another city. For the purposes of this subdivision the population of each city is determined according to the most recent estimates available to the commissioner.

Subd. 3. [MATCHING MONEY; DRAWDOWN AND RESTRICTION ON USE OF STATE MONEY.] A city may spend state money only if the revitalization program identifies matching money to be used to implement the program in an amount equal to one dollar of matching money for every three dollars of state money. A city shall keep the state money in a segregated fund for accounting purposes.

Sec. 5. [469.205] [CITY POWERS AND ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.]

Subdivision 1. [CONSOLIDATION OF EXISTING POWERS IN TARGETED NEIGHBORHOODS.] A city may exercise any of its corporate powers within a targeted neighborhood. Those powers shall include, but not be limited to, all of the powers enumerated and granted to any city by chapters 462C, this chapter, and 474A. For the purposes of sections 469.048 to 469.068, a targeted neigh-

borhood is considered an industrial development district. A city may exercise the powers of sections 469.048 to 469.068 in conjunction with, and in addition to, exercising the powers granted by sections 469.001 to 469.047 and chapter 462C, in order to promote and assist housing construction and rehabilitation within a targeted neighborhood. For the purposes of section 462C.02, subdivision 9, a targeted neighborhood is considered a "targeted area."

Subd. 2. [GRANTS AND LOANS.] In addition to the authority granted by other law, a city may make grants, loans, and other forms of public assistance to individuals, for-profit and nonprofit corporations, and other organizations to implement a revitalization program. The public assistance must contain the terms the city considers proper to implement a revitalization program.

Subd. 3. [ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.] The city may spend targeted neighborhood money for any purpose authorized by subdivision 1 or 2 except that an amount equal to at least 50 percent of the state payment under section 4 made to the city shall be used for housing activities. Use of target neighborhood money must be authorized in a revitalization program.

Sec. 6. [469.207] [ANNUAL AUDIT AND REPORT.]

Subdivision 1. [ANNUAL FINANCIAL AUDIT.] In 1989 and subsequent years, at the end of each calendar year, the legislative auditor shall conduct a financial audit to review the spending of state money under sections 1 to 6. Before spending state money to implement a revitalization program, the city must consult with the legislative auditor to determine appropriate accounting methods and principles that will assist the legislative auditor in conducting its financial audit. The results of the financial audit must be submitted to the legislative audit commission, the commissioner, and the Minnesota housing finance agency.

Subd. 2. [ANNUAL REPORT.] A city that begins to implement a revitalization program in a calendar year must, by March 1 of the succeeding calendar year, provide a detailed report on the revitalization program or programs being implemented in the city. The report must describe the status of the program implementation and analyze whether the intended outcomes identified in section 3, subdivision 1, clause (4), are being achieved. The report must include at least the following:

(1) the number of housing units, including lost units, removed, created, lost, replaced, relocated, and assisted as a result of the program. The level of rent of the units and the income of the households affected must be included in the report;

(2) the number and type of commercial establishments removed,

created, and assisted as a result of a revitalization program. The report must include information regarding the number of new jobs created by category, whether the jobs are full-time or part-time, and the salary or wage levels of both new and expanded jobs in the affected commercial establishments;

(3) a description of a statement of the cost of the public improvement projects that are part of the program and the number of jobs created per each \$20,000 of funds expended on commercial projects and applicable public improvement projects;

(4) the increase in the tax capacity for the city as a result of the assistance to commercial and housing assistance; and

(5) the amount of private investment that is a result of the use of public money in a targeted neighborhood.

The report must be submitted to the commissioner, the Minnesota housing finance agency, and the legislative audit commission, and must be available to the public.

Sec. 7. [REPEALER.]

Laws 1987, chapter 386, article 6, sections 4 to 11, and Laws 1987, chapter 384, article 3, section 22, are repealed provided that actions taken under those provisions prior to the effective date of this chapter with respect to any program or a targeted neighborhood are ratified and affirmed and shall be treated as if validly taken under the provisions of this act.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day after final enactment, provided that the provisions of sections 1 to 4 and 5, subdivision 3, shall not apply to any program funded by the state in fiscal year 1988.

ARTICLE 4 JUDICIAL SYSTEM

Section 1. Minnesota Statutes 1988, section 3.732, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section and section 3.736 the terms defined in this section have the meanings given them.

(1) "State" includes each of the departments, boards, agencies, commissions, courts, and officers in the executive, legislative, and judicial branches of the state of Minnesota and includes but is not limited to the housing finance agency, the higher education coordinating board, the higher education facilities authority, the armory building commission, the zoological board, the iron range resources and rehabilitation board, the state agricultural society, the University of Minnesota, state universities, community colleges, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota national guard, members of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs outside the jurisdiction of the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor or members of the Minnesota national guard while engaged in training or duty under United States Code, title 10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. "Employee of the state" includes a public defender appointed by the state board of public defense or a court appointed guardian ad litem, whether paid by the state or by a political subdivision.

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

Sec. 2. Minnesota Statutes 1988, section 43A.02, subdivision 25, is amended to read:

Subd. 25. [JUDICIAL BRANCH.] "Judicial branch" means all judges of the appellate courts, all employees of the appellate courts, including commissions, boards and committees established by the supreme court, the board of law examiners, the law library, the office of the public defender, and all judges of all courts of law, district court referees, judicial officers, court reporters, law clerks, district administration employees under section 484.68, and other agencies placed in the judicial branch by law. Judicial branch does not include district administration employees in the second and fourth judicial districts, court administrators or their staff under chapter 485, guardians ad litem, or other employees within the court system whose salaries are paid by the county, other than employees who remain on the county payroll under section 12, subdivision 2.

Sec. 3. Minnesota Statutes 1988, section 43A.24, subdivision 2, is amended to read:

Subd. 2. [OTHER ELIGIBLE PERSONS.] The following persons are eligible for state paid life insurance and hospital, medical, and dental benefits as determined in applicable collective bargaining agreements or by the commissioner or by plans pursuant to section 43A.18, subdivision 6, or by the board of regents for employees of the University of Minnesota not covered by collective bargaining agreements. Coverages made available, including optional coverages, are as contained in the plan established pursuant to section 43A.18, subdivision 2.

(a) a member of the state legislature, provided that changes in benefits resulting in increased costs to the state shall not be effective until expiration of the term of the members of the existing house of representatives. An eligible member of the state legislature may decline to be enrolled for state paid coverages by filing a written waiver with the commissioner. The waiver shall not prohibit the member from enrolling the member or dependents for optional coverages, without cost to the state, as provided for in section 43A.26. A member of the state legislature who returns from a leave of absence to a position previously occupied in the civil service shall be eligible to receive the life insurance and hospital, medical, and dental benefits to which the position is entitled;

(b) a permanent employee of the legislature or a permanent employee of a permanent study or interim committee or commission or a state employee on leave of absence to work for the legislature, during a regular or special legislative session;

(c) a judge of the appellate courts or an officer or employee of these courts; a judge of the district court, a judge of county court, a judge of county municipal court, or a judge of probate court; a district court referee, judicial officer, court reporter, or law clerk; a district administrator; and an employee of the office of the district administrator of the fifth or the eighth judicial districts that is not in the second or fourth judicial district;

(d) a salaried employee of the public employees retirement association;

(e) a full-time military or civilian officer or employee in the unclassified service of the department of military affairs whose salary is paid from state funds;

(f) a salaried employee of the Minnesota historical society, whether paid from state funds or otherwise, who is not a member of the governing board;

(g) an employee of the regents of the University of Minnesota;

(h) notwithstanding section 43A.27, subdivision 3, an employee of the state of Minnesota or the regents of the University of Minnesota who is at least 60 and not yet 65 years of age on July 1, 1982, who is otherwise eligible for employee and dependent insurance and benefits pursuant to section 43A.18 or other law, who has at least 20 years of service and retires, earlier than required, within 60 days of March 23, 1982; or an employee who is at least 60 and not yet 65 years of age on July 1, 1982, who has at least 20 years of state service and retires, earlier than required, from employment at Rochester state hospital after July 1, 1981; or an employee who is at least 55 and not yet 65 years of age on July 1, 1982, and is covered by the Minnesota state retirement system correctional employee retirement plan or the state patrol retirement fund, who has at least 20 years of state service and retires, earlier than required, within 60 days of March 23, 1982. For purposes of this clause, a person retires when the person terminates active employment in state or University of Minnesota service and applies for a retirement annuity. Eligibility shall cease when the retired employee attains the age of 65, or when the employee chooses not to receive the annuity that the employee has applied for. The retired employee shall be eligible for coverages to which the employee was entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established pursuant to section 43A.18, for employees in positions equivalent to that from which retired, provided that the retired employee shall not be eligible for state-paid life insurance. Coverages shall be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program; and

(i) An employee of an agency of the state of Minnesota identified through the process provided in this paragraph who is eligible to retire prior to age 65. The commissioner and the exclusive representative of state employees shall enter into agreements under section 179A.22 to identify employees whose positions are in programs that are being permanently eliminated or reduced due to federal or state policies or practices. Failure to reach agreement identifying these employees is not subject to impasse procedures provided in chapter 179A. The commissioner must prepare a plan identifying eligible employees not covered by a collective bargaining agreement in accordance with the process outlined in section 43A.18, subdivisions 2 and 3. For purposes of this paragraph, a person retires when the person terminates active employment in state service and applies for a retirement annuity. Eligibility ends as provided in the agreement or plan, but must cease at the end of the month in which the retired employee chooses not to receive an annuity, or the employee is eligible for employer-paid health insurance from a new employer. The retired employees shall be eligible for coverages to which they were entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established under

section 43A.18 for employees in positions equivalent to that from which they retired, provided that the retired employees shall not be eligible for state-paid life insurance.

Sec. 4. Minnesota Statutes 1988, section 275.51, subdivision 3f, is amended to read:

Subd. 3f. [LEVY LIMIT BASE.] (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1988 shall be equal to the total actual levy for taxes payable in 1988 plus the amount of any payments the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014 and minus any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4). A county's levy limit base will be increased by the amount of any increase in its levy under section 134.07 over that levied under section 134.07 for taxes payable in 1988 which is required under section 134.341. For governmental subdivisions located in the seven-county metropolitan area, the total actual levy for taxes payable in 1988 shall include the fiscal disparities distribution levy pursuant to Minnesota Statutes 1986, section 473F.08, subdivision 7a.

(b) For taxes levied in 1989 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year not including the adjustment made under subdivision 3h, paragraph (c), plus for taxes levied in 1989 the administrative reimbursement aid received in 1988 and less, in the case of counties for taxes levied in 1989, the amount levied for taxes payable in 1988 for costs attributable to judicial employees and district public defenders that are funded by the state for taxes payable in 1990 under this act as adjusted for taxes payable in 1989 under subdivision 3h, paragraphs (a) and (b).

Sec. 5. Minnesota Statutes 1988, section 352.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] "State employee" does not include:

(1) elective state officers;

(2) students employed by the University of Minnesota, the state universities, and community colleges unless approved for coverage by the board of regents, the state university board, or the state board for community colleges, as the case may be;

(3) employees who are eligible for membership in the state teachers retirement association except employees of the department of education who have chosen or may choose to be covered by the

Minnesota state retirement system instead of the teachers retirement association;

(4) employees of the University of Minnesota who are excluded from coverage by action of the board of regents;

(5) officers and enlisted personnel in the national guard and the naval militia who are assigned to permanent peacetime duty and who under federal law are or are required to be members of a federal retirement system;

(6) election officers;

(7) persons engaged in public work for the state but employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;

(8) officers and employees of the senate and house of representatives or a legislative committee or commission who are temporarily employed;

(9) court employees, referees, receivers, jurors, and notaries public, and court employees who are not in the judicial branch as defined in section 43A.02, subdivision 25, except employees of the appellate courts and referees and adjusters employed by the department of labor and industry;

(10) patient and inmate help in state charitable, penal, and correctional institutions including the Minnesota veterans home;

(11) persons employed for professional services where the service is incidental to regular professional duties and whose compensation is paid on a per diem basis;

(12) employees of the Sibley House Association;

(13) employees of the Grand Army of the Republic and employees of the ladies of the G.A.R.;

(14) operators and drivers employed under section 16.07, subdivision 4;

(15) the members of any state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those boards if their compensation is \$500 or less per year, or, if they are legally prohibited from serving more than two consecutive terms and their total service is required by law to be less than ten years; and the board of managers of the state agricultural society and its treasurer unless the treasurer is also its full-time secretary;

- (16) state troopers;
- (17) temporary employees of the Minnesota state fair employed on or after July 1 for a period not to extend beyond October 15 of that year; and persons employed at any time by the state fair administration for special events held on the fairgrounds;
- (18) emergency employees in the classified service; except that if an emergency employee, within the same pay period, becomes a provisional or probationary employee on other than a temporary basis, the employee shall be considered a "state employee" retroactively to the beginning of the pay period;
- (19) persons described in section 352B.01, subdivision 2, clauses (b) and (c) formerly defined as state police officers;
- (20) temporary employees in the classified service, temporary employees in the unclassified service appointed for a definite period of not more than six months and employed less than six months in any one-year period and seasonal help in the classified service employed by the department of revenue;
- (21) trainees paid under budget classification number 41, and other trainee employees, except those listed in subdivision 2a, clause (10);
- (22) persons whose compensation is paid on a fee basis;
- (23) state employees who in any year have credit for 12 months service as teachers in the public schools of the state and as teachers are members of the teachers retirement association or a retirement system in St. Paul, Minneapolis, or Duluth;
- (24) employees of the adjutant general employed on an unlimited intermittent or temporary basis in the classified and unclassified service for the support of army and air national guard training facilities;
- (25) chaplains and nuns who have taken a vow of poverty as members of a religious order;
- (26) labor service employees employed as a laborer 1 on an hourly basis;
- (27) examination monitors employed by departments, agencies, commissions, and boards to conduct examinations required by law;
- (28) members of appeal tribunals, exclusive of the chair, to which reference is made in section 268.10, subdivision 4;

(29) persons appointed to serve as members of fact-finding commissions or adjustment panels, arbitrators, or labor referees under chapter 179;

(30) temporary employees employed for limited periods under any state or federal program for training or rehabilitation including persons employed for limited periods from areas of economic distress except skilled and supervisory personnel and persons having civil service status covered by the system;

(31) full-time students employed by the Minnesota historical society intermittently during part of the year and full-time during the summer months;

(32) temporary employees, appointed for not more than six months, of the metropolitan council and of any of its statutory boards, if the board members are appointed by the metropolitan council;

(33) persons employed in positions designated by the department of employee relations as student workers;

(34) any person who is 65 years of age or older when appointed and who does not have allowable service credit for previous employment, unless the employee gives notice to the director within 60 days after appointment that coverage is desired;

(35) members of trades employed by the metropolitan waste control commission with trade union pension plan coverage under a collective bargaining agreement first employed after June 1, 1977;

(36) persons employed in subsidized on-the-job training, work experience, or public service employment as enrollees under the federal Comprehensive Employment and Training Act 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 system to meet the minimum vesting requirements for a deferred annuity, or the employer agrees in writing on forms prescribed by the 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 Employment and Training Act, or the person agrees in writing on forms prescribed by the director to make the required employer contribution in addition to the required employee contribution;

(37) off-duty peace officers while employed by the metropolitan transit commission under section 629.40, subdivision 5; and

(38) persons who are employed as full-time firefighters by the

department of military affairs and as firefighters are members of the public employees police and fire fund.

Sec. 6. Minnesota Statutes 1988, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

- (1) elected or appointed officers and employees of elected officers;
- (2) ~~district court reporters~~ persons who elect to remain members under section 12, subdivision 2;
- (3) officers and employees of the public employees retirement association;
- (4) employees of the league of Minnesota cities;
- (5) officers and employees of public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions;
- (6) employees of a school district who receive separate salaries for driving their own buses;
- (7) employees of the association of Minnesota counties;
- (8) employees of the metropolitan intercounty association;
- (9) employees of the Minnesota municipal utilities association;
- (10) employees of the metropolitan airports commission if employment initially commenced after June 30, 1979;
- (11) employees of the Minneapolis employees retirement fund, if employment initially commenced after June 30, 1979;
- (12) employees of the range association of municipalities and schools;
- (13) employees of the soil and water conservation districts;
- (14) employees of a county historical society who are county employees;
- (15) employees of a county historical society located in the county whom the county, at its option, certifies to the executive director to be county employees for purposes of retirement coverage under this

chapter, which status must be accorded to all similarly situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society and is not excluded under subdivision 2b;

(16) employees of an economic development authority created under sections 458C.01 to 458C.23;

(17) employees of the department of military affairs of the state of Minnesota who are full-time firefighters.

Sec. 7. Minnesota Statutes 1988, section 357.021, subdivision 1a, is amended to read:

Subd. 1a. Every person, including the state of Minnesota and all bodies politic and corporate, who shall transact any business in the district court, shall pay to the court administrator of said court, for the use of said county, the sundry fees hereinafter prescribed; ~~provided, however, that no county to which this section applies, being a party to any action or proceeding in the district court established in such county, shall be required to pay fees to the court administrator thereof in subdivision 2.~~ The court administrator shall transmit the fees monthly to the county treasurer who shall forward the funds to the state treasurer for deposit in the state treasury and credit to the general fund.

Sec. 8. Minnesota Statutes 1988, section 357.021, subdivision 4, is amended to read:

Subd. 4. Nothing in this section shall be construed as amending, modifying, redistributing, or repealing the provisions as to library fees contained in chapter 140.

Sec. 9. Minnesota Statutes 1988, section 357.08, is amended to read:

357.08 [PAID BY APPELLANT IN APPEAL.]

There shall be paid to the clerk of the appellate courts by the appellant, or moving party or person requiring the service, in all cases of appeal, certiorari, habeas corpus, mandamus, injunction, prohibition, or other original proceeding, when initially filed with the clerk of the appellate courts, the sum of ~~\$50~~ \$60 to the clerk of the appellate courts. ~~In addition, there shall be paid by the appellant or moving party or person the sum of \$10 to the court or agency whose decision is sought to be reviewed.~~ No additional filing fee shall be required for a petition for accelerated review by the supreme court. A filing fee of \$50 shall be paid to the clerk of the appellate courts upon the filing of a petition for review from a decision of the court of appeals. The clerk shall transmit the fees to the state

treasurer for deposit in the state treasury and credit to the general fund.

The clerk shall not file any paper, issue any writ or certificate, or perform any service enumerated herein, until the payment has been made for it. The clerk shall pay the sum into the state treasury as provided for by section 15A.01.

The charges provided for shall not apply to disbarment proceedings, nor to an action or proceeding by the state taken solely in the public interest, where the state is the appellant or moving party, nor to copies of the opinions of the court furnished by the clerk to the parties before judgment, or furnished to the district judge whose decision is under review, or to such law library associations in counties having a population exceeding 50,000, as the court may direct.

Sec. 10. Minnesota Statutes 1988, section 466.01, subdivision 6, is amended to read:

Subd. 6. [EMPLOYEE, OFFICER, OR AGENT.] For the purposes of sections 466.01 to 466.15, "employee," "officer," or "agent" means a present or former employee, officer, or agent of a municipality, or other person acting on behalf of the municipality in an official capacity, temporarily or permanently, with or without compensation, but does not include an independent contractor. "Employee" includes court administrators and their staff under chapter 485, district administration staff in the second and fourth judicial districts, guardians ad litem, and other employees within the court system whose salaries are paid by the county, other than employees who remain on the county payroll under section 12, subdivision 2.

Sec. 11. Minnesota Statutes 1988, section 480.058, is amended to read:

480.058 [RIGHT RESERVED.]

Subdivision 1. [BY LEGISLATURE.] Sections 480.051 to 480.058 shall not abridge the right of the legislature to enact, modify, or repeal any statute or modify or repeal any rule of the supreme court adopted pursuant thereto.

Subd. 2. [APPELLATE FEES AND FORFEITS.] Appellate court fees collected under Minnesota Rules of Civil Appellate Procedure Numbers 103, 115, 120, 121, or other law or rule and bond amounts or security deposits forfeit under Minnesota Rules of Civil Appellate Procedure Numbers 107 and 108 must be transmitted to the state treasurer for deposit in the state treasury and credit to the general fund.

Sec. 12. [480.181] [TRANSFER OF EMPLOYEES TO JUDICIAL BRANCH.]

Subdivision 1. [STATE EMPLOYEES; COMPENSATION.] District court referees, judicial officers, court reporters, law clerks, and district administration staff, other than district administration staff in the second and fourth judicial districts, are state employees and are governed by the judicial branch personnel rules adopted by the supreme court. The supreme court, in consultation with the conference of chief judges, shall establish the salary range of these employees under the judicial branch personnel rules.

Subd. 2. [ELECTION TO RETAIN INSURANCE AND BENEFITS; RETIREMENT.] (a) Before January 1, 1992, a person who becomes a state employee under this section may elect to do either or both of the following:

(1) keep life insurance; hospital, medical, and dental insurance; and vacation and sick leave benefits and accumulated time provided by the county instead of receiving benefits from the state under the judicial branch personnel rules; or

(2) remain a member of the public employees retirement association or the Minneapolis employees retirement fund instead of joining the Minnesota state retirement system.

Employees who make an election under clause (1) remain on the county payroll, but the state shall reimburse the county on a quarterly basis for the salary and cost of the benefits provided by the county. The state shall make the employer contribution to the public employees retirement association or the employer contribution under section 422A.101, subdivision 1a, to the Minneapolis employees retirement fund on behalf of employees who make an election under clause (2).

(b) An employee who makes an election under paragraph (a), clause (1), may revoke the election, once, at any time, but if the employee revokes the election, the employee cannot make another election. An employee who makes an election under paragraph (a), clause (2) may revoke the election at any time before July 1, 1992. Once an employee revokes this election, the employee cannot make another election.

(c) The supreme court, after consultation with the conference of chief judges, the commissioner of employee relations, and the executive directors of the public employees retirement association and the Minnesota state retirement association, shall adopt procedures for making elections under this section.

(d) The supreme court shall notify all affected employees of the

options available under this section. The executive directors of the public employees retirement association and the Minnesota state retirement system shall provide counseling to affected employees on the effect of making an election to remain a member of the public employees retirement association.

Subd. 3. [ACCUMULATED BENEFITS.] A person who begins to receive benefits from the state under the judicial branch personnel rules under this section must receive credit for accumulated vacation and sick leave time, as certified by the county auditor and district administrator.

Subd. 4. [DATE OF EMPLOYMENT.] A person who becomes a state employee under this section on January 1, 1992, is considered to have begun employment with the state on the date the person became a county or judicial district employee to determine eligibility for benefits.

Sec. 13. Minnesota Statutes 1988, section 484.545, subdivision 2, is amended to read:

Subd. 2. Notwithstanding any law to the contrary, in all judicial districts, except the fourth judicial district, a salary range for law clerks shall be established annually by the judicial district administrator with the approval of a majority of judges of the district. The salary for each law clerk shall be set within that range annually by the district administrator after consultation with the chief judge within the range established under, or referred to in, section 12, as provided in the judicial branch personnel rules.

Nothing herein shall change the manner by which law clerk salaries are paid, the proportions among the various counties of a judicial district by which the funds are allocated or any statutory provision related to law clerk compensation other than the manner of setting salary. Each county shall be required by the order to pay a specified amount thereof in monthly installments which shall be such proportion of the whole salaries as the population of the county is to the total population of the counties to which the judge is assigned as determined by the last census.

Sec. 14. Minnesota Statutes 1988, section 484.545, subdivision 3, is amended to read:

Subd. 3. The law clerks, in addition to their salary, shall be paid necessary mileage, traveling and hotel expenses accrued in their discharge of official duties while absent from their permanent work assignment location. The county auditor of the county for which the expenses were incurred, Upon presentation of a verified statement approved by one of the judges, shall issue a warrant in payment thereof the state shall pay the expenses.

Sec. 15. Minnesota Statutes 1988, section 484.62, is amended to read:

484.62 [COMPENSATION AND REPORTER.]

When a retired judge undertakes such service, the retired judge shall be provided at the expense of the county of performance of the service with a reporter, selected by the retired judge, at the expense of the state, and with a deputy clerk, bailiff, if the judge deems a bailiff necessary, and a courtroom or hearing room for the purpose of holding court or hearings, to be paid for by the county in which the service is rendered and shall receive pay and expenses in the amount and manner provided by law for judges serving on the court to which the retired judge is assigned, less the amount of retirement pay which the judge is receiving, said payment to be made in the same manner as the payment of salaries for judges of the district court, on certification by the chief judge of the judicial district or by the chief justice of the supreme court of the state of Minnesota. A deputy court administrator may act as bailiff when called to do so for the purposes of this section. A retired judge who solemnizes a marriage while not assigned under section 484.61 is not entitled to the compensation provided by this section.

Sec. 16. Minnesota Statutes 1988, section 484.64, subdivision 3, is amended to read:

Subd. 3. The board of county commissioners of Ramsey county shall provide suitable chambers and courtroom space, clerks, ~~reporters~~, bailiffs, and ~~one or more referees~~ and other personnel to assist said judge, together with necessary library, supplies, stationery and other expenses necessary thereto. The state shall provide referees, court reporters, and law clerks.

Sec. 17. Minnesota Statutes 1988, section 484.65, subdivision 3, is amended to read:

Subd. 3. The board of county commissioners of Hennepin county shall provide suitable chambers and courtroom space, clerks, ~~secretaries or reporters~~, bailiffs, and ~~one or more referees~~ and other personnel to assist said judge, together with necessary library, supplies, stationery and other expenses necessary thereto. The state shall provide referees, court reporters, and law clerks.

Sec. 18. Minnesota Statutes 1988, section 484.65, subdivision 7, is amended to read:

Subd. 7. The district court judge, family court division, may, with the consent and approval of the judges of the district court of the fourth judicial district, appoint one or more suitable persons to act as referees. Such referees shall be learned in the law and shall hold

office at the pleasure of the judges of the district court. The compensation of a referee shall be fixed by the personnel board of Hennepin county and appropriated by the county board and shall be paid in the same manner as other county employees are paid.

Sec. 19. Minnesota Statutes 1988, section 484.68, subdivision 5, is amended to read:

Subd. 5. [BUDGET FOR OFFICE.] The office budget of the district administrator shall be set by the chief judge of the judicial district and apportioned among the counties of the district paid by the state. The budget must include sufficient money for the staff authorized by this section and other staff and expenses authorized under law. A county shall provide office facilities for the district administrator.

Sec. 20. Minnesota Statutes 1988, section 485.018, subdivision 5, is amended to read:

Subd. 5. [COLLECTION OF FEES.] The court administrator of district court shall charge and collect all fees as prescribed by law and all such fees collected by the court administrator as court administrator of district court shall be paid to the county treasurer. Except for those portions of forfeited bail paid to victims pursuant to existing law, the county treasurer shall forward all revenue from fees and forfeited bail collected under chapters 357 and 574 to the state treasurer for deposit in the state treasury and credit to the general fund, unless otherwise provided in this article or Minnesota Statutes, chapter 611A, in the manner and at the times prescribed by the county board state treasurer, but not less often than once each month. All other money must be deposited in the county general fund unless otherwise provided by law. The court administrator of district court shall not retain any additional compensation, per diem or other emolument for services as court administrator of district court, but may receive and retain mileage and expense allowances as prescribed by law.

Sec. 21. Minnesota Statutes 1988, section 485.018, subdivision 7, is amended to read:

Subd. 7. [APPEAL FROM RESOLUTION OF THE BOARD.] The court administrator of district court if dissatisfied with the action of the county board in setting the amount of the court administrator's salary or the amount of the budget for the office of court administrator of district court, may appeal to the district court on the grounds that the determination of the county board in setting such salary or budget was arbitrary, capricious, oppressive or without sufficiently taking into account the extent of the responsibilities and duties of said office, and the court administrator's experience, qualifications, and performance. The appeal shall be taken within 15 days after the date of the resolution setting such salary or budget by serving a notice of appeal on the county auditor and filing same

with the court administrator of the district court. The court either in term or vacation and upon ten days notice to the chair of the board shall hear such appeal. On the hearing of the appeal the court shall review the decision or resolution of the board in a hearing de novo and may hear new or additional evidence, or the court may order the officer appealing and the board to submit briefs or other memoranda and may dispose of the appeal on such writings. If the court shall find that the board acted in an arbitrary, capricious, oppressive or unreasonable manner or without sufficiently taking into account the responsibilities and duties of the office of the court administrator, and the court administrator's experience, qualifications, and performance, it shall make such order to take the place of the order appealed from as is justified by the record and shall remand the matter to the county board for further action consistent with the court's findings. After determination of the appeal the county board shall proceed in conformity therewith. This subdivision is not in effect from July 1, 1989, to July 1, 1991.

Sec. 22. Minnesota Statutes 1988, section 486.05, subdivision 1, is amended to read:

Subdivision 1. In all judicial districts a salary range for court reporters shall be established annually by the judicial district administrator with the approval of a majority of judges of the district. The salary for each court reporter shall be set within that range annually by the district administrator after consultation with the chief judge within the range established under section 12, as provided in the judicial branch personnel rules. Nothing in this subdivision changes the manner by which court reporters are paid, the proportions among the various counties of a judicial district by which the funds are allocated or any statutory provisions related to court reporter compensation other than the manner of setting salary. Each county shall be required by order to pay a specified amount of the salary in monthly installments, which shall be the proportion of the whole salary as the population in each county bears to the total population in the district in the most recent federal census. If a judge is temporarily transferred to hold court in a county outside of the judge's judicial district then that county shall pay a part of the monthly salary of the judge's reporter equal to the part of the month worked by the reporter in the county. The reporter, in addition to a salary, shall be paid necessary mileage, traveling, and hotel expenses incurred in the discharge of official duties while absent from the home chambers where the judge the reporter serves is assigned. The expenses are to be paid by the county for which the expenses were incurred upon presentation of a verified itemized statement approved by the judge; and the auditor of the county, upon presentation of the approved statement, shall issue a warrant for payment.

This subdivision supersedes all laws relating to the salary of district court reporters inconsistent with this subdivision, except the

manner of setting salary in this subdivision does not apply to the second and fourth judicial districts.

Sec. 23. Minnesota Statutes 1988, section 486.05, as amended by section 22, is amended to read:

486.05 [DISTRICT COURT; REPORTERS' SALARIES AND EXPENSES.]

Subdivision 1. [SALARIES.] The salary for each court reporter shall be set annually by the district administrator within the range established under section 12 as provided in the judicial branch personnel rules.

Subd. 1a. [EXPENSES.] The A court reporter, in addition to a salary, shall be paid necessary mileage, traveling, and hotel expenses incurred in the discharge of official duties while absent from the home chambers where the judge the reporter serves is assigned. The expenses are to be paid by the county for which the expenses were incurred state upon presentation of a verified itemized statement approved by the judge; and the auditor of the county, upon presentation of the approved statement, shall issue a warrant for payment.

~~This subdivision supersedes all laws relating to the salary of district court reporters inconsistent with this subdivision, except the manner of setting salary in this subdivision does not apply to the second and fourth judicial districts.~~

Sec. 24. Minnesota Statutes 1988, section 486.055, is amended to read:

486.055 [COURT REPORTER TRANSCRIPT FEE CHARGES; REPORTING REQUIREMENTS.]

Each court reporter who charges a fee for the preparation of transcripts shall by April 15 of each year file with the district administrator of the reporter's judicial district and the county commissioners of the district an accounting of gross receipts and net income from these receipts for the prior calendar year. The accounting report shall specify the amount received in payment for the sale of transcripts.

Sec. 25. Minnesota Statutes 1988, section 486.06, is amended to read:

486.06 [CHARGE FOR TRANSCRIPT.]

In addition to the salary specified set in section 486.05, the court reporter may charge for a transcript of a record ordered by any

person other than the judge, the attorney general's office, or the board of public defense, 50 cents per original folio thereof and ten cents per folio for each manifold or other copy thereof when so ordered that it can be made with the original transcript. The chief judge of the judicial district may by order establish new transcript fee ceilings annually.

A court reporter may impose a fee authorized under this section only if the transcript is delivered to the person who ordered it within a reasonable time after it was ordered.

Sec. 26. Minnesota Statutes 1988, section 487.08, subdivision 5, is amended to read:

Subd. 5. All judicial officers are subject to the administrative authority and assignment power of the chief judge of the district as provided in section 484.69, subdivision 3. They shall be learned in the law, and shall hear and try matters as assigned to them by the chief judge. Their salary shall be fixed by the chief judge, with the approval of the county board or boards of the counties in which they hold office, and shall be paid by the county or counties and must not exceed the salary for referees under section 15A.083, subdivision 6. The supreme court must not approve aggregate performance increases for these employees that exceed an average of four percent.

Sec. 27. Minnesota Statutes 1988, section 487.31, subdivision 1, is amended to read:

Subdivision 1. The fees payable to the court administrator for the following services in civil actions are:

In all civil actions within the jurisdiction of the county court, the fees payable to the court administrator shall be the same as in district court. The county court shall determine by rule the fees payable in cases heard in the conciliation division of the county court. The filing fees must be transmitted to the county treasurer who shall transmit them to the state treasurer for deposit in the general fund.

The fees payable to the court administrator for the following services in petty misdemeanors or criminal actions are governed by the following provisions:

In the event the court takes jurisdiction of a prosecution for the violation of a statute or ordinance by the state or a governmental subdivision other than a city or town within the county court district; all fines, penalties and forfeitures collected shall be paid over to the treasurer of the governmental subdivision which submitted a case for prosecution except where a different disposition is provided by law, in which case payment shall be made to the public

official entitled thereto. The following fees for services in petty misdemeanor or criminal actions shall be taxed to the state or governmental subdivision which would be entitled to payment of the fines, forfeiture or penalties in any case, and shall be retained by the court administrator for disposing of the matter but in no case shall the fee that is taxed exceed the fine that is imposed. The court administrator shall deduct the fees from any fine collected and transmit the balance in accordance with the law, and the deduction of the total of such fees each month from the total of all such fines collected is hereby expressly made an appropriation of funds for payment of such fees:

(1) In all cases where the defendant pleads guilty at or prior to first appearance and sentence is imposed or the matter is otherwise disposed of without a trial \$5

(2) Where the defendant pleads guilty after first appearance or prior to trial \$10

(3) In all other cases where the defendant is found guilty by the court or jury or pleads guilty during trial \$15

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

The fees set forth in this subdivision shall not apply to parking violations for which complaints and warrants have not been issued.

Sec. 28. Minnesota Statutes 1988, section 488A.14, subdivision 1, is amended to read:

Subdivision 1. [COMMENCEMENT OF ACTION.] An action is commenced against each defendant when the complaint is filed with the court administrator of conciliation court and a filing fee of \$9 is paid to the court administrator or the prescribed affidavit in lieu of the filing fee is filed. The filing fees must be transmitted to the county treasurer who shall transmit them to the state treasurer for deposit in the general fund.

Sec. 29. Minnesota Statutes 1988, section 488A.17, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE FOR REMOVAL OF CAUSE.] No cause shall be removed by the aggrieved party unless all of the following acts are performed within 20 days after the date the court administrator mailed to the aggrieved party notice of the order for judgment:

(a) Serving on the opposing party or the opposing party's attorney a demand for removal of the cause to the municipal court for trial de novo stating whether trial by a jury of six persons or by the court

without a jury is demanded. Service shall be made upon a party by mail or by personal service in accordance with the provisions for personal service of a summons in the municipal court or shall be made upon the party's attorney in accordance with the provisions for service of a notice of motion upon an attorney in the municipal court. The demand shall show the office address of the attorney for each party and the residence address of each party who does not have an attorney.

(b) Filing with the court administrator of conciliation court the original demand for removal and proof of service thereof. If the opposing party or the opposing party's attorney cannot be found and service of the demand is made within the 20 day period, the aggrieved party may file with the court administrator within the 20 day period the original and a copy of the demand, together with an affidavit by the aggrieved party or the party's attorney showing that due and diligent search has been made and that the opposing party or the opposing party's attorney cannot be found. The filing of this affidavit shall serve in lieu of making service and filing proof of service. When an affidavit is filed, the court administrator shall mail the copy of the demand to the opposing party at the opposing party's last known residence address.

(c) Filing with the court administrator of conciliation court an affidavit by the aggrieved party or the aggrieved party's attorney stating that the removal is made in good faith and not for the purpose of delay.

(d) Paying to the court administrator of conciliation court \$2 when the demand is for trial by court or \$7 when the demand is for trial by a jury of six persons. The fee must be forwarded to the state treasurer for deposit in the state treasury and credit to the general fund.

Sec. 30. Minnesota Statutes 1988, section 488A.31, subdivision 1, is amended to read:

Subdivision 1. [FILING FEE.] An action is commenced against each defendant when the complaint is filed with the administrator of conciliation court and a filing fee set by the ~~board of Ramsey county commissioners~~ district judges is paid to the administrator or the prescribed affidavit in lieu of filing fee is filed. ~~No filing fee is payable by the county.~~ The fees must be forwarded to the state treasurer for deposit in the state treasury and credit to the general fund.

Sec. 31. Minnesota Statutes 1988, section 488A.34, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE FOR REMOVAL OF CAUSE.] No cause shall be removed by the aggrieved party unless all of the following

acts are performed within 20 days after the date the administrator mailed to the aggrieved party notice of the order for judgment:

(a) Serving on the opposing party or the opposing party's attorney a demand for removal of the cause to the municipal court for trial de novo stating whether trial by a jury of six persons or by the court without a jury is demanded. Service shall be made upon a party by mail or by personal service in accordance with the provisions for personal service of a summons in the municipal court or shall be made upon the party's attorney in accordance with the provisions for service of a notice of motion upon an attorney in the municipal court. The demand shall show the office address of the attorney for each party and the residence address of each party who does not have an attorney.

(b) Filing with the administrator of conciliation court the original demand for removal and proof of service thereof. If the opposing party or the opposing party's attorney cannot be found and service of the demand is made within the 20 day period, the aggrieved party may file with the administrator within the 20 day period the original and a copy of the demand, together with an affidavit by the aggrieved party or the aggrieved party's attorney showing that due and diligent search has been made and that the opposing party or the opposing party's attorney cannot be found. The filing of this affidavit shall serve in lieu of making service and filing proof of service. When an affidavit is filed, the administrator shall mail the copy of the demand to the opposing party at the opposing party's last known address.

(c) Filing with the administrator of conciliation court an affidavit by the aggrieved party or the opposing party's attorney stating that the removal is made in good faith and not for the purpose of delay.

(d) Paying to the administrator of conciliation court the fee set by the board of Ramsey County commissioners district court judges when the demand is for trial by court, and the fee as set by the Ramsey County commissioners district court judges when the demand is for trial by a jury of six. The above fee is not payable by the county. The fees shall be forwarded to the state treasurer for deposit in the state treasury and credited to the general fund.

Sec. 32. Minnesota Statutes 1988, section 525.033, is amended to read:

525.033 [FEES FOR FILING PETITIONS.]

The probate court shall collect a fee as established by section 357.021, subdivision 2, clause (1), for filing a petition to commence a proceeding under this chapter and chapter 524. The fee for copies of all documents in probate proceedings must be the same as the fee established for certified copies in civil proceedings under section

357.021, subdivision 2. Fees collected under this section and section 525.031 must be forwarded to the state treasurer for deposit in the state treasury and credited to the general fund.

Sec. 33. Minnesota Statutes 1988, section 611.26, subdivision 2, is amended to read:

Subd. 2. The state board of public defense shall appoint a district public defender. When appointing a district public defender, the state board of public defense membership shall be increased to include two judges of the district and two county commissioners of the counties within the district. The additional members shall serve only in the capacity of selecting the district public defender. The judges within the district shall elect their two ad hoc members. The two county commissioners within the district shall be selected by the county boards of the counties within the district. The ad hoc state board of public defense shall appoint a district public defender only after requesting and giving reasonable time to receive any recommendations from the public, the local bar association, the judges of the district, and the county commissioners within the district. Each district public defender shall be a qualified attorney, licensed to practice law in this state. The district public defender shall be appointed for a term of four years, beginning August November 1, pursuant to the following staggered term schedule: (1) in 1987, the third and eighth districts; (2) in 1988, the first and tenth districts; (3) in 1989, the fifth and ninth districts; and (4) in 1990, the sixth and seventh districts; (5) in 1991, the second, fourth, and eighth districts; and (6) in 1992, the first, third, and tenth districts. The district public defenders shall serve for staggered four-year terms and may be removed for cause upon the order of the state board of public defense. Vacancies in the office shall be filled by the appointing authority for the unexpired term.

Sec. 34. [611.263] [COUNTY IS EMPLOYER OF RAMSEY, HENNEPIN DEFENDERS.]

Subdivision 1. [EMPLOYEES.] (a) The district public defender and assistant public defenders of the second judicial district are employees of Ramsey county in the unclassified service under section 383A.286.

(b) The district public defender and assistant public defenders of the fourth judicial district are employees of Hennepin county under section 383B.63, subdivision 6.

Subd. 2. [PUBLIC EMPLOYER.] (a) Notwithstanding section 179A.03, subdivision 15, clause (c), the Ramsey county board is the public employer under the public employment labor relations act for the district public defender and assistant public defenders of the second judicial district.

(b) Notwithstanding section 179A.03, subdivision 15, clause (c), the Hennepin county board is the public employer under the public employment labor relations act for the district public defender and assistant public defenders of the fourth judicial district.

Sec. 35. [TRANSITION, PUBLIC DEFENDERS; SECOND AND FOURTH DISTRICTS.]

The district public defender of the second judicial district serving on July 1, 1989, shall continue in office until the expiration of the term to which appointed or until August 1, 1991, whichever date is later.

The district public defender of the fourth judicial district serving on July 1, 1989, shall continue in office until the expiration of the term to which appointed or until August 1, 1991, whichever date is later.

Sec. 36. [631.021] [SPEEDY CRIMINAL TRIALS; CASE DISPOSITION OBJECTIVES.]

The judges of each judicial district must adopt and administer rules or procedures to ensure that, on and after July 1, 1994, the following timing objectives for the disposition of criminal cases are met by judges within the district:

(1) 90 percent of all criminal cases must be disposed of within 120 days;

(2) 97 percent of all criminal cases must be disposed of within 180 days; and

(3) 99 percent of all criminal cases must be disposed of within 365 days.

The time periods referred to in clauses (1) to (3) must be measured from the date the criminal complaint is filed, to the date the defendant is either found not guilty or is sentenced. If the criminal case begins by indictment rather than by criminal complaint, the time period must be measured from the date the indictment is returned.

Sec. 37. [COURT MANAGEMENT PLAN.]

On or before January 1, 1990, the judges of each judicial district shall prepare a written caseload management plan to implement the goal of ensuring the right to speedy trial in criminal cases and the expeditious disposition of civil cases. The plan must discuss current caseloads in each judicial district and the time necessary to dispose of the various types of cases, including felonies, gross misdemean-

ors, misdemeanors, marriage dissolution and other family law matters, probate, juvenile, general civil matters, and conciliation court matters. The plan must be based on the assumption that the judicial and staff resources that will be available are those available on July 1, 1989.

In addition to preparing a caseload management plan, the judges of each judicial district shall make written recommendations for any changes in rules of procedure or statutes affecting procedure that they find would improve the expeditious disposition of criminal and civil cases in the district courts.

A copy of the caseload management plan, including any recommendations for changes in rules of procedure or statutes affecting procedure, must be filed with the state court administrator and the chairs of the judiciary committees of the house of representatives and of the senate on or before January 1, 1990.

Sec. 38. [CRIMINAL COURTS STUDY COMMISSION.]

The supreme court shall establish a commission to study ways to more expeditiously dispose of criminal cases in the district courts, in a manner that preserves the interest of both the defendant and the state in having a fair and just outcome. The commission shall consist of sufficient members to provide adequate representation of the viewpoints and experience of judges, prosecutors, and defense attorneys involved in the disposition of criminal matters. The commission may establish advisory groups to focus on juvenile law or other specific areas of practice.

The commission study must include the following:

(1) whether model proposals or rules and statutes from other jurisdictions provide any alternatives that might be followed to modify the rules of criminal procedure and statutes affecting criminal procedure in ways that would simplify procedures without sacrificing fair outcome;

(2) whether certain kinds of offenses, such as traffic petty misdemeanors and housing code violations, might be better processed if the only possible sentence were a fine rather than incarceration, if a referee or administrative officer rather than a judge presided, and if no prosecuting attorney was involved, with the option of enhancing the matter to a misdemeanor if prior judgments have been entered against a party;

(3) whether the petty misdemeanor category should be expanded to replace current misdemeanor offenses in some instances, with criteria for enhancing a petty misdemeanor to a misdemeanor in specified circumstances; and

(4) whether other administrative or legislative action can be taken to facilitate the expeditious disposition of criminal cases without sacrifice of due process of law.

The commission shall report its conclusions to the supreme court on or before January 1, 1991.

Sec. 39. [TRANSITIONAL PROVISIONS.]

Subdivision 1. [HIRING AND SALARY MORATORIUM.] A county or a court must not increase the number of referees, judicial officers, court reporters, law clerks, or district administration employees in the county, or other employees of the court system whose salary is paid by the county, other than district administration employees in the second or fourth judicial district, unless the increase was authorized before January 30, 1989. A county or a court must not increase the salaries of these employees without the approval of the supreme court, unless the increase is made under a plan adopted before January 30, 1989. The supreme court must not approve aggregate performance increases for these employees that exceed an average of four percent.

Subd. 2. [TRANSFER OF PROPERTY.] The title to all personal property owned by the county that is used by the employees listed in subdivision 1 in the scope of their employment is transferred to the state effective January 1, 1992.

Subd. 3. [RULES.] The supreme court, in consultation with the conference of chief judges, may adopt rules to implement this article.

Subd. 4. [BUDGETS.] Notwithstanding any law to the contrary, the budgets for the judicial districts including the number of complement positions and salaries must be submitted by the district administrators to the supreme court. The budgets shall include the current levels of funding and positions at the time of submission as well as the requests for increases in funding and positions. Submission of the budgets for calendar year 1990 must be made to the supreme court. The supreme court shall then submit the budgets to the department of finance, and the legislature by January 15, 1990. Submission of the budgets for calendar year 1991 must be made by October 1, 1990.

Sec. 40. [CONTINUED STUDY BY SUPREME COURT.]

The supreme court shall continue to study all county-funded components of the district courts and make recommendations to the governor and the legislature by August 1, 1990, for inclusion in the governor's budget recommendations to the legislature for the 1991 session, regarding their control and financing. The supreme court shall also study the right to legal counsel in juvenile justice matters

and recommend criteria for that right to the legislature by July 1, 1990.

EIGHTH JUDICIAL DISTRICT PROJECT AND RELATED MATTERS

Sec. 41. [APPLICATION.]

Sections 42 to 51, except the parts of section 51, that by their terms have broader application, apply only in the eighth judicial district for the period from January 1, 1990, to June 30, 1991.

Those parts of section 51, having broader application, apply statewide for the period from July 1, 1989, to June 30, 1991.

Sec. 42. [FINES AND FORFEITED BAIL.]

Subdivision 1. [THIS PREVAILS.] Subdivision 2 prevails over contrary provisions of Minnesota Statutes, section 97A.065, subdivision 2.

Subd. 2. [GAME AND FISH LAWS.] (a) Fines and forfeited bail collected from prosecutions of violations of the game and fish laws, Minnesota Statutes, sections 84.09 to 84.15, and 84.81 to 84.88, chapter 348, and any other law relating to wild animals, and aquatic vegetation must be paid to the treasurer of the county where the violation is prosecuted. The county treasurer shall submit one-half of the receipts to the commissioner and the balance to the state treasurer for deposit in the state treasury and credit to the general fund, except as provided in paragraph (b).

(b) The county treasurer shall indicate the amount of the receipts that are assessments or surcharges imposed under Minnesota Statutes, section 609.101 and shall submit all of those receipts to the commissioner. The receipts must be credited to the game and fish fund to provide peace officer training for persons employed by the commissioner who are licensed under section 626.84, subdivision 1, clause (c), and who possess peace officer authority to enforce game and fish laws.

Sec. 43. [FINES AND FORFEITED BAIL MONEY.]

Subdivision 1. [THIS PREVAILS.] Subdivision 2 prevails over contrary provisions of Minnesota Statutes, section 299D.03, subdivision 5.

Subd. 2. [STATE PATROL.] (a) Fines and forfeited bail money from traffic and motor vehicle law violations collected from persons apprehended or arrested by officers of the state patrol must be paid

by the collector before the 11th day after the last day of the month in which the money was collected, to the county treasurer of the county where the violation occurred. The receipts must be transmitted by the collector to the state treasurer. Three-eighths of the receipts must be credited to the general fund and five-eighths of the receipts must be credited to the trunk highway fund. If, however, the violation occurs within a municipality and the city attorney prosecutes the offense, and a plea of not guilty is entered, one-third of the receipts must be credited to the general revenue fund of the state, one-third of the receipts must be paid to the municipality prosecuting the offense, and one-third must be transmitted to the state treasurer to be credited to the trunk highway fund. All costs of participation in a nationwide police communication system chargeable to the state of Minnesota must be paid from appropriations for that purpose.

(b) Notwithstanding any other law, fines and forfeited bail money from violations of statutes governing the maximum weight of motor vehicles, collected from persons apprehended or arrested by employees of the state of Minnesota, by means of stationary or portable scales operated by the employees, must be paid by the collector before the 11th day after the last day of the month in which the collections were made, to the county treasurer of the county where the violation occurred. The receipts must be transmitted by the collector to the state treasurer. Five-eighths of the receipts must be credited to the highway user tax distribution fund and three-eighths of the receipts must be credited to the general fund.

Sec. 44. [FEES.]

Subdivision 1. [THIS PREVAILS.] Subdivision 2 prevails over contrary provisions of Minnesota Statutes, section 357.021, subdivision 1a.

Subd. 2. [PROCEDURE.] A person, including the state of Minnesota and a body politic and corporate, who transacts business in the district court, shall pay to the court administrator the fees prescribed in Minnesota Statutes, section 357.021, subdivision 2. The court administrator shall transmit the fees monthly to the county treasurer who shall forward the money to the state treasurer for deposit in the state treasury and credit to the general fund.

Sec. 45. [PAID BY APPELLANT IN APPEAL.]

Subdivision 1. [THIS PREVAILS.] Subdivision 2 prevails over contrary provisions of Minnesota Statutes, section 357.08.

Subd. 2. [PROCEDURE.] \$60 must be paid to the clerk of the appellate courts by the appellant, or moving party or person requiring the service, in all cases of appeal, certiorari, habeas corpus, mandamus, injunction, prohibition, or other original pro-

ceeding, when first filed with the clerk of the appellate courts. An additional filing fee is not required for a petition for accelerated review by the supreme court. A filing fee of \$50 must be paid to the clerk of the appellate courts on the filing of a petition for review from a decision of the court of appeals.

The clerk must not file a paper, issue a writ or certificate, or perform a service listed in this section, until the payment has been made for it. The clerk shall pay the sum into the state treasury as provided for by Minnesota Statutes, section 15A.01.

The charges provided for do not apply to disbarment proceedings, nor to an action or proceeding by the state taken solely in the public interest, where the state is the appellant or moving party, nor to copies of the opinions of the court furnished by the clerk to the parties before judgment, or furnished to the district judge whose decision is under review, or, as the court directs, to law library associations in counties having a population exceeding 50,000.

Sec. 46. [COLLECTION OF FEES.]

Subdivision 1. [THIS PREVAILS.] Subdivision 2 prevails over contrary provisions of Minnesota Statutes, section 485.018, subdivision 5.

Subd. 2. [PROCEDURE.] The court administrator of district court shall charge and collect all fees as prescribed by law and the fees collected by the court administrator as court administrator of district court must be paid to the county treasurer. The court shall forward all money collected under Minnesota Statutes, chapter 357, 487, or 574 to the state treasurer for deposit in the state treasury and credit to the general fund in the manner and at the times prescribed by the state treasurer, but not less often than once each month. The court administrator of district court must not keep any additional compensation, per diem or other emolument for services as court administrator of district court, but may receive and keep mileage and expense allowances as prescribed by law.

Sec. 47. [CONCILIATION COURT.]

Subdivision 1. [THIS PREVAILS.] Subdivision 2 prevails over contrary provisions of Minnesota Statutes, section 487.31, subdivision 1.

Subd. 2. [FEES.] The district court shall determine by rule the fees payable in cases heard in the conciliation division of the court. The filing fees must be transmitted monthly to the county treasurer who shall transmit them to the state treasurer for deposit in the general fund.

The fees payable to the court administrator for the following services in petty misdemeanors or criminal actions are governed by the following provisions:

In the event the court takes jurisdiction of a prosecution for the violation of a statute or ordinance by the state or a governmental subdivision other than a city or town located in whole or in part within the county; all fines, penalties, and forfeitures collected must be paid over to the treasurer of the governmental subdivision that submitted a case for prosecution except where a different disposition is provided by law, in which case payment must be made to the public official entitled to it.

Sec. 48. [REFUNDS.]

Subdivision 1. [THIS PREVAILS.] Subdivision 2 prevails over contrary provisions of Minnesota Statutes, section 487.32, subdivision 3.

Subd. 2. [PROCEDURE.] A judge of district court may order any forfeited sums to be reinstated and the state treasurer shall then refund accordingly. The state treasurer shall reimburse the court administrator if the court administrator refunds the deposit upon a judge's order and obtains a receipt to be used as a voucher.

Sec. 49. [OTHER MONEY TO STATE.]

Money that is collected by the court administrator under Minnesota Statutes, chapter 357, 487, or 574 and not required to be distributed to a city by statute must be paid to the state treasurer for deposit in the state treasury and credit to the general fund.

Sec. 50. [IF NO SPECIFICS HERE, TO GENERAL FUND.]

Subdivision 1. [THIS PREVAILS.] Subdivision 2 prevails over contrary provisions of Minnesota Statutes, section 574.34, subdivision 1.

Subd. 2. [FINES AND FORFEITURES.] Fines and forfeitures collected by the court administrator and not specially granted or appropriated in this article or not required to be distributed to a city by statute, must be paid to the county treasurer who shall forward the funds to the state treasurer for deposit in the state treasury and credit to the general fund.

Sec. 51. [EIGHTH JUDICIAL DISTRICT PROJECT.]

Subdivision 1. [APPROPRIATION.] The appropriation for the eighth district project is for the period of January 1, 1990, to June 30, 1991, and is available until spent and does not cancel. Money for

the project must not be used to increase complement above the number set without regard to this article. Funds appropriated in article 1 for the eighth district project may only be used for increased expenses necessitated by salary increases, and other verifiable escalating expenses associated with the operations of the eighth judicial district, and for contingencies as provided in subdivision 3.

Subd. 2. [BUDGETS.] During the period of the pilot project the court administrators and the judicial district administrator in the eighth judicial district shall each develop a budget in a form prescribed by the supreme court. The budgets must include the costs of operating the courts in the eighth judicial district, but must not include the costs of capital expenditures. The budgets must be submitted to the supreme court with the comments of the district administrator and chief judge. The supreme court shall provide copies of the budgets to the chairs of the house appropriations committee and the senate finance committee and the commissioner of finance.

Subd. 3. [CONTINGENCY FUND.] The money appropriated in article 1 to the commissioner of finance for a contingency amount for unanticipated cost increases of the eighth judicial district project is to be available on request of the supreme court. Money from this contingency amount is subject to the same process under Minnesota Statutes, section 3.30 as the general contingency appropriation.

Subd. 4. [FEE, FINE, AND FORFEITURE REVENUE.] During the time of the eighth district project the court administrators in the eighth judicial district shall collect and transmit to the state treasurer each month all filing fee revenue and bail forfeitures, and the county share of fine revenue. The money must be recorded by the state treasurer each month on a county by county basis. Except as otherwise provided in this article, the money must be deposited in the state's general fund as nondedicated receipts.

Subd. 5. [COOPERATION.] The court employees, county officials, and the county boards of the affected counties shall cooperate with the state and district court administrators in implementing all phases of the pilot project.

Subd. 6. [ACCOUNTING PLAN.] The supreme court shall consult with all district administrators and appropriate county officials in the other judicial districts and develop a uniform plan for accounting and shall implement detailed reporting of the costs of the various functions of the judicial districts and court costs in the counties. The plan shall also include the costs of items not mentioned in this section that the supreme court believes may be a function that the state could take over if it were to fund the state trial court system. These costs must be included in any report to the legislature on state takeover of the trial court and public defense

systems. Counties in all the judicial districts shall cooperate with the supreme court and the state board of public defense in developing these standards and calculating and reporting these costs in a timely and accurate manner.

Subd. 7. [REPORT TO LEGISLATURE.] The supreme court shall make a report to the legislature by February 1, 1991, on the results of the eighth district project and the potential costs and revenues to be transferred to the state if the state were to fund the takeover of the trial court system statewide. The report shall include an analysis of all the costs of and revenues from the operations of all the trial courts in the state. The analysis must identify appropriate job classifications and salary ranges for court employees, and the costs and benefits associated with a change from county to state employment. The report must also include an evaluation of the improvement of the administration of justice, if any, that results from the eighth district project and that may result as a consequence of the state takeover. The report must also include recommendations for state takeover of trial court costs statewide including a detailed estimate of the costs and benefits, employee status, types of costs that may be associated with a state takeover, and an accounting system for the courts.

Subd. 8. [LEVY.] During the pilot project the counties that make up the eighth judicial district shall continue to levy for and pay the costs to operate the eighth judicial district and public defense services that the state does not fund during the eighth district project. The supreme court shall certify to the counties on or before October 1 of each year the amount necessary in excess of the state-funded eighth district project costs. The counties are responsible on a per capita prorated basis for the costs that the state is not assuming. These include but are not limited to capital costs, rent, and other associated costs. The county administrator of each of the counties shall consult with the supreme court and the eighth judicial district administrator regarding these costs before setting county budgets and levies for calendar year 1990.

Subd. 9. [LIMITS.] The costs to the state for the eighth district project are limited to the appropriations in article 1 for the project and for contingencies as provided in subdivision 3.

Sec. 52. [DO NOT APPLY.]

Minnesota Statutes 1988, sections 487.31, subdivision 4; and 525.012, subdivisions 1 to 4, do not apply in the eighth judicial district during the period from January 1, 1990, to June 30, 1991.

Sec. 53. [DE NOVO HEARINGS FROM CONCILIATION COURT.]

Fees collected under county court rule No. 1.21, and special rules of procedure for county court of St. Louis county No. 29.21, shall be

forwarded to the state treasurer for deposit in the state treasury and credit to the general fund.

Sec. 54. [REPEALER.]

Subdivision 1. [JULY 1, 1990.] Minnesota Statutes 1988, sections 383B.63, subdivisions 4 and 5; 611.12; and 611.214; and Laws 1975, chapter 258, section 6, subdivisions 1, 3, 4, and 5, are repealed July 1, 1990.

Subd. 2. [JANUARY 1, 1992.] Minnesota Statutes 1988, sections 486.07; 488A.05; 488A.111; 488A.22; and 488A.281, are repealed January 1, 1992.

Subd. 3. [JANUARY 1, 1990.] Minnesota Statutes 1988, sections 611.07; 611.071; and 611.25, subdivision 2, are repealed.

Subd. 4. [JULY 1, 1990.] Minnesota Statutes 1988, section 487.31, subdivision 4; and 525.012, subdivisions 1, 2, 3, and 4, are repealed.

Sec. 55. [EFFECTIVE DATE.]

Subdivision 1. [1989 TAXES.] Section 4 is effective for taxes levied in 1989 and thereafter, payable in 1990 and thereafter.

Subd. 2. [1992 STATEWIDE; 1990 IN 8th.] (a) In all judicial districts except the eighth, sections 1, 2, 3, 5, 6, 12, 14, 15, 16, 17, 18, 19, and 23, are effective January 1, 1992. These sections are effective January 1, 1990, for all court employees in the eighth judicial district including court administrators and staff.

(b) In all judicial districts except the eighth, sections 7, 8, 9, 11, 20, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 53, are effective July 1, 1990.

Subd. 3. [JULY 1, 1989.] Sections 10, 13, 22, 24, 25, 26, 36, 37, 38, 39, and 40, are effective July 1, 1989.

ARTICLE 5

FUND CONSOLIDATION

Section 1. [STATEMENT OF PURPOSE.]

During recent years the state of Minnesota has experienced a significant increase in the number of special revenue accounts and funds that has created a large base of nongeneral fund budget activities. The resulting structure is complicated and at best difficult for the legislature to exercise adequate legislative oversight of.

Executive branch agencies are also being faced with increased administrative costs and programmatic restrictions because of the growing number of special revenue funds and accounts. This article is an attempt to simplify the existing accounting structure and develop an accounting organizational structure that is reflective of agency functional organizations.

The consolidations in this article are not intended to restructure programs within agencies by reducing the number of special revenue accounts and funds. Fund consolidation in this article is not intended to achieve simplification at the expense of those user groups who pay fees to the current special revenue accounts and funds. It is the intent that the fees currently being paid will continue to be used for the purposes for which the fees were created.

Sec. 2. Minnesota Statutes 1988, section 6.48, is amended to read:

6.48 [EXAMINATION OF COUNTIES; COST, FEES.]

All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public property, and improvements of several counties of the state. At least once in each year, if funds and personnel permit, the state auditor shall visit, without previous notice, each county and make a thorough examination of all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds, including the game and fish funds, and other property. The state auditor shall prescribe and install systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices. A copy of the report of such examination shall be filed and be subject to public inspection in the office of the state auditor and another copy in the office of the auditor of the county thus examined. The state auditor may accept the records and audit, or any part thereof, of the department of human services in lieu of examination of the county social welfare funds, if such audit has been made within any period covered by the state auditor's audit of the other records of the county. If any such examination shall disclose malfeasance, misfeasance, or nonfeasance in any office of such county, such report shall be filed with the county attorney of the county, and the county attorney shall institute such civil and criminal proceedings as the law and the protection of the public interests shall require.

The county receiving such examination, and the division of game and fish of the department of natural resources of the state of Minnesota, in the case of the examination of the game and fish funds, shall pay to the state auditor's revolving general fund, notwithstanding the provisions of section 16A.125, the total cost and expenses of such examinations, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor on deeming it advisable may bill counties, having a

population of 200,000 or over, monthly for services rendered and the officials responsible for approving and paying claims shall cause said bill to be promptly paid. The revolving general fund of the state auditor shall be credited with all collections made for any such examinations.

Sec. 3. Minnesota Statutes 1988, section 6.56, is amended to read:

6.56 [COST OF EXAMINATION, PAYMENT.]

Upon the examination of the books, records, accounts, and affairs of any county, city, town, or school district, as provided by law, such county, city, town, or school district shall be liable to the state for the total cost and expenses of such examination, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor may bill such county, city, town, or school district monthly for service rendered and the officials responsible for approving and paying claims are authorized to pay said bill promptly. Said payments shall be without prejudice to any defense against said claims that may exist or be asserted. The revolving general fund of the state auditor shall be credited with all collections made for any such examinations.

Sec. 4. Minnesota Statutes 1988, section 6.58, is amended to read:

6.58 [REVOLVING GENERAL FUND.]

The revolving general fund established by Laws 1947, chapter 634, section 24, shall be used to provide personnel, pay other expenses, and for the acquisition of equipment used in connection with reimbursable examinations and other duties pursuant to law. When full-time personnel are not available, the state auditor may contract with private persons, firms, or corporations for accounting and other technical services. Notwithstanding any law to the contrary, the acquisition of equipment may include duplicating equipment to be used in producing the reports issued by the department. All receipts from such reimbursable examinations shall be deposited in the general fund and are hereby reappropriated to that purpose. The state auditor is directed to adjust the schedule of charges for such examinations to provide that such charges shall be sufficient to cover all costs of such examinations and that the aggregate charges collected shall be sufficient to pay all salaries and other expenses including charges for the use of the equipment used in connection with such reimbursable examinations and including the cost of contracting for accounting and other technical services. The schedule of charges shall be based upon an estimate of the cost of performing reimbursable examinations including, but not limited to, salaries, office overhead, equipment, authorized contracts, and other expenses. The state auditor may allocate a proportionate part of the total costs to an hourly or daily charge for each person or class of persons engaged in the performance of an examination. The

schedule of charges shall reflect an equitable charge for the expenses incurred in the performance of any given examination. The state auditor shall review and adjust the schedule of charges for such examinations at least annually and have all schedules of charges approved by the commissioner of finance before they are adopted so as to insure that the amount collected shall be sufficient to pay all the costs connected with such examinations during the fiscal year and that the unobligated balance, including accounts receivable, in the revolving fund at the end of each fiscal year shall not be less than \$315,000. The unobligated balance in the revolving fund in excess of \$350,000, as of June 30 of each fiscal year, shall be canceled into the general fund.

Sec. 5. Minnesota Statutes 1988, section 8.15, is amended to read:

8.15 [ATTORNEY GENERAL COSTS.]

The attorney general in consultation with the commissioner of finance shall assess executive branch agencies a fee for legal services rendered to them. The budget requests of all executive branch agencies submitted to the legislature in each odd-numbered year must show the actual or estimated amount assessed, paid, and requested for each year. The assessment against appropriations from other than the general fund must be the full amount of the fee. The assessment against appropriations supported by fees must be included in the fee calculation. Unless appropriations are made for fee supported costs, no payment by the agency is required. ~~The assessment against appropriations from the general fund not supported by fees must be one-half of the fee.~~ Assessments must not be made against appropriations from the general fund. Receipts from assessments must be deposited in the state treasury and credited to the general fund.

Sec. 6. Minnesota Statutes 1988, section 8.31, subdivision 2c, is amended to read:

Subd. 2c. [CONSUMER EDUCATION ACCOUNT FUND.] If a court of competent jurisdiction finds that a sum recovered under this section for the benefit of injured persons cannot reasonably be distributed to the victims, because the victims cannot readily be located or identified, or because the cost of distributing the money would outweigh the benefit to the victims, then the court may order that the money be paid into a consumer education account the general fund. All sums recovered must be deposited into the state treasury and credited to the consumer education account general fund. The money credited to the account may be expended only as appropriated by law for the following purposes:

(1) to prepare and distribute educational materials to inform the public regarding consumer protection laws and consumer rights;

(2) to underwrite educational seminars and other forms of educational projects for the benefit of consumers and businesses;

(3) to contract for or conduct educational or research projects in the field of consumer protection, to further the purposes of the laws referred to in subdivision 1; and

(4) to assist the commissioner of education in establishing curriculum guidelines for elementary and secondary schools in the areas of consumer protection and consumer literacy.

Sec. 7. Minnesota Statutes 1988, section 8.31, subdivision 3, is amended to read:

Subd. 3. [INJUNCTIVE RELIEF.] In addition to the penalties provided by law for violation of the laws referred to in subdivision 1, specifically and generally, whether or not injunctive relief is otherwise provided by law, the courts of this state are vested with jurisdiction to prevent and restrain violations of those laws, to require the payment of civil penalties, to require payment into a consumer education account the general fund, and to appoint administrators as provided in subdivision 3C. On becoming satisfied that any of those laws has been or is being violated, or is about to be violated, the attorney general shall be entitled, on behalf of the state; (a) to sue for and have injunctive relief in any court of competent jurisdiction against any such violation or threatened violation without abridging the penalties provided by law; and (b) to sue for and recover for the state, from any person who is found to have violated any of the laws referred to in subdivision 1, a civil penalty, in an amount to be determined by the court, not in excess of \$25,000. All sums recovered by the attorney general under this section shall be deposited in the general fund of the state treasury, but sums recovered and deposited pursuant to subdivision 2C must be credited to a consumer education account as provided in subdivision 2C.

Sec. 8. Minnesota Statutes 1988, section 14.07, subdivision 1, is amended to read:

Subdivision 1. [RULE DRAFTING ASSISTANCE PROVIDED.]
(a) The revisor of statutes shall:

(1) maintain an agency rules drafting department to draft or aid in the drafting of rules or amendments to rules for any agency in accordance with subdivision 3 and the objective or other instructions which the agency shall give the revisor; and,

(2) prepare and publish an agency rules drafting guide which shall set out the form and method for drafting rules and amendments to rules, and to which all rules shall comply.

(b) The revisor shall assess an agency for the actual cost of providing aid in drafting rules or amendments to rules. The agency shall pay the assessment using the procedures of section 3C.056. Each agency shall include in its budget money to pay the revisor's assessment. Receipts from the assessment must be deposited in the state treasury and credited to the general fund.

(c) An agency may not contract with an attorney, consultant, or other person either to provide rule drafting services to the agency or to advise on drafting unless the revisor determines that special expertise is required for the drafting and the expertise is not available from the revisor or the revisor's staff.

Sec. 9. Minnesota Statutes 1988, section 14.07, subdivision 2, is amended to read:

Subd. 2. [APPROVAL OF FORM.] No agency decision to adopt a rule or emergency rule, including a decision to amend or modify a proposed rule or proposed emergency rule, shall be effective unless the agency has presented the rule to the revisor of statutes and the revisor has certified that its form is approved. The revisor shall assess an agency for the actual cost of processing rules for consideration for approval of form. The assessments must include necessary costs to create or modify the computer data base of the text of a rule and the cost of putting the rule into the form established by the drafting guide provided for in subdivision 1. The agency shall pay the assessments using the procedures of section 3C.056. Each agency shall include in its budget money to pay revisor's assessments. Receipts from the assessments must be deposited in the state treasury and credited to the general fund.

Sec. 10. Minnesota Statutes 1988, section 14.08, is amended to read:

14.08 [REVISOR OF STATUTES APPROVAL OF RULE FORM.]

(a) Two copies of a rule adopted pursuant to the provisions of section 14.26 or 14.32 shall be submitted by the agency to the attorney general. The attorney general shall send one copy of the rule to the revisor on the same day as it is submitted by the agency under section 14.26 or 14.32. Within five days after receipt of the rule, excluding weekends and holidays, the revisor shall either return the rule with a certificate of approval of the form of the rule to the attorney general or notify the attorney general and the agency that the form of the rule will not be approved.

If the attorney general disapproves a rule, the agency may modify it and the agency shall submit two copies of the modified rule to the attorney general who shall send a copy to the revisor for approval as to form as described in this paragraph.

(b) One copy of a rule adopted after a public hearing shall be submitted by the agency to the revisor for approval of the form of the rule. Within five working days after receipt of the rule, the revisor shall either return the rule with a certificate of approval to the agency or notify the agency that the form of the rule will not be approved.

(c) If the revisor refuses to approve the form of the rule, the revisor's notice shall revise the rule so it is in the correct form.

(d) The attorney general and the revisor of statutes shall assess an agency for the actual cost of processing rules under this section. The agency shall pay the revisor's assessments using the procedures of section 3C.056. The agency shall pay the attorney general's assessments using the procedures of section 8.15. Each agency shall include in its budget money to pay the revisor's and the attorney general's assessments. Receipts from the assessment must be deposited in the state treasury and credited to the general fund.

Sec. 11. Minnesota Statutes 1988, section 14.26, is amended to read:

14.26 [ADOPTION OF PROPOSED RULE; SUBMISSION TO ATTORNEY GENERAL.]

If no hearing is required, the agency shall submit to the attorney general the proposed rule and notice as published, the rule as proposed for adoption, any written comments received by the agency, and a statement of need and reasonableness for the rule. The agency shall give notice to all persons who requested to be informed that these materials have been submitted to the attorney general. This notice shall be given on the same day that the record is submitted. If the proposed rule has been modified, the notice shall state that fact, and shall state that a free copy of the proposed rule, as modified, is available upon request from the agency. The rule and these materials shall be submitted to the attorney general within 180 days of the day that the comment period for the rule is over or the rule is automatically withdrawn. The agency shall report its failure to adopt the rules and the reasons for that failure to the legislative commission to review administrative rules, other appropriate legislative committees, and the governor.

Even if the 180-day period expires while the attorney general reviews the rule, if the attorney general rejects the rule, the agency may resubmit it after taking corrective action. The resubmission must occur within 30 days of when the agency receives written notice of the disapproval. If the rule is again disapproved, the rule is withdrawn. An agency may resubmit at any time before the expiration of the 180-day period. If the agency withholds some of the proposed rule, it may not adopt the withheld portion without again following the procedures of sections 14.14 to 14.28, or 14.29 to 14.36.

The attorney general shall approve or disapprove the rule as to its legality and its form to the extent the form relates to legality, including the issue of substantial change, and determine whether the agency has the authority to adopt the rule and whether the record demonstrates a rational basis for the need for and reasonableness of the proposed rule within 14 days. If the rule is approved, the attorney general shall promptly file two copies of it in the office of the secretary of state. The secretary of state shall forward one copy of each rule to the revisor of statutes. If the rule is disapproved, the attorney general shall state in writing the reasons and make recommendations to overcome the deficiencies, and the rule shall not be filed in the office of the secretary of state, nor published until the deficiencies have been overcome. The attorney general shall send a statement of reasons for disapproval of the rule to the agency, the chief administrative law judge, the legislative commission to review administrative rules, and to the revisor of statutes.

~~The attorney general shall assess an agency for the actual cost of processing rules under this section. The agency shall pay the attorney general's assessments using the procedures of section 8.15. Each agency shall include in its budget money to pay the attorney general's assessment. Receipts from the assessment must be deposited in the state treasury and credited to the general fund.~~

Sec. 12. Minnesota Statutes 1988, section 16A.125, subdivision 5, is amended to read:

Subd. 5. [SUSPENSE ACCOUNT.] The term "state forest trust fund lands" as used in this subdivision, means public land in trust under the constitution set apart as "forest lands under the authority of the commissioner" of natural resources as defined by section 89.001, subdivision 13.

The commissioner of finance and the treasurer shall credit the revenue from the forest trust fund lands to the forest suspense account. The account must specify the trust funds interested in the lands and the respective receipts of the lands.

After a fiscal year, the commissioner of finance shall certify the total costs incurred for forestry during that year under appropriations for the protection, improvement, administration, and management of state forest trust fund lands. The certificate must specify the trust funds interested in the lands. The commissioner of natural resources shall supply the commissioner of finance with the information needed on the certificate.

After a fiscal year, the commissioner and the treasurer shall distribute the receipts credited to the suspense account during that fiscal year as follows:

- (a) The amount of the certified costs incurred by the state for forest

management during the fiscal year shall be transferred to the state forest development account general fund. If these costs exceed \$500,000, the amount of the excess shall be transferred to the forest management fund of section 89.04.

(b) The balance of the receipts shall then be returned prorated to the trust funds in proportion to their respective interests in the lands which produced the receipts.

Sec. 13. [16A.531] [FUNDS CREATED.]

Subdivision 1. [ENVIRONMENTAL FUND.] There is created in the state treasury an environmental fund as a special revenue fund for deposit of receipts from environmentally related fees and activities conducted by the state of Minnesota. With the exception of the environmental response, compensation, and compliance account, the petroleum tank release cleanup account, and the vehicle emission inspection account, all receipts to the environmental fund are to be directly appropriated for purposes of environmental protection.

Subd. 2. [NATURAL RESOURCES FUND.] There is created in the state treasury a natural resources fund as a special revenue fund for deposit of certain receipts from fees and services associated with natural resource management by the state of Minnesota. All receipts deposited in the fund are to be directly appropriated for purposes of natural resource management.

Sec. 14. Minnesota Statutes 1988, section 16B.42, subdivision 4, is amended to read:

Subd. 4. [FUNDING.] Appropriations and other funds made available to the council for staff, operational expenses, and grants must be administered through the department of administration. Fees charged to local units of government for the administrative costs of the council and revenues derived from royalties, reimbursements, or other fees from software programs, systems, or technical services arising out of activities funded by current or prior state appropriations must be credited to an account in the special revenue fund and are appropriated to the council for the purposes enumerated in subdivision 2. general fund appropriations for the council may also be credited by the commissioner of administration to the account in the special revenue fund. The unencumbered balance of an appropriation for grants in the first year of a biennium does not cancel but is available for the second year of the biennium.

Sec. 15. Minnesota Statutes 1988, section 16B.48, subdivision 2, is amended to read:

Subd. 2. [PURPOSE OF FUNDS.] Money in the state treasury credited to the general services revolving fund and money which is

deposited in the fund is appropriated annually to the commissioner for the following purposes:

- (1) to operate a central store and equipment service;
- (2) to operate a central duplication and printing service;
- (3) to purchase postage and related items and to refund postage deposits as necessary to operate the central mailing service;
- (4) to operate a documents service as prescribed by section 16B.51;
- (5) to provide advice and other services to political subdivisions for the management of their records, information, and telecommunication systems;
- (6) to provide services for the maintenance, operation, and upkeep of buildings and grounds managed by the commissioner of administration;
- (7) to provide analytical, statistical, and organizational development services to state agencies, local units of government, metropolitan and regional agencies, and school districts;
- (8) to provide capitol security services through the department of public safety; and
- (9) to perform services for any other agency. Money shall be expended for this purpose only when directed by the governor. The agency receiving the services shall reimburse the fund for their cost, and the commissioner shall make the appropriate transfers when requested. The term "services" as used in this clause means compensation paid officers and employees of the state government; supplies, materials, equipment, and other articles and things used by or furnished to an agency; and utility services, and other services for the maintenance, operation, and upkeep of buildings and offices of the state government.

Sec. 16. Minnesota Statutes 1988, section 16B.70, is amended to read:

16B.70 [SURCHARGE.]

Subdivision 1. [COMPUTATION.] To defray the costs of administering sections 16B.59 to 16B.73, a surcharge is imposed on all permits issued by municipalities in connection with the construction of or addition or alteration to buildings and equipment or appurtenances after June 30, 1971, as follows:

If the fee for the permit issued is fixed in amount the surcharge is equivalent to one-half mill (.0005) of the fee or 50 cents, whichever amount is greater. For all other permits, the surcharge is as follows: (a) if the valuation of the structure, addition, or alteration is \$1,000,000 or less, the surcharge is equivalent to one-half mill (.0005) of the valuation of the structure, addition, or alteration; (b) if the valuation is greater than \$1,000,000, the surcharge is \$500 plus two-fifths mill (.0004) of the value between \$1,000,000 and \$2,000,000; (c) if the valuation is greater than \$2,000,000 the surcharge is \$900 plus three-tenths mill (.0003) of the value between \$2,000,000 and \$3,000,000; (d) if the valuation is greater than \$3,000,000 the surcharge is \$1,200 plus one-fifth mill (.0002) of the value between \$3,000,000 and \$4,000,000; (e) if the valuation is greater than \$4,000,000 the surcharge is \$1,400 plus one-tenth mill (.0001) of the value between \$4,000,000 and \$5,000,000; and (f) if the valuation exceeds \$5,000,000 the surcharge is \$1,500 plus one-twentieth mill (.00005) of the value which exceeds \$5,000,000.

By September 1 of each odd-numbered year, the commissioner shall rebate to municipalities any money received under this section and section 16B.62 in the previous biennium in excess of the cost to the building code division and the passenger elevator inspector in the department of labor and industry in that biennium of carrying out their duties under sections 16B.59 to 16B.73. The rebate to each municipality must be in proportion to the amount of the surcharges collected by that municipality and remitted to the state. The amount necessary to meet the commissioner's rebate obligations under this subdivision is appropriated to the commissioner from the special revenue general fund.

Subd. 2. [COLLECTION AND REPORTS.] All permit surcharges must be collected by each municipality and a portion of them remitted to the state. Each municipality having a population greater than 20,000 people shall prepare and submit to the commissioner once a month a report of fees and surcharges on fees collected during the previous month, but shall retain two percent of the surcharges collected to apply against the administrative expenses the municipality incurs in collecting the surcharges. All other municipalities shall submit the report and surcharges on fees once a quarter, but shall retain four percent of the surcharges collected to apply against the administrative expenses the municipalities incur in collecting the surcharges. The report, which must be in a form prescribed by the commissioner, must be submitted together with a remittance covering the surcharges collected by the 15th day following the month or quarter in which the surcharges are collected. All surcharges and other fees prescribed by sections 16B.59 to 16B.71, which are payable to the state, must be paid to the commissioner who shall deposit them in the state treasury for credit to the special revenue general fund.

Sec. 17. Minnesota Statutes 1988, section 41A.09, subdivision 1, is amended to read:

Subdivision 1. [FUND ACCOUNT CREATED.] An ethanol development fund account is created as a separate fund account in the state treasury special revenue fund. The department of revenue shall administer the fund account. The fund money in the account is annually appropriated from the general fund to the commissioner of revenue for the purposes of this section and all money so appropriated is available until expended.

Sec. 18. Minnesota Statutes 1988, section 44A.0311, is amended to read:

44A.0311 [WORLD TRADE CENTER CORPORATION FUND ACCOUNT.]

The world trade center corporation fund account is an account in the state treasury special revenue fund. All money received by the corporation, including money generated from the use of the conference and service center, except money generated from the use of the center by the Minnesota trade division, must be deposited in the fund account. Money in the fund account including interest earned is appropriated to the board and must be used exclusively for corporation purposes.

Sec. 19. Minnesota Statutes 1988, section 84.83, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] There is created in the state treasury an account known as the snowmobile trails and enforcement account in the natural resources fund.

Sec. 20. Minnesota Statutes 1988, section 84.922, subdivision 3, is amended to read:

Subd. 3. [REGISTRATION CARD.] The commissioner shall provide to the registrant a registration card that includes the registration number, the date of registration, the make and serial number of the vehicle, the owner's name and address, and additional information the commissioner may require. Information concerning each registration shall be retained by the commissioner. Upon a satisfactory showing that the registration card has been lost or destroyed the commissioner shall issue a replacement registration card upon payment of a fee of \$4. The fees collected from replacement registration cards shall be deposited in the all-terrain vehicle account in the natural resources fund.

Sec. 21. Minnesota Statutes 1988, section 84.927, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REVENUE.] Fees from the registration of all-terrain vehicles and the unrefunded gasoline tax

attributable to all-terrain vehicle use under section 296.16 shall be deposited in the state treasury and credited to the all-terrain vehicle account in the natural resources fund.

Sec. 22. Minnesota Statutes 1988, section 84A.51, subdivision 2, is amended to read:

Subd. 2. [FUNDS TRANSFERRED; APPROPRIATED.] Money in any fund established under section 84A.03, 84A.22, or 84A.32, subdivision 2, is transferred to the consolidated fund account, except as provided in subdivision 3. The money in the consolidated fund account, or as much of it as necessary, is appropriated for the purposes of sections 84A.52 and 84A.53.

Sec. 23. Minnesota Statutes 1988, section 84A.55, subdivision 14, is amended to read:

Subd. 14. [SOURCE OF FUNDS.] Salaries and expenses incurred to carry out this section must be paid from money appropriated from the consolidated fund account or other fund or account designated in the applicable appropriation.

Sec. 24. Minnesota Statutes 1988, section 85.055, subdivision 2, is amended to read:

Subd. 2. [FEE DEPOSIT AND APPROPRIATION.] The fees collected under this section shall be deposited in the state treasury and credited to the state park maintenance and operation account general fund. Appropriations from the account shall be for state park maintenance and operation.

Sec. 25. Minnesota Statutes 1988, section 85.22, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION.] The revolving fund heretofore established pursuant to under Laws 1941, chapter 548, section 37, subdivision E, item 4 shall hereafter be known and designated as is the state parks working capital fund, which fund account. The account is to be used to maintain and operate the revenue producing facilities in the state parks within the limitations hereinafter established limits in this section.

Sec. 26. Minnesota Statutes 1988, section 85.22, subdivision 2a, is amended to read:

Subd. 2a. [RECEIPTS, APPROPRIATION.] All receipts derived from the rental or sale of items in state parks shall be deposited in the state treasury and be credited to the state parks working capital fund, which fund account. The money in the account is annually appropriated solely for the purchase and payment of expenses

attributable to items for resale or rental. ~~Annually, as of the close of business on June 30, the unencumbered balance in excess of \$100,000 shall be canceled into the state park maintenance and operation account.~~

Sec. 27. Minnesota Statutes 1988, section 85.43, is amended to read:

85.43 [DISPOSITION OF RECEIPTS; PURPOSE.]

Fees from cross country ski passes shall be deposited in the state treasury and credited to a ~~cross country ski account and are appropriated to the commissioner of natural resources for the general fund.~~ Money appropriated to the commissioner for cross country ski trail maintenance may be used for:

(a) grants-in-aid for cross country ski trails sponsored by local units of government and special park districts as provided in section 85.44; and

(b) maintenance, winter grooming, and associated administrative costs for cross country ski trails under the jurisdiction of the commissioner.

Sec. 28. Minnesota Statutes 1988, section 85A.04, subdivision 1, is amended to read:

Subdivision 1. [DEPOSIT.] All receipts from the operation of parking and admission to the Minnesota zoological garden shall be deposited in the state treasury and credited to a zoo fund the general fund. Investment income and investment losses attributable to investment of the zoo fund must be credited to the zoo fund. Money in the zoo fund is appropriated to the board for the operation of the Minnesota zoological garden.

Sec. 29. Minnesota Statutes 1988, section 85A.04, subdivision 4, is amended to read:

Subd. 4. [~~ZOO RIDE CONCESSION AND REVENUE ACCOUNT.~~] All receipts from the operation of the zoo ride shall concessions, memberships, and donations must be deposited in a special account in the state treasury special revenue fund and are appropriated to the board. All receipts from the zoo ride are appropriated to the board for the purposes of the zoo ride. These receipts are the only money appropriated for zoo ride operating expenses or debt service.

Sec. 30. Minnesota Statutes 1988, section 89.035, is amended to read:

89.035 [INCOME FROM STATE FOREST LANDS, DISPOSITION.]

All income which may be received from lands acquired by the state heretofore or hereafter for state forest purposes by gift, purchase or eminent domain and tax-forfeited lands to which the county has relinquished its equity to the state for state forest purposes shall be paid into the state treasury and credited to a fund designated as the state forest fund account except where the conveyance to and acceptance by the state of lands for state forest purposes provides for other disposition of receipts.

Sec. 31. Minnesota Statutes 1988, section 89.036, is amended to read:

89.036 [FUNDS APPORTIONED TO COUNTY.]

The state of Minnesota shall hereafter annually on July 1 or as soon thereafter as may be practical, pay from the state forest fund account to each county, in which there now are, or hereafter shall be situated, any state forests, a sum equal to 50 percent of the gross receipts of such state forests located within such county, which have been received during the preceding fiscal year and credited to the state forest fund account, which payment shall be received and distributed by the county treasurer, as if such payment had been received as taxes on such lands payable in the current year.

After making such payment to the county, the balance of said funds in the state forest fund account on July 1 shall be transferred and credited to the forest management general fund established under section 89.04.

The commissioner of finance shall annually draw warrants upon the state treasurer for the proper amounts in favor of the respective counties entitled thereto and the state treasurer shall pay such warrants from the state forest fund account.

The commissioner of finance and the state treasurer shall, ~~and are hereby authorized and empowered to~~ devise, adopt, and use such the accounting methods as they may deem proper, and to do any and all other things reasonably necessary in carrying out ~~the provisions of~~ this section.

There is hereby appropriated to the counties entitled to such payment, from the state forest fund account in the state treasury, an amount sufficient to make the payments specified herein in this section.

Sec. 32. Minnesota Statutes 1988, section 89.21, is amended to read:

89.21 [CAMPGROUNDS, ESTABLISHMENT AND FEES.]

The commissioner is authorized to establish and develop state forest campgrounds and may establish minimum standards not inconsistent with the laws of the state for the care and use of such campgrounds and charge fees for such uses as specified by the commissioner of natural resources.

All fees shall be deposited in the state treasury and appropriated to the division of lands and forestry in the department of natural resources to defray costs of maintenance, operation and development of state forest campgrounds general fund.

Sec. 33. Minnesota Statutes 1988, section 93.335, subdivision 4, is amended to read:

Subd. 4. [RENTAL AND ROYALTIES, ANNUAL DISTRIBUTION; APPROPRIATION.] If the lands or minerals and mineral rights covered by any such permit or lease are held by the state in trust for the taxing districts, the rentals and royalties paid under any such permit or lease shall be distributed annually by the commissioner of finance on the first day of September as follows: 20 percent to the mineral lease account established in the state treasury under section 93.221, general fund and 80 percent to the respective counties in which the lands lie, to be apportioned among the taxing districts interested therein as follows: county, three-ninths; town, or city, two-ninths; and school district, four-ninths.

There is hereby appropriated from such moneys in the state treasury not otherwise appropriated to such persons or political subdivisions as are entitled to payment herein, an amount sufficient to make the payment.

Sec. 34. Minnesota Statutes 1988, section 106A.661, subdivision 2, is amended to read:

Subd. 2. [PAYMENT OF EXPENSES.] The compensation and travel and hotel expenses of the examining accountant must be audited, allowed, and paid into the state treasury by the board. The money must be credited to the revolving general fund of the state auditor. The county auditor shall apportion the expenses among the drainage systems in the county.

Sec. 35. Minnesota Statutes 1988, section 112.73, is amended to read:

112.73 [ANNUAL AUDIT.]

The managers shall make the reports demanded by the state auditor. The managers shall have the books and accounts of the

district audited annually. The audit may be made by either a public accountant or by the state auditor. If the audit is to be made by the state auditor it must be initiated by a petition of the resident freeholders of the district or resolution of the managers of the watershed district requesting the audit under the authority granted municipalities under sections 6.54 and 6.55. If the audit is made by the state auditor the district receiving the examination shall pay to the state the total cost and expenses of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The revolving general fund of the state auditor must be credited with all collections made for the examinations.

Sec. 36. Minnesota Statutes 1988, section 115.03, subdivision 1, is amended to read:

Subdivision 1. The agency is hereby given and charged with the following powers and duties:

(a) To administer and enforce all laws relating to the pollution of any of the waters of the state;

(b) To investigate the extent, character, and effect of the pollution of the waters of this state and to gather data and information necessary or desirable in the administration or enforcement of pollution laws, and to make such classification of the waters of the state as it may deem advisable;

(c) To establish and alter such reasonable pollution standards for any waters of the state in relation to the public use to which they are or may be put as it shall deem necessary for the purposes of this chapter and, with respect to the pollution of waters of the state, chapter 116;

(d) To encourage waste treatment, including advanced waste treatment, instead of stream low-flow augmentation for dilution purposes to control and prevent pollution;

(e) To adopt, issue, reissue, modify, deny, or revoke, enter into or enforce reasonable orders, permits, variances, standards, rules, schedules of compliance, and stipulation agreements, under such conditions as it may prescribe, in order to prevent, control or abate water pollution, or for the installation or operation of disposal systems or parts thereof, or for other equipment and facilities;

(1) Requiring the discontinuance of the discharge of sewage, industrial waste or other wastes into any waters of the state resulting in pollution in excess of the applicable pollution standard established under this chapter;

(2) Prohibiting or directing the abatement of any discharge of

sewage, industrial waste, or other wastes, into any waters of the state or the deposit thereof or the discharge into any municipal disposal system where the same is likely to get into any waters of the state in violation of this chapter and, with respect to the pollution of waters of the state, chapter 116, or standards or rules promulgated or permits issued pursuant thereto, and specifying the schedule of compliance within which such prohibition or abatement must be accomplished;

(3) Prohibiting the storage of any liquid or solid substance or other pollutant in a manner which does not reasonably assure proper retention against entry into any waters of the state that would be likely to pollute any waters of the state;

(4) Requiring the construction, installation, maintenance, and operation by any person of any disposal system or any part thereof, or other equipment and facilities, or the reconstruction, alteration, or enlargement of its existing disposal system or any part thereof, or the adoption of other remedial measures to prevent, control or abate any discharge or deposit of sewage, industrial waste or other wastes by any person;

(5) Establishing, and from time to time revising, standards of performance for new sources taking into consideration, among other things, classes, types, sizes, and categories of sources, processes, pollution control technology, cost of achieving such effluent reduction, and any nonwater quality environmental impact and energy requirements. Said standards of performance for new sources shall encompass those standards for the control of the discharge of pollutants which reflect the greatest degree of effluent reduction which the agency determines to be achievable through application of the best available demonstrated control technology, processes, operating methods, or other alternatives, including, where practicable, a standard permitting no discharge of pollutants. New sources shall encompass buildings, structures, facilities, or installations from which there is or may be the discharge of pollutants, the construction of which is commenced after the publication by the agency of proposed rules prescribing a standard of performance which will be applicable to such source. Notwithstanding any other provision of the law of this state, any point source the construction of which is commenced after May 20, 1973 and which is so constructed as to meet all applicable standards of performance for new sources shall, consistent with and subject to the provisions of section 306(d) of the Amendments of 1972 to the Federal Water Pollution Control Act, not be subject to any more stringent standard of performance for new sources during a ten-year period beginning on the date of completion of such construction or during the period of depreciation or amortization of such facility for the purposes of section 167 or 169, or both, of the Federal Internal Revenue Code of 1954, whichever period ends first. Construction shall encompass any placement, assembly, or installation of facilities or equipment, including contractual obliga-

tions to purchase such facilities or equipment, at the premises where such equipment will be used, including preparation work at such premises;

(6) Establishing and revising pretreatment standards to prevent or abate the discharge of any pollutant into any publicly owned disposal system, which pollutant interferes with, passes through, or otherwise is incompatible with such disposal system;

(7) Requiring the owner or operator of any disposal system or any point source to establish and maintain such records, make such reports, install, use, and maintain such monitoring equipment or methods, including where appropriate biological monitoring methods, sample such effluents in accordance with such methods, at such locations, at such intervals, and in such a manner as the agency shall prescribe, and providing such other information as the agency may reasonably require;

(8) Notwithstanding any other provision of this chapter, and with respect to the pollution of waters of the state, chapter 116, requiring the achievement of more stringent limitations than otherwise imposed by effluent limitations in order to meet any applicable water quality standard by establishing new effluent limitations, based upon section 115.01, subdivision 5, clause (b), including alternative effluent control strategies for any point source or group of point sources to insure the integrity of water quality classifications, whenever the agency determines that discharges of pollutants from such point source or sources, with the application of effluent limitations required to comply with any standard of best available technology, would interfere with the attainment or maintenance of the water quality classification in a specific portion of the waters of the state. Prior to establishment of any such effluent limitation, the agency shall hold a public hearing to determine the relationship of the economic and social costs of achieving such limitation or limitations, including any economic or social dislocation in the affected community or communities, to the social and economic benefits to be obtained and to determine whether or not such effluent limitation can be implemented with available technology or other alternative control strategies. If a person affected by such limitation demonstrates at such hearing that, whether or not such technology or other alternative control strategies are available, there is no reasonable relationship between the economic and social costs and the benefits to be obtained, such limitation shall not become effective and shall be adjusted as it applies to such person;

(9) Modifying, in its discretion, any requirement or limitation based upon best available technology with respect to any point source for which a permit application is filed after July 1, 1977 upon a showing by the owner or operator of such point source satisfactory to the agency that such modified requirements will represent the maximum use of technology within the economic capability of the

owner or operator and will result in reasonable further progress toward the elimination of the discharge of pollutants;

(f) To require to be submitted and to approve plans and specifications for disposal systems or point sources, or any part thereof and to inspect the construction thereof for compliance with the approved plans and specifications thereof;

(g) To prescribe and alter rules, not inconsistent with law, for the conduct of the agency and other matters within the scope of the powers granted to and imposed upon it by this chapter and, with respect to pollution of waters of the state, in chapter 116, provided that every rule affecting any other department or agency of the state or any person other than a member or employee of the agency shall be filed with the secretary of state;

(h) To conduct such investigations, issue such notices, public and otherwise, and hold such hearings as are necessary or which it may deem advisable for the discharge of its duties under this chapter and, with respect to the pollution of waters of the state, under chapter 116, including, but not limited to, the issuance of permits, and to authorize any member, employee, or agent appointed by it to conduct such investigations or, issue such notices and hold such hearings;

(i) For the purpose of water pollution control planning by the state and pursuant to the Federal Water Pollution Control Act, as amended, to establish and revise planning areas, adopt plans and programs and continuing planning processes, including, but not limited to, basin plans and areawide waste treatment management plans, and to provide for the implementation of any such plans by means of, including, but not limited to, standards, plan elements, procedures for revision, intergovernmental cooperation, residual treatment process waste controls, and needs inventory and ranking for construction of disposal systems;

(j) To train water pollution control personnel, and charge such fees therefor as are necessary to cover the agency's costs. All such fees received shall be paid into the state treasury and credited to the ~~water pollution control~~ pollution control agency training fund of the ~~agency account; from which the agency shall have the power to make disbursements to pay expenses relating to such training;~~

(k) To impose as additional conditions in permits to publicly owned disposal systems appropriate measures to insure compliance by industrial and other users with any pretreatment standard, including, but not limited to, those related to toxic pollutants, and any system of user charges ratably as is hereby required under state law or said Federal Water Pollution Control Act, as amended, or any regulations or guidelines promulgated thereunder;

(l) To set a period not to exceed five years for the duration of any National Pollutant Discharge Elimination System permit; and

(m) To require a governmental subdivision that owns or operates a wastewater disposal system to have a plan to address its ability to pay the costs of making major repairs to the existing system and planning and constructing an adequate replacement system at the end of the existing system's expected useful life.

Sec. 37. Minnesota Statutes 1988, section 115A.14, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The commission shall oversee the activities of the board under this chapter relating to solid and hazardous waste management, the activities of the agency under sections 116.16 to 116.181 relating to water pollution control, and the activities of the metropolitan council relating to metropolitan waste management under sections 473.801 to 473.848, and direct such changes or additions in the work plan of the board and agency as it deems fit.

(b) The commission shall make recommendations to the standing legislative committees on finance and appropriations for appropriations from:

(1) the environmental response, compensation, and compliance fund account in the environmental fund under section 115B.20, subdivision 5;

(2) the metropolitan landfill abatement fund account under section 473.844; and

(3) the metropolitan landfill contingency action trust fund under section 473.845.

(c) The commission may conduct public hearings and otherwise secure data and expressions of opinion. The commission shall make such recommendations as it deems proper to assist the legislature in formulating legislation. Any data or information compiled by the commission shall be made available to any standing or interim committee of the legislature upon request of the chair of the respective committee.

Sec. 38. Minnesota Statutes 1988, section 115A.908, subdivision 2, is amended to read:

Subd. 2. [DEPOSIT OF REVENUE.] Revenue collected shall be credited to a ~~motor vehicle transfer~~ the environmental fund.

Sec. 39. Minnesota Statutes 1988, section 115B.17, subdivision 7, is amended to read:

Subd. 7. [ACTIONS RELATING TO NATURAL RESOURCES.] For the purpose of this subdivision, the state is the trustee of the air, water and wildlife of the state. An action pursuant to section 115B.04 for damages with respect to air, water or wildlife may be brought by the attorney general in the name of the state as trustee for those natural resources. Any damages recovered by the attorney general pursuant to section 115B.04 or any other law for injury to, destruction of, or loss of natural resources resulting from the release of a hazardous substance, or a pollutant or contaminant, shall be deposited in the fund and credited to a special account for the purposes provided in section 115B.20, subdivision 2, clause (f) account.

Sec. 40. Minnesota Statutes 1988, section 115B.20, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The environmental response, compensation and compliance fund is created as an account is in the environmental fund in the state treasury and may be spent only for the purposes provided in subdivision 2.

Sec. 41. Minnesota Statutes 1988, section 115B.20, subdivision 4, is amended to read:

Subd. 4. [REVENUE SOURCES.] Revenue from the following sources shall be deposited in the environmental response, compensation and compliance fund account:

(a) The proceeds of the taxes imposed pursuant to section 115B.22, including interest and penalties;

(b) All money recovered by the state under sections 115B.01 to 115B.18 or under any other statute or rule related to the regulation of hazardous waste or hazardous substances, including civil penalties and money paid under any agreement, stipulation or settlement but excluding fees imposed under section 116.12;

(c) All interest attributable to investment of money deposited in the fund account; and

(d) All money received in the form of gifts, grants, reimbursement or appropriation from any source for any of the purposes provided in subdivision 2, except federal grants.

Sec. 42. Minnesota Statutes 1988, section 115B.20, subdivision 6, is amended to read:

Subd. 6. [REPORT TO LEGISLATURE.] By November 1, 1984, and each year thereafter, the agency shall submit to the senate finance committee, the house appropriations committee and the legislative commission on waste management a report detailing the activities for which money from the environmental response, compensation and compliance fund account has been spent during the previous fiscal year.

Sec. 43. Minnesota Statutes 1988, section 115B.22, subdivision 7, is amended to read:

Subd. 7. [DISPOSITION OF PROCEEDS.] The proceeds of the taxes imposed under this section including any interest and penalties shall be deposited in the fund environmental response, compensation, and compliance account.

Sec. 44. Minnesota Statutes 1988, section 115B.24, subdivision 10, is amended to read:

Subd. 10. [ADMINISTRATIVE EXPENSES.] Any amount expended by the commissioner from a general fund appropriation to enforce and administer section 115B.22 and this section shall be reimbursed to the general fund and the amount necessary to make the reimbursement is appropriated from the fund environmental response, compensation, and compliance account to the commissioner of finance for transfer to the general fund.

Sec. 45. Minnesota Statutes 1988, section 115B.25, subdivision 7, is amended to read:

Subd. 7. [~~FUND ACCOUNT~~.] Except when another account is specified, "fund account" means the hazardous substance injury compensation fund account established in section 115B.26.

Sec. 46. Minnesota Statutes 1988, section 115B.26, is amended to read:

115B.26 [HAZARDOUS SUBSTANCE INJURY COMPENSATION FUND ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] A hazardous substance injury compensation fund account is established as an account in the environmental fund in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from fund account assets, must be credited to the fund.

Subd. 2. [APPROPRIATION.] The amount necessary to pay for staff assistance, administrative services, and office space under section 115B.28, subdivision 4, and to pay claims of compensation granted by the board under sections 115B.25 to 115B.37 is appro-

priated to the board from the hazardous substance injury compensation fund account.

Subd. 3. [PAYMENT OF CLAIMS WHEN FUND ACCOUNT INSUFFICIENT.] If the amount of the claims granted exceeds the amount in the fund account, the board shall request a transfer from the general contingent account to the hazardous substance injury compensation fund account as provided in section 3.30. If no transfer is approved, the board shall pay the claims which have been granted in the order granted only to the extent of the money remaining in the fund account. The board shall pay the remaining claims which have been granted after additional money is credited to the fund account.

Sec. 47. Minnesota Statutes 1988, section 115C.02, subdivision 6, is amended to read:

Subd. 6. [FUND ACCOUNT.] "Fund Account" means the petroleum tank release cleanup account in the environmental fund.

Sec. 48. Minnesota Statutes 1988, section 115C.08, subdivision 1, is amended to read:

Subdivision 1. [REVENUE SOURCES.] Revenue from the following sources must be deposited in the state treasury and credited to a petroleum tank release cleanup fund account in the environmental fund in the state treasury:

- (1) the proceeds of the fee imposed by subdivision 3;
- (2) money recovered by the state under sections 115C.04, 115C.05, and 116.491, including administrative expenses, civil penalties, and money paid under an agreement, stipulation, or settlement;
- (3) interest attributable to investment of money in the fund account;
- (4) money received by the board and agency in the form of gifts, grants other than federal grants, reimbursements, or appropriations from any source intended to be used for the purposes of the fund account; and
- (5) fees charged for the operation of the tank installer certification program established under section 116.491.

Sec. 49. Minnesota Statutes 1988, section 116.41, subdivision 2, is amended to read:

Subd. 2. [TRAINING AND CERTIFICATION PROGRAMS.] The agency shall develop standards of competence for persons operating

and inspecting various classes of disposal facilities. The agency shall conduct training programs for persons operating facilities for the disposal of waste and for inspectors of such facilities, and may charge such fees as are necessary to cover the actual costs of the training programs. All fees received shall be paid into the state treasury and credited to a separate waste disposal the pollution control agency training account and are appropriated to the agency to pay expenses relating to the training of disposal facility personnel.

The agency shall require operators and inspectors of such facilities to obtain from the agency a certificate of competence. The agency shall conduct examinations to test the competence of applicants for certification, and shall require that certificates be renewed at reasonable intervals. The agency may charge such fees as are necessary to cover the actual costs of receiving and processing applications, conducting examinations, and issuing and renewing certificates. Certificates shall not be required for a private individual for landspreading and associated interim and temporary storage of sewage sludge on property owned or farmed by that individual.

Sec. 50. Minnesota Statutes 1988, section 116J.64, subdivision 6, is amended to read:

Subd. 6. The remaining 20 percent of the tax revenue received by the county auditor under section 273.165, subdivision 1 shall be remitted by the county auditor to the state treasurer and shall be deposited in a special account called the "Indian business loan account," which shall be a revolving fund created and an account in the special revenue fund. The account is established under the jurisdiction and control of the agency, which may engage in a business loan program for American Indians as that term is defined in subdivision 2. The tribal councils may administer the fund account, provided that, before making any eligible loans, each tribal council must submit to the agency, for its review and approval, a plan for that council's loan program which specifically describes, as to that program, its content, utilization of funds money, administration, operation, implementation, and other matters required by the agency. All such programs must provide for a reasonable balance in the distribution of funds money appropriated pursuant to this section for the purpose of making to make business loans between Indians residing on and off the reservations within the state. As a condition to the making of such eligible loans, the tribal councils shall enter into a loan agreement and other contractual arrangements with the agency for the purpose of carrying to carry out the provisions of this chapter, and shall agree that all official books and records relating to the business loan program shall be subject to audit by the legislative auditor in the same manner prescribed for agencies of state government.

Whenever any moneys are money is appropriated by the state treasurer to the agency solely for the above-specified purpose or

purposes in this subdivision, the agency shall establish a separate bookkeeping account or accounts record in the Indian business loan fund to record account the receipt and disbursement of such the money and of the income, gain and loss from the investment and reinvestment thereof of the money.

Sec. 51. Minnesota Statutes 1988, section 116J.873, subdivision 4, is amended to read:

Subd. 4. [GRANT LIMITS.] An economic recovery grant may not be approved for an amount over \$500,000. The division may recommend less funding than requested if, in the opinion of the division, the amount requested is more than is necessary to meet the applicant's needs. If the amount of the grant is reduced, the reasons for the reduction shall be given to the applicant. The portion of an economic recovery grant that exceeds \$100,000 must be repaid to the state when it is repaid to the local community or recognized Indian tribal government by the person or entity to which it was loaned by the local community or Indian tribal government. Money repaid to the state is appropriated to the commissioner of trade and economic development for the purpose of making additional economic recovery grants shall be deposited in the general fund.

Sec. 52. Minnesota Statutes 1988, section 116J.955, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The rural rehabilitation revolving fund account is established as an account in the state treasury special revenue fund. The money transferred to the state as a result of liquidating the rural rehabilitation corporation trust, and money derived from transfer of the trust to the state, must be credited to the rural rehabilitation revolving fund account. The principal amount of the rural rehabilitation revolving fund account must be invested by the state investment board. The income attributable to investment of the principal is appropriated to the commissioner for the purposes of Laws 1987, chapter 386, article 1.

Sec. 53. Minnesota Statutes 1988, section 116J.955, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURE OF FUND ACCOUNT.] The commissioner may use the rural rehabilitation revolving fund account for the purposes that are allowed under the Minnesota rural rehabilitation corporation's charter and agreement with the United States Secretary of Agriculture as provided in Public Law Number 499, 81st Congress, enacted May 3, 1950 and as allowed under Laws 1987, chapter 386, article 1. Not more than three percent of the book value of the Minnesota rural rehabilitation corporation's assets may be used for administrative purposes in a year without approval of the United States Secretary of Agriculture. The commissioner may

create separate accounts within the fund for use in accordance with the fund's purposes.

Sec. 54. Minnesota Statutes 1988, section 116J.9673, subdivision 4, is amended to read:

Subd. 4. [WORKING CAPITAL ACCOUNT.] An export finance authority working capital account is created as a special account in the state treasury. All premiums, and interest, and fees collected under subdivision 3, clause (6), must be deposited into this account. Fees collected must be deposited in the general fund. The balance in the account may exceed \$1,000,000 through accumulated earnings. Money in the account including interest earned and appropriations made by the legislature for the purposes of this section, is appropriated annually to the finance authority for the purposes of this section. The balance in the account may decline below \$1,000,000 as required to pay defaults on guaranteed loans.

Sec. 55. Minnesota Statutes 1988, section 116N.02, subdivision 6, is amended to read:

Subd. 6. [FUND ACCOUNT ALLOCATION.] The commissioner shall allocate \$6,000,000 from the rural rehabilitation revolving fund account to be used for the challenge grant program.

Sec. 56. Minnesota Statutes 1988, section 116N.08, subdivision 4, is amended to read:

Subd. 4. [REVOLVING LOAN FUND.] A regional organization shall establish a board certified revolving loan fund to provide loans to new and expanding businesses in rural Minnesota to promote economic development. Eligible business enterprises include technologically innovative industries, value-added manufacturing, agri-processing, information industries, and agricultural marketing. Loan applications given preliminary approval by the organization must be forwarded to the commissioner for final approval. The amount of state money allocated for each loan is appropriated from the rural rehabilitation revolving fund account established in section 116J.955 to the organization's regional revolving loan fund when the commissioner gives final approval for each loan. The amount of money appropriated from the rural rehabilitation revolving fund account may not exceed 50 percent for each loan. The amount of nonpublic money must equal at least 50 percent for each loan.

Sec. 57. Minnesota Statutes 1988, section 116N.08, subdivision 8, is amended to read:

Subd. 8. [LOCAL GOVERNMENTAL UNIT LOANS.] A local governmental unit may receive a loan under this section if the local

governmental unit has established a local revolving loan fund and can provide at least an equal match to the loan received from a regional organization. For the purpose of providing the match to establish the local revolving loan fund, the local governmental unit may use any unencumbered money in the general fund of the unit. Revenues from tax increments derived from a district located within the boundaries of the local governmental unit may be used to fund a second local revolving loan fund only if (1) those revenues are loaned in a manner authorized in the district's tax increment financing plan to a business located within the tax increment district, and (2) the revenues are deposited in a loan fund that is separate from the loan fund in which general fund money is established. The local governmental unit may deposit up to \$50,000 of local public money in each of the local revolving funds that may be established under this subdivision. The maximum loan available to a local governmental unit under this section is \$50,000. The money loaned to a local governmental unit by a regional organization must be matched by the local revolving loan fund and used to provide loans to businesses to promote local economic development. One-half of the money loaned to a local governmental unit under this section by a regional organization must be repaid to the rural rehabilitation revolving fund account. One-half of the money may be retained by the local governmental unit's revolving loan fund for further distribution by the local governmental unit.

Sec. 58. Minnesota Statutes 1988, section 1160.03, subdivision 3, is amended to read:

Subd. 3. [BYLAWS.] The board of directors shall adopt bylaws necessary for the conduct of the business of the corporation, consistent with this chapter. The corporation must publish the bylaws and amendments to the bylaws in the State Register.

Sec. 59. Minnesota Statutes 1988, section 1160.03, is amended by adding a subdivision to read:

Subd. 11. [STATEMENTS OF ECONOMIC INTEREST.] Directors, officers, and employees of the corporation are public officials for the purpose of section 10A.09, and must file statements of economic interest with the ethical practices board.

Sec. 60. Minnesota Statutes 1988, section 1160.04, is amended by adding a subdivision to read:

Subd. 4. [PERSONNEL POLICIES.] (a) The corporation must adopt and periodically revise, if necessary, an affirmative action plan similar to the affirmative action plan under section 43A.19, subdivision 1. The corporation is subject to the audit and reporting requirements under section 43A.191, subdivision 3.

(b) Employees of the corporation are subject to the prohibition of

political activities and required leave of absences under section 43A.32.

(c) Employees of the corporation are subject to the code of ethics requirements under section 43A.38.

Sec. 61. Minnesota Statutes 1988, section 1160.05, is amended to read:

1160.05 [POWERS OF THE CORPORATION.]

Subdivision 1. [LIMITATION.] The corporation may exercise only the specific powers listed in this chapter and may only carry out activities that meet the purposes stated in this chapter.

Subd. 2. [GENERAL CORPORATE POWERS.] (a) Except as otherwise provided in this article, The corporation has the powers granted to a business corporation by section 302A.161, subdivisions 3; 4; 5; 7; 8; 9; 11; 12; 13, except that the corporation may not act as a general partner in any partnership; 14; 15; 16; 17; 18; and 22.

(b) The state is not liable for the obligations of the corporation.

(c) Section 302A.041 applies to this article and the corporation in the same manner that it applies to business corporations established under chapter 302A.

Subd. 3. [ACCOUNTING AND BUDGETING.] The corporation is a state agency for the purposes of the following accounting and budgeting requirements:

(1) financial reports and other requirements under section 16A.06;

(2) the state budget system under sections 16A.095, 16A.10, and 16A.11;

(3) the state allotment and encumbrance, and accounting systems under sections 16A.14, subdivisions 2, 3, 4, and 5; and 16A.15, subdivisions 2 and 3; and

(4) indirect costs under section 16A.127.

Sec. 62. Minnesota Statutes 1988, section 1160.12, is amended to read:

1160.12 [GREATER MINNESOTA FUND ACCOUNT.]

(a) The Greater Minnesota fund account is created in the state treasury. The board may require the commissioner of finance to create separate accounts within the fund for use in accordance with the fund's purposes special revenue fund. Money in the fund account not needed for the immediate purposes of the corporation may be invested by the corporation state board of investment in any way authorized by section 11A.24. Money in the fund account is appropriated to the corporation to be used as provided in this chapter.

(b) The fund account consists of:

- (1) money appropriated and transferred from other state funds;
- (2) fees and charges collected by the corporation;
- (3) income from investments and purchases;
- (4) revenue from loans, rentals, royalties, dividends, and other proceeds collected in connection with lawful corporate purposes;
- (5) gifts, donations, and bequests made to the corporation; and
- (6) through the first five full fiscal years, during which proceeds from the lottery are received, one-half of the net proceeds of the state-operated lottery must be credited to the greater Minnesota corporation fund account. Thereafter, up to one-half, as determined by law each biennium, of the net proceeds from the state-operated lottery must be credited to the greater Minnesota corporation fund account.

Sec. 63. Minnesota Statutes 1988, section 1160.13, is amended to read:

1160.13 [AGRICULTURAL PROJECT UTILIZATION FUND ACCOUNT.]

The agricultural project utilization fund account is a fund an account in the state treasury special revenue fund. Money in the fund account is appropriated to the agricultural utilization research institute to be used for agricultural research grants as provided in section 1160.09, subdivision 4, and for the agricultural utilization research institute.

Sec. 64. Minnesota Statutes 1988, section 148B.17, is amended to read:

148B.17 [FEES.]

Each board shall by rule establish fees, including late fees, for licenses or filings and renewals so that the total fees collected by the

board will as closely as possible equal anticipated expenditures during the fiscal biennium, as provided in section 16A.128, plus the prorated costs of the office of social work and mental health boards. Fees must be credited to accounts in the state government special revenue fund.

Sec. 65. Minnesota Statutes 1988, section 169.121, subdivision 5a, is amended to read:

Subd. 5a. [CHEMICAL DEPENDENCY ASSESSMENT CHARGE.] When a court sentences a person convicted of an offense enumerated in section 169.126, subdivision 1, it shall impose a chemical dependency assessment charge of \$75. This section applies when the sentence is executed, stayed, or suspended. The court may not waive payment or authorize payment of the assessment charge in installments unless it makes written findings on the record that the convicted person is indigent or that the assessment charge would create undue hardship for the convicted person or that person's immediate family.

The court shall collect and forward to the commissioner of finance the total amount of the chemical dependency assessment charge within 60 days after sentencing or explain to the commissioner in writing why the money was not forwarded within this time period. The commissioner shall credit the money to the drinking and driving repeat offense prevention account created in section 169.126, subdivision 4a general fund.

The chemical dependency assessment charge required under this section is in addition to the surcharge required by section 609.101.

Sec. 66. Minnesota Statutes 1988, section 169.126, subdivision 4, is amended to read:

Subd. 4. [CHEMICAL USE ASSESSMENT.] (a) Except as otherwise provided in paragraph (d), when an alcohol problem screening shows that the defendant has an identifiable chemical use problem, the court shall require the defendant to undergo a comprehensive chemical use assessment conducted by an assessor qualified under rules adopted by the commissioner of human services under section 254A.03, subdivision 3. An assessor providing a chemical use assessment for the court may not have any direct or shared financial interest or referral relationship resulting in shared financial gain with a treatment provider. If an independent assessor is not available, the court may use the services of an assessor authorized to perform assessments for the county social services agency under a variance granted under rules adopted by the commissioner of human services under section 254A.03, subdivision 3. An appointment for the defendant to undergo the chemical use assessment shall be made by the court, a court services probation officer, or the court administrator as soon as possible but in no case more than one week

after the defendant's court appearance. The comprehensive chemical use assessment must be completed no later than two weeks after the appointment date.

(b) The chemical use assessment report must include a recommended level of care for the defendant in accordance with the criteria contained in rules adopted by the commissioner of human services under section 254A.03, subdivision 3.

(c) The state shall reimburse the county for the entire cost of each chemical use assessment and report at a rate established by the department of human services up to a maximum of \$100 in each case. The county may not be reimbursed for the cost of any chemical use assessment or report not completed within the time limit provided in this subdivision. Reimbursement to the county must be made from the special account established in subdivision 4a general fund.

(d) If the preliminary alcohol problem screening is conducted by an assessor qualified under rules adopted by the commissioner of human services under section 254A.03, subdivision 3, consists of a comprehensive chemical use assessment of the defendant, and complies with the chemical use assessment report requirements of paragraph (b), it is a chemical use assessment for the purposes of this section and the court may not require the defendant to undergo a second chemical use assessment under paragraph (a). The state shall reimburse counties for the cost of alcohol problem screenings that qualify as chemical use assessments under this paragraph in the manner provided in paragraph (c) in lieu of the reimbursement provisions of section 169.124, subdivision 3.

Sec. 67. Minnesota Statutes 1988, section 169.126, subdivision 4a, is amended to read:

Subd. 4a. [DRINKING AND DRIVING REPEAT OFFENSE PREVENTION ACCOUNT.] A special account is established in the state treasury known as the drinking and driving repeat offense prevention account. Money credited to the account is appropriated continuously to The commissioner of public safety and shall be spent by the commissioner to reimburse counties for the entire cost of each chemical use assessment and report completed within the time limit provided under subdivision 4, up to a maximum of \$100 in each case.

Sec. 68. Minnesota Statutes 1988, section 169.686, subdivision 3, is amended to read:

Subd. 3. [APPROPRIATION; SPECIAL ACCOUNT.] One-half of the fines collected for a violation of subdivision 1 must be deposited in the state treasury and credited to a special account to be known as the emergency medical services relief account, provided that the total amount of fines deposited in the account may not exceed

\$750,000 per year the general fund. The remaining fines must be distributed as provided in statute. Money in the account shall be distributed to The commissioner of health shall distribute funds to the eight regional emergency medical services systems designated by the commissioner under section 144.8093, for personnel education and training, equipment and vehicle purchases, and operational expenses of emergency life support transportation services. The board of directors of each emergency medical services region shall establish criteria for funding. This appropriation is from the general fund.

Sec. 69. Minnesota Statutes 1988, section 190.25, subdivision 3, is amended to read:

Subd. 3. The adjutant general is authorized to sell in the manner provided by law any or all timber, growing crops, buildings and other improvements, if any, situated upon the lands acquired under the authority of subdivision 1 or which may hereafter comprise the Camp Ripley military field training center and not needed for military training purposes. The proceeds of any sales shall be deposited in the military land general fund, and the moneys deposited are appropriated to the adjutant general out of the fund for: the acquisition of land as provided in subdivision 1; the payment of expenses of forest management on land forming the Camp Ripley military reservation; and the provision of an enlisted persons' service center.

Sec. 70. Minnesota Statutes 1988, section 214.06, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding any law to the contrary, the commissioner of health as authorized by section 214.13, all health-related licensing boards and all non-health-related licensing boards shall by rule, with the approval of the commissioner of finance, adjust any fee which the commissioner of health or the board is empowered to assess a sufficient amount so that the total fees collected by each board will as closely as possible equal anticipated expenditures during the fiscal biennium, as provided in section 16A.128. For members of an occupation registered after July 1, 1984 by the commissioner of health under the provisions of section 214.13, the fee established must include an amount necessary to recover, over a five-year period, the commissioner's direct expenditures for adoption of the rules providing for registration of members of the occupation. All fees received shall be deposited in the state treasury. Fees received by health-related licensing boards must be credited to the state government special revenue fund. Any balance remaining in the special revenue fund at the end of each fiscal year, after payment of health-related licensing board expenses including salaries, attorney general fees, and indirect costs, must be credited to the public health fund.

Sec. 71. Minnesota Statutes 1988, section 256.482, subdivision 7, is amended to read:

Subd. 7. [COLLECTION OF FEES.] The council is empowered to establish and collect fees for documents or technical services provided to the public. The fees shall be set at a level to reimburse the council for the actual cost incurred in providing the document or service. ~~Notwithstanding the provisions of section 16A.72, All fees collected shall be deposited into the state treasury and credited to a separate dedicated account for council services. All money in this dedicated account is appropriated by law to the council to provide documents and technical services to the public general fund.~~

Sec. 72. Minnesota Statutes 1988, section 260.193, subdivision 8, is amended to read:

Subd. 8. If the juvenile court finds that the child is a juvenile major highway or water traffic offender, it may make any one or more of the following dispositions of the case:

(a) Reprimand the child and counsel with the child and the parents;

(b) Continue the case for a reasonable period under such conditions governing the child's use and operation of any motor vehicles or boat as the court may set;

(c) Require the child to attend a driver improvement school if one is available within the county;

(d) Recommend to the department of public safety suspension of the child's driver's license as provided in section 171.16;

(e) If the child is found to have committed two moving highway traffic violations or to have contributed to a highway accident involving death, injury, or physical damage in excess of \$100, the court may recommend to the commissioner of public safety or to the licensing authority of another state the cancellation of the child's license until the child reaches the age of 18 years, and the commissioner of public safety is hereby authorized to cancel the license without hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety, or to the licensing authority of another state, that the child's license be returned, and the commissioner of public safety is authorized to return the license;

(f) Place the child under the supervision of a probation officer in the child's own home under conditions prescribed by the court including reasonable rules relating to operation and use of motor

vehicles or boats directed to the correction of the child's driving habits;

(g) Require the child to pay a fine of up to \$700. The court shall order payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child;

(h) If the court finds that the child committed an offense described in section 169.121, the court shall order that an alcohol problem screening be conducted and a screening report submitted to the court in the manner prescribed in section 169.126. Except as otherwise provided in section 169.126, subdivision 4, paragraph (d), if the alcohol problem screening shows that the child has an identifiable chemical use problem, the court shall require the child to undergo a comprehensive chemical use assessment in accordance with section 169.126, subdivision 4. If the chemical use assessment recommends a level of care for the child, the court may require that level of care in its disposition order. In addition, the court may require any child ordered to undergo a chemical use assessment to pay a chemical dependency assessment charge of \$75. The court shall forward the assessment charge to the commissioner of finance to be credited to the special account created in section 169.126, subdivision 4a general fund. The state shall reimburse counties for the total cost of the chemical use assessment in the manner provided in section 169.126, subdivision 4.

Sec. 73. Minnesota Statutes 1988, section 270.069, is amended to read:

270.069 [COMMISSIONER TO COLLECT CERTAIN LOCAL TAXES.]

Subdivision 1. [COSTS DEDUCTED; APPROPRIATION.] If the commissioner of revenue agrees to collect a locally imposed tax, the local unit of government must agree that all the direct and indirect costs of the department of revenue for collecting the tax and any other statewide indirect costs will be deducted from the amounts collected and paid to the local unit of government. The amounts deducted must be deposited in the state treasury and credited to a local tax collection account. Money in the account is appropriated to the commissioner of revenue to collect the locally imposed tax the general fund.

Subd. 2. [DEVELOPMENT COSTS.] If the commissioner determines that a new computer system will be required to collect the locally imposed taxes, the costs of development of the system will be charged to the first local units of government to be included in the system. Any additional local units of government that by agreement are added to the system will be charged for a share of the development costs. The charge will be determined by the commissioner who

shall then refund to the original local units of government their portion of the development costs recovered from the additional users. The amounts necessary to make the refunds are appropriated from the local tax collection account to the commissioner of revenue.

Sec. 74. Minnesota Statutes 1988, section 270.185, subdivision 1, is amended to read:

Subdivision 1. A permanent reassessment revolving fund account of \$250,000 is created in the special revenue fund. \$250,000 is appropriated from the general fund to the permanent reassessment revolving fund. The fund money in the account is annually appropriated to the commissioner of revenue for the purposes of this section.

Sec. 75. Minnesota Statutes 1988, section 273.02, subdivision 5, is amended to read:

Subd. 5. [REFUNDS FOR IRON ORE NOT FOUND.] Any taxpayer having paid real estate taxes on valuations of iron ore, considered to be commercially mineable, which was believed to have existed, and was subsequently determined not to exist, may apply to the commissioner of revenue for a refund of taxes paid thereon, as provided herein. Such application for refund shall be filed in the year in which it is determined that the iron ore does not exist. No refund shall be made for taxes paid or payable more than six years previous to the date of said application. The refunds shall be paid from the special general fund established in subdivision 6, and so much as is needed to pay such refunds is hereby appropriated.

Sec. 76. Minnesota Statutes 1988, section 273.02, subdivision 6, is amended to read:

Subd. 6. [SPECIAL GENERAL FUND.] The taxes collected in accordance with subdivision 4 shall be transmitted by the county treasurer to the state treasurer and deposited in a special general fund. There shall be paid from this special the general fund the amount of refunds determined in accordance with subdivision 5. In the event the amount in such fund is not sufficient to pay such refunds, the refunds shall be paid as soon as sufficient amounts are available in the fund.

The balance in such fund shall be distributed at the end of each fiscal year to the iron range resources and rehabilitation board account.

Sec. 77. Minnesota Statutes 1988, section 284.28, subdivision 8, is amended to read:

Subd. 8. There is established in the state treasury a real estate

assurance account. This account is composed of money appropriated by the legislature for this purpose and all money deposited in the state treasury and credited to the account. Money in the state treasury credited to the real estate assurance account from all sources is annually appropriated to the state treasurer for the purpose of paying claims ordered by the district court to be paid from the fund. At the time of sale of a parcel of tax forfeited land, the county auditor shall charge and collect in full an amount equal to three percent of the total sale price of land. Before filing a notice of expiration of time for redemption, in cases where an auditor's certificate of sale or a state assignment certificate has been issued, the county auditor shall charge and collect in full from the holder of the certificate an amount equal to three percent of the appraised value of the property for tax purposes. The amounts so collected by the auditor shall be deposited in the state treasury and credited to the real estate assurance account general fund. Income earned from moneys in the account shall be credited to the account. The state treasurer may separately invest account moneys.

In determining compensation for the unjust deprivation suffered by the claimant, which may include severance damages sustained if the claimant owns adjoining land, the court shall take into account delinquent taxes, penalties, costs, and interest which would have been due and owing if the claimant had redeemed the land.

No claimant shall recover the value of improvements made to the land by other persons or the increment in value of land that occurs after the claimant has actual notice of the forfeiture proceeding. All claims against the real estate assurance account and ordered by the district court to be paid therefrom shall be obligations of the state and shall be paid out of the first moneys coming into the assurance general fund from legislative appropriations, the collection of money by county auditors or from any other sources as provided by law.

There is appropriated from the general fund to the state treasurer amounts sufficient to pay the amount by which any claims ordered to be paid from the real estate assurance account pursuant to under this subdivision, exceed the amount existing in the account at the time of the order, but the total amount appropriated from the general fund shall not exceed the amounts transferred from the real estate assurance account to the general fund pursuant to Laws 1981, chapter 356, section 339, plus interest.

Sec. 78. Minnesota Statutes 1988, section 284.28, subdivision 9, is amended to read:

Subd. 9. In any action brought to recover loss or damage from the real estate assurance account general fund, the state treasurer, in that official capacity, shall be named as defendant. If the assurance account is insufficient to pay the amount of any judgment, in full, the unpaid balance thereof shall bear interest at the legal rate and

shall be paid together with any accrued interest thereon. The attorney general or, at the attorney general's request, the county attorney of the county in which the land or a major part of it lies, shall defend the state treasurer in all such actions.

Sec. 79. Minnesota Statutes 1988, section 284.28, subdivision 10, is amended to read:

Subd. 10. Any action or proceeding pursuant to this section to recover damages ~~out of the real estate assurance fund~~ shall be commenced within ten years after the expiration of the periods within which claims may be asserted pursuant to subdivisions 2 and 3, and not afterwards. If, within this ten year period the person entitled to bring such action or proceeding is under legal disability, such person, or anyone claiming under the person, may commence such action or proceeding within the period expiring two years after such disability is removed or within the ten year period, whichever period is greater.

Sec. 80. Minnesota Statutes 1988, section 296.421, subdivision 8, is amended to read:

Subd. 8. [COMPUTATION AND DISTRIBUTION OF UNREFUNDED TAXES FOR FOREST ROADS.] The amount of unrefunded tax paid on gasoline and special fuel used to operate motor vehicles on forest roads, except gasoline and special fuel used for aviation purposes, is \$675,000 annually and is appropriated from the highway user tax distribution fund and must be transferred and credited in equal installments on July 1 and January 1 as follows: ~~\$400,000 must be credited to a the state forest road account and established in section 89.70. \$275,000 must be credited to a county management access road account of this amount must be annually transferred to counties for management and maintenance of county forest roads.~~

Sec. 81. Minnesota Statutes 1988, section 297.13, subdivision 1, is amended to read:

Subdivision 1. [CIGARETTE TAX APPORTIONMENT.] Revenues received from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be deposited by the commissioner of revenue ~~in a separate and special fund, designated as the tobacco tax revenue fund,~~ in the state treasury and credited as follows:

(a) first to the general obligation special tax bond debt service account in each fiscal year the amount required to increase the balance on hand in the account on each December 1 to an amount equal to the full amount of principal and interest to come due on all outstanding bonds whose debt service is payable primarily from the proceeds of the tax to and including the second following July 1; and

(b) after the requirements of paragraph (a) have been met:

(1) the revenue produced by one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the Minnesota future resources account;

(2) the revenue produced by two mills of the tax on cigarettes weighing not more than three pounds a thousand and four mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the Minnesota state water pollution control fund created in section 116.16, provided that, if the tax on cigarettes imposed by United States Code, title 26, section 5701, as amended, is reduced after June 1, 1985, an additional one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the Minnesota state water pollution control fund created in section 116.16 less any amount credited to the general obligation special tax debt service account under paragraph (a), with respect to bonds issued for the prevention, control, and abatement of water pollution;

(3) the revenue produced by one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to a public health fund, provided that if the tax on cigarettes imposed by United States Code, title 26, section 5701, as amended, is reduced after June 1, 1985, an additional two-tenths of one mill of the tax on cigarettes weighing not more than three pounds a thousand and an additional four-tenths of one mill of the tax on cigarettes weighing more than three pounds a thousand must be credited to the public health fund;

(4) the balance of the revenues derived from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be credited to the general fund.

Sec. 82. Minnesota Statutes 1988, section 297.26, is amended to read:

297.26 [REVENUE DISTRIBUTION.]

All revenues derived from taxes, penalties, and interest under sections 297.21 to 297.26 shall be deposited by the commissioner in the tobacco tax revenue fund state treasury and disposed of in the same manner as provided by section 297.13 for revenues received under sections 297.01 to 297.13.

Sec. 83. Minnesota Statutes 1988, section 297.32, subdivision 9, is amended to read:

Subd. 9. Revenue derived from the taxes imposed by this section must be deposited by the commissioner in the state treasury and credited as follows:

(1) the revenue produced by the tax on five percent of the wholesale sales price or cost of the tobacco products except little cigars must be credited to the Minnesota state water pollution control fund created in section 116.16; and

(2) the balance of the revenue must be credited to the general fund.

Sec. 84. Minnesota Statutes 1988, section 297A.44, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in paragraphs (b) and (c) all revenues, including interest and penalties, derived from the excise and use taxes imposed by sections 297A.01 to 297A.44 shall be deposited by the commissioner in the state treasury and credited to the general fund.

(b) All excise and use taxes derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project, from and after the date on which a conditional commitment for a loan guaranty for the project is made pursuant to section 41A.04, subdivision 3, shall be deposited in the Minnesota agricultural and economic development account in the special revenue fund. The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty fund account shall be reduced by any refunds and by the costs incurred by the department of revenue to administer and enforce the assessment and collection of the taxes.

(c) All revenues, including interest and penalties, derived from the excise and use taxes imposed on sales and purchases included in section 297A.01, subdivision 3, paragraphs (d) and (l), clauses (1) and (2), must be deposited by the commissioner of revenue in a separate and special fund, designated as the sports and health club sales tax revenue fund in the state treasury, and credited as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance must be credited to the general fund.

Sec. 85. Minnesota Statutes 1988, section 336.9-413, is amended to read:

336.9-413 [UNIFORM COMMERCIAL CODE ACCOUNT.]

(a) The uniform commercial code account is established as an account in the state treasury.

(b) The filing officer with whom a financing statement, assignment, or continuation statement is filed, or to whom a request for search is made, shall collect a \$2 surcharge on each filing or search. By the 15th day following the end of each fiscal quarter, each county recorder shall forward the receipts from the surcharge accumulated during that fiscal quarter to the secretary of state. The surcharge does not apply to a search request made by a natural person who is the subject of the data to be searched except when a certificate is requested as a part of the search.

(c) The surcharge amounts received from county recorders and the surcharge amounts collected by the secretary of state's office must be deposited in the state treasury and credited to the ~~uniform commercial code account~~ general fund.

(d) Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing a service under sections 336.9-411 to 336.9-413 must be deposited in the state treasury and credited to the uniform commercial code account.

(e) Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing information contained in the computerized records maintained by the secretary of state must be deposited in the state treasury and credited to the uniform commercial code account.

(f) Money in the uniform commercial code account is continuously appropriated to the secretary of state to implement and maintain the computerized uniform commercial code filing system under section 336.9-411 and to provide electronic-view-only access to other computerized records maintained by the secretary of state.

Sec. 86. Minnesota Statutes 1988, section 357.021, subdivision 2a, is amended to read:

Subd. 2a. [CERTAIN FEE PURPOSES.] Of the marriage dissolution fee collected pursuant to subdivision 1 2, the court administrator shall pay \$35 to the state treasurer to be deposited in the special revenue general fund to be used as follows: \$15 for the purposes of ~~funding grant programs for emergency shelter services and support services to battered women under sections 611A.31 to 611A.36 and for administering displaced homemaker programs established un-~~

der section 268.96; and \$20 is appropriated to the commissioner of corrections for the purpose of funding emergency shelter services and support services to battered women, on a matching basis with local money for 20 percent of the costs and state money for 80 percent. Of the \$15 for the purposes of funding grant programs for emergency shelter services and support services to battered women under sections 611A.31 to 611A.36 and for administering displaced homemaker programs established under section 268.96, \$6.75 is appropriated to the commissioner of corrections and \$8.25 is appropriated to the commissioner of jobs and training. The commissioner of jobs and training may use money appropriated in this subdivision for the administration of a displaced homemaker program regardless of the date on which the program was established.

Sec. 87. Minnesota Statutes 1988, section 373.27, subdivision 3, is amended to read:

Subd. 3. All money grants under subdivision 1 shall be deposited in the general special revenue fund in the state treasury in a special account in the name of the commission or commissioner named in subdivision 1 to whom it was granted, and is appropriated to the commission or commissioner for the purposes specified in the grant. The money shall not cancel but shall remain available until expended for the purpose or purposes for which it was granted. If no specific purpose is named in the grant, the money shall be available to the commission or commissioner for any of the purposes set forth in subdivision 1.

Sec. 88. Minnesota Statutes 1988, section 402.065, is amended to read:

402.065 [BUDGET, LEVY; AUDIT.]

In conjunction with the county budget setting process, the human services board shall submit to each county board of commissioners participating in the human services board an estimate of the amount needed by it to perform its duties, including expenses of administration, and, if approved, each county shall levy a tax as provided by law for these purposes. In the event the estimate is not approved, each county board of commissioners participating in the human services board shall confer with the human services board, develop a budget and levy a tax for the amount required. The state auditor shall audit the books and accounts of the human services board once each year. The human services board shall pay to the state the total cost and expenses of the examination, including the salaries paid to auditors while actually engaged in making the examination. The revolving general fund of the state auditor shall be credited with all collections made for any examination.

Sec. 89. Minnesota Statutes 1988, section 403.11, subdivision 1, is amended to read:

Subdivision 1. [EMERGENCY TELEPHONE SERVICE FEE.] (a) Each customer of a local exchange company is assessed a fee to cover the costs of ongoing maintenance and related improvements for trunking and central office switching equipment for minimum 911 emergency telephone service, plus administrative and staffing costs of the department of administration related to managing the 911 emergency telephone service program.

(b) The fee may not be less than eight cents nor more than 30 cents a month for each customer access line, including trunk equivalents as designated by the public utilities commission for access charge purposes. The fee must be the same for all customers.

(c) The fee must be collected by each utility providing local exchange telephone service. Fees are payable to and must be submitted to the commissioner of administration monthly before the 25th of each month following the month of collection, except that fees may be submitted quarterly if less than \$250 a month is due, or annually if less than \$25 a month is due. Receipts must be deposited in the state treasury and credited to a 911 emergency telephone service account in the special revenue fund. The money in the account may only be used for 911 telephone services as provided in paragraph (a).

(d) The commissioner of administration, with the approval of the commissioner of finance, shall establish the amount of the fee within the limits specified and inform the utilities of the amount to be collected. Utilities must be given a minimum of 45 days notice of fee changes.

Sec. 90. Minnesota Statutes 1988, section 462.396, subdivision 4, is amended to read:

Subd. 4. The commission shall keep an accurate account of its receipts and disbursement. Disbursements of funds of the commission shall be made by check signed by the chair or vice-chair or secretary of the commission and countersigned by the executive director or an authorized deputy thereof after such auditing and approval of the expenditure as may be provided by rules of the commission. The state auditor shall audit the books and accounts of the commission once each year, or as often as funds and personnel of the state auditor permit. The commission shall pay to the state the total cost and expenses of such examination, including the salaries paid to the auditors while actually engaged in making such examination. The revolving general fund of the state auditor shall be credited with all collections made for any such examination.

Sec. 91. Minnesota Statutes 1988, section 469.056, subdivision 4, is amended to read:

Subd. 4. [COMPLIANCE EXAMINATIONS.] At the request of the

city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received must be deposited in the revolving general fund of the state auditor.

Sec. 92. Minnesota Statutes 1988, section 469.100, subdivision 6, is amended to read:

Subd. 6. [COMPLIANCE EXAMINATIONS.] At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received must be deposited in the revolving general fund of the state auditor.

Sec. 93. Minnesota Statutes 1988, section 471.699, is amended to read:

471.699 [ENFORCEMENT OF REPORTING REQUIREMENTS.]

Failure of a city to timely file a statement or report under section 471.697 or 471.698 shall, in addition to any other penalties provided by law, authorize the state auditor to send full time personnel to the city or to contract with private persons, firms or corporations pursuant to section 6.58, in order to complete and file the financial statement or report. The expenses related to the completion and filing of the financial statement or report shall be charged to the city. Upon failure by the city to pay the charge within 30 days of billing, the state auditor shall so certify to the commissioner of finance who shall forward the amount certified to the state auditor's revolving general fund and deduct the amount from any state funds due to the city under any shared taxes or aids. The state auditor's annual report on cities shall include a listing of all cities failing to file a statement or report.

Sec. 94. Minnesota Statutes 1988, section 473.13, subdivision 4, is amended to read:

Subd. 4. [ACCOUNTS; AUDITS.] The council shall keep an accurate account of its receipts and disbursements. Disbursements of council money must be made by check, signed by the chair or vice-chair of the council and countersigned by its director or assistant director after whatever auditing and approval of the expenditure may be provided by rules of the council. The state auditor shall audit the books and accounts of the council once each year, or as often as funds and personnel of the state auditor permit. The council

shall pay to the state the total cost and expenses of the examination, including the salaries paid to the auditors while actually engaged in making the examination. The revolving general fund of the state auditor must be credited with all collections made for any examination.

Sec. 95. Minnesota Statutes 1988, section 473.375, subdivision 17, is amended to read:

Subd. 17. [AUDIT.] The board must be audited at least once each year. The board may elect to be audited by a certified public accountant or by the state auditor. If the board chooses the state auditor, the state auditor shall audit, either directly or by subcontract, the board's financial accounts and affairs at least once each year. The information in the audit must be contained in the annual report and distributed in accordance with section 473.445, subdivision 3. The board shall pay the total cost of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received for the state audits must be deposited in the revolving general fund of the state auditor.

Sec. 96. Minnesota Statutes 1988, section 473.435, subdivision 2, is amended to read:

Subd. 2. [AUDIT.] The commission must be audited at least once each year. The commission may elect to be audited by a certified public accountant or by the state auditor. If the commission chooses the state auditor, the state auditor shall make an audit, either directly or by subcontract, of the commission's financial accounts and affairs at least once each year. Copies of the auditor's report shall be filed and kept open to public inspection in the offices of the secretary of the commission, the board, and the secretary of state. The information in the audit shall be contained in the annual report and distributed in accordance with section 473.445. The commission shall pay the total cost of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received for the state audits must be deposited in the revolving general fund of the state auditor.

Sec. 97. Minnesota Statutes 1988, section 473.543, subdivision 5, is amended to read:

Subd. 5. The state auditor shall audit the books and accounts of the commission at least once each year. The commission shall pay to the state the total cost and expenses of such examination, including the salaries paid to the examiners while actually engaged in making such examination. The revolving general fund of the state auditor shall be credited with all collections made for any such examination. The council may also require the commission to have an independent

audit made by a certified public accountant to be paid for by the commission, and may examine the commission's books and accounts at any time.

Sec. 98. Minnesota Statutes 1988, section 473.843, subdivision 2, is amended to read:

Subd. 2. [DISPOSITION OF PROCEEDS.] After reimbursement to the department of revenue for costs incurred in administering this section, the proceeds of the fees imposed under this section, including interest and penalties, must be deposited as follows:

(a) one-half of the proceeds must be deposited in the metropolitan landfill abatement fund account established in section 473.844; and

(b) one-half of the proceeds must be deposited in the metropolitan landfill contingency action trust fund established in section 473.845.

Sec. 99. Minnesota Statutes 1988, section 473.844, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSES.] The metropolitan landfill abatement fund account is created as an account in the state treasury environmental fund in order to reduce to the greatest extent feasible and prudent the need for and practice of land disposal of mixed municipal solid waste in the metropolitan area. The fund account consists of revenue deposited in the fund account under section 473.843, subdivision 2, clause (a), and interest earned on investment of money in the fund account. All repayments to loans made under this section must be credited to the fund account. The money in the fund account may be spent only for purposes of metropolitan landfill abatement as provided in subdivision 1a and only upon appropriation by the legislature.

Sec. 100. Minnesota Statutes 1988, section 473.845, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The metropolitan landfill contingency action trust fund is created as an account expendable trust fund in the state treasury. The fund consists of revenue deposited in the fund under section 473.843, subdivision 2, clause (b); amounts recovered under subdivision 6; and interest earned on investment of money in the fund.

Sec. 101. Minnesota Statutes 1988, section 480.09, subdivision 5, is amended to read:

Subd. 5. All moneys collected shall be paid into the state treasury and are appropriated to the state law librarian for library purposes credited to the general fund. Separate accounts shall be maintained

for book sales receipts, the book purchasing service, and computer-assisted legal research.

Sec. 102. Minnesota Statutes 1988, section 481.01, is amended to read:

481.01 [BOARD OF LAW EXAMINERS; EXAMINATIONS.]

The supreme court shall, by rule from time to time, prescribe the qualifications of all applicants for admission to practice law in this state, and shall appoint a board of law examiners, which shall be charged with the administration of such rules and with the examination of all applicants for admission to practice law. The board shall consist of not less than three, nor more than seven, attorneys at law, who shall be appointed each for the term of three years and until a successor qualifies. The supreme court may fill any vacancy in the board for the unexpired term and in its discretion may remove any member thereof. The board shall have a seal and shall keep a record of its proceedings, of all applications for admission to practice, and of persons admitted to practice upon its recommendation. At least two times a year the board shall hold examinations and report the result thereof, with its recommendations, to the supreme court. Upon consideration of such report, the supreme court shall enter an order in the case of each person examined, directing the board to reject or to issue to the person a certificate of admission to practice. The board shall have such officers as may, from time to time, be prescribed and designated by the supreme court. The fee for examination shall be fixed, from time to time, by the supreme court, but shall not exceed \$50. ~~Such~~ ~~The~~ fees, and any other fees ~~which~~ ~~that~~ may be received pursuant to ~~such~~ under rules as the supreme court may promulgate ~~adopts~~ governing the practice of law shall must be paid to the state treasurer and shall constitute a special fund in the state treasury credited to the general fund. The moneys in such fund are appropriated annually to the supreme court for the payment of compensation and expenses of the members of the board of law examiners and for otherwise regulating the practice of law. The moneys in such fund shall never cancel. Payments therefrom shall be made by the state treasurer, upon warrants of the commissioner of finance issued upon vouchers signed by one of the justices of the supreme court. The members of the board shall have such compensation and such allowances for expenses as may, from time to time, be fixed by the supreme court.

Sec. 103. Minnesota Statutes 1988, section 481.20, is amended to read:

481.20 [CLIENT SECURITY ACCOUNT.]

Fees received under rules or orders adopted by the supreme court governing a client security fund or account must be deposited in the state treasury and credited to a client security account. Investment

income and investment losses attributable to investment of the client security account must be credited to the account. Money in the account is appropriated to the supreme court to pay the expenses of the client security board and claims approved by the board the general fund.

Sec. 104. Minnesota Statutes 1988, section 517.08, subdivision 1c, is amended to read:

Subd. 1c. [DISPOSITION OF LICENSE FEE.] Of the marriage license fee collected pursuant to subdivision 1b, the court administrator shall pay \$30 to the state treasurer to be deposited in the special revenue fund to be used as follows: \$6.75 is appropriated to the commissioner of corrections for the purposes of funding grant programs for emergency shelter services and support services to battered women under sections 611A.31 to 611A.36, and \$23.25 is appropriated to the commissioner of jobs and training for displaced homemaker programs under section 268.96. The commissioner of jobs and training may use money appropriated in this subdivision for the administration of a displaced homemaker program regardless of the date on which the program was established general fund.

Sec. 105. Minnesota Statutes 1988, section 609.101, is amended to read:

609.101 [SURCHARGE ON FINES, ASSESSMENTS; MINIMUM FINES.]

Subdivision 1. [SURCHARGES AND ASSESSMENTS.] When a court sentences a person convicted of a felony, gross misdemeanor, or misdemeanor, other than a petty misdemeanor such as a traffic or parking violation, and if the sentence does not include payment of a fine, the court shall impose an assessment of not less than \$25 nor more than \$50. If the sentence for the felony, gross misdemeanor, or misdemeanor includes payment of a fine of any amount, including a fine of less than \$100, the court shall impose a surcharge on the fine of ten percent of the fine. This section applies whether or not the person is sentenced to imprisonment and when the sentence is suspended. The court may not waive payment or authorize payment of the assessment or surcharge in installments unless it makes written findings on the record that the convicted person is indigent or that the assessment or surcharge would create undue hardship for the convicted person or that person's immediate family. If the court fails to waive or impose an assessment required by this section, the court administrator shall correct the record to show imposition of an assessment of \$25 if the sentence does not include payment of a fine, or if the sentence includes a fine, to show an imposition of a surcharge of ten percent of the fine.

Except for assessments and surcharges imposed on persons convicted of violations described in section 97A.065, subdivision 2, the

court shall collect and forward to the commissioner of finance the total amount of the assessment or surcharge and the commissioner shall credit all money so forwarded to a crime victim and witness account, which is established as a special account in the state treasury the general fund.

Money credited to the crime victim and witness account may be appropriated for but is not limited to the following purposes:

(1) use for crime victim reparations under sections 611A.51 to 611A.68;

(2) use by the crime victim and witness advisory council established under section 611A.71; and

(3) to supplement the federally funded activities of the crime victim ombudsman under section 611A.74.

If the convicted person is sentenced to imprisonment, the chief executive officer of the correctional facility in which the convicted person is incarcerated may collect the assessment or surcharge from any earnings the inmate accrues for work performed in the correctional facility and forward the amount to the commissioner of finance, indicating the part that was imposed for violations described in section 97A.065, subdivision 2, which must be credited to the game and fish fund.

Subd. 2. [MINIMUM FINES.] Notwithstanding any other law:

(1) when a court sentences a person convicted of violating section 609.221, 609.267, or 609.342, it must impose a fine of not less than \$500 nor more than the maximum fine authorized by law;

(2) when a court sentences a person convicted of violating section 609.222, 609.223, 609.2671, 609.343, 609.344, or 609.345, it must impose a fine of not less than \$300 nor more than the maximum fine authorized by law; and

(3) when a court sentences a person convicted of violating section 609.2231, 609.224, or 609.2672, it must impose a fine of not less than \$100 nor more than the maximum fine authorized by law.

The court may not waive payment of the fine or authorize payment of it in installments unless the court makes written findings on the record that the convicted person is indigent or that the fine would create undue hardship for the convicted person or that person's immediate family.

The court shall collect the minimum fine mandated by this subdivision and forward 70 percent of it to a local victim assistance

program that provides services locally in the county in which the crime was committed. The court shall forward the remaining 30 percent to the commissioner of finance to be credited to the ~~crime victim and witness account established in subdivision 1~~ general fund. If more than one victim assistance program serves the county in which the crime was committed, the court may designate on a case-by-case basis which program will receive the fine proceeds, giving consideration to the nature of the crime committed, the types of victims served by the program, and the funding needs of the program. If no victim assistance program serves that county, the court shall forward 100 percent of the fine proceeds to the commissioner of finance to be credited to the ~~crime victim and witness account~~ general fund. Fine proceeds received by a local victim assistance program must be used to provide direct services to crime victims. ~~Fine proceeds credited to the crime victim and witness account may be appropriated to the crime victim and witness advisory council, and the council may use all or part of the proceeds for the purpose of providing grants to establish new victim assistance programs.~~

The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1 and is in addition to any term of imprisonment or restitution imposed or ordered by the court.

As used in this subdivision, "victim assistance program" means victim witness programs within county attorney offices or any of the following programs approved by the department of corrections: crime victim crisis centers, victim-witness programs, battered women shelters and nonshelter programs, and sexual assault programs.

Sec. 106. Minnesota Statutes 1988, section 609.5315, subdivision 5, is amended to read:

Subd. 5. [DISTRIBUTION OF MONEY.] Seventy percent of the money or proceeds from the sale of forfeited property, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the property, must be forwarded to the appropriate agency for deposit as a ~~supplement to its operating fund or similar fund for use in law enforcement to the general fund~~, and 20 percent must be forwarded to the county attorney or other prosecuting agency that handled the forfeiture for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes. The remaining ten percent of the money or proceeds must be forwarded within 60 days after resolution of the forfeiture to the state treasury and credited to the ~~crime victim and witness account established under section 609.101~~ general fund. Any local police relief association organized under chapter 423, which received or was entitled to receive the proceeds of any sale made under this section before the

effective date of Laws 1988, chapter 665, sections 1 to 17, shall continue to receive and retain the proceeds of these sales.

Sec. 107. Minnesota Statutes 1988, section 611A.61, subdivision 3, is amended to read:

Subd. 3. [DEPOSIT OF REVENUE TO FUND.] ~~The first \$18,000~~ Amounts collected under this section in each year of the biennium ~~must be deposited into the general fund. Amounts in excess of \$18,000 must be deposited into the crime victim and witness account in the state treasury for the purposes established in section 609.101.~~

Sec. 108. Minnesota Statutes 1988, section 626.861, subdivision 3, is amended to read:

Subd. 3. [COLLECTION BY COURT.] After a determination by the court of the amount of the fine or penalty assessment due, the court administrator shall collect the appropriate penalty assessment and transmit it to the county treasurer separately with designation of its origin as a penalty assessment, but with the same frequency as fines are transmitted. Amounts collected under this subdivision shall then be transmitted to the state treasurer for deposit in the general fund ~~for peace officers training, in the same manner as fines collected for the state by a county.~~ The state treasurer shall identify and report to the commissioner of finance all amounts deposited in the general fund under this section.

Sec. 109. Minnesota Statutes 1988, section 626.861, subdivision 4, is amended to read:

Subd. 4. [PEACE OFFICERS TRAINING ACCOUNT.] Receipts from penalty assessments must be credited to ~~a peace officers training account in the special revenue fund. Money credited to the peace officers training account may be appropriated for but not limited to the following purposes, among others the general fund.~~ The commissioner may allocate from funds appropriated as follows:

(a) Up to ten percent may be provided for reimbursement to board approved skills courses in proportion to the number of students successfully completing the board's skills licensing examination.

(b) The balance may be used to pay each local unit of government an amount in proportion to the number of licensed peace officers and constables employed, at a rate to be determined by the board. The disbursed amount must be used exclusively for reimbursement of the cost of in-service training required under this chapter and chapter 214.

Sec. 110. [INSTRUCTION TO REVISOR.]

Subdivision 1. [CHANGES IN THIS SECTION.] In the next edition of Minnesota Statutes, the revisor of statutes shall make the changes listed in this section.

Subd. 2. ["FUND" TO "ACCOUNT."] (a) The revisor shall change "fund" to "account" in sections 41A.09, subdivision 3; 84.155; 84A.51, subdivisions 1 and 3; 84A.54; 84A.55, subdivision 10; 115A.15, subdivision 6; 115B.02, subdivision 7; 115B.16, subdivision 4; 115B.19; 115B.20, subdivisions 2 and 5; 115B.30; 115C.04, subdivision 3; 115C.08, subdivisions 2 and 4; 115C.09, subdivision 3; 115C.10, subdivision 1; 116.07, subdivision 4d; 116J.980, subdivision 1; 116N.08, subdivisions 3 and 5; 116O.02, subdivision 4; and 473.844, subdivisions 1a and 3.

(b) The revisor shall change "funds" to "accounts" in section 84.155.

Subd. 3. [FUND AND ACCOUNT NAMES.] The revisor shall make the indicated changes to the sections and subdivisions listed in this subdivision:

(1) in section 16B.70, subdivisions 1 and 2, "special revenue fund" to "general fund";

(2) in section 43A.21, subdivision 4, "general fund" to "special revenue fund";

(3) in section 84.0911, subdivision 2, "wild rice management account" to "game and fish fund";

(4) in section 84A.53, subdivision 1, "consolidated fund" to "consolidated account";

(5) in section 84A.53, subdivision 2, "consolidated conservation fund" to "consolidated account";

(6) in section 85.052, subdivision 4, "state park maintenance and operation account" to "general fund";

(7) in section 88.14, subdivision 3, "forest service fund" to "general fund";

(8) in section 88.79, subdivision 2, "forest management fund" to "general fund";

(9) in section 89.37, subdivision 4, "forest management fund" to "forest nursery account";

(10) in section 94.16, subdivision 3, "land acquisition account" to "natural resources fund";

(11) in section 106A.615, subdivision 6, "wildlife acquisition fund" to "game and fish fund";

(12) in section 116.05, subdivision 2, "pollution control agency fund" to "general fund";

(13) in section 116.12, subdivision 1, "special revenue fund" to "special revenue account";

(14) in section 183.545, subdivision 9, "special revenue fund" to "general fund";

(15) in section 270.185, subdivision 2, "revolving fund" to "account";

(16) in section 284.28, subdivisions 4 and 7, "assurance fund" to "general fund";

(17) in sections 326.47, subdivision 3, and 326.52, "special revenue fund" to "general fund";

(18) in section 385.20, "common school fund" to "general fund";
and

(19) in section 403.11, subdivision 1, "special revenue fund" to "state government special revenue fund."

Sec. 111. [SPECIAL INSTRUCTION.]

The department of finance may adjust appropriations made to individual agencies for the 1990-1991 biennium to reflect the fund consolidation structure contained in this article while developing agency spending plans for the biennium. The department shall also have authority to resolve inconsistencies between existing statutes and this article through June 30, 1991. The department shall report adjustments made in agency budgets to implement this article to the chairs of the house appropriations and senate finance committees with specific recommendations on any statutory changes needed to clarify the inconsistency between this article and existing statute.

Sec. 112. [12 FUND TRANSFER.]

Unless specifically provided otherwise in this act, fees on deposit in the special revenue fund No. 12 at the close of business June 30, 1989, are transferred to the general fund.

Sec. 113. [REPEALER.]

Subdivision 1. [STATUTORY SECTIONS.] Minnesota Statutes 1988, sections 3C.035; 3C.056; 11A.22; 84.0911, subdivisions 1 and

3; 85.051; 89.04; 93.221; 94.165; 97A.065, subdivision 3; 97A.071; 97A.075; 190.26; 344.03; and 469.121, subdivision 1, are repealed.

Subd. 2. [TEMPORARY COST ACCOUNTING SYSTEM; RECOMMENDATION.] Notwithstanding the repeal of Minnesota Statutes, sections 97A.065, subdivision 3, 97A.071, and 97A.075, during the biennium the department of natural resources shall develop a cost accounting system to keep track of each source of the revenues dedicated under the repealed sections. The commissioner of finance, after consulting with the commissioner of natural resources shall recommend a permanent method of tracking these revenues to the state department's division of the house appropriations and senate finance committees.

Sec. 114. [EFFECTIVE DATE.]

Section 85 is effective June 30, 1991."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; consolidating certain funds and accounts and making conforming changes; changing the organization, operation, financing, and management of certain courts and related offices; amending Minnesota Statutes 1988, sections 3.099, subdivision 3; 3.732, subdivision 1; 6.48; 6.56; 6.58; 8.15; 8.31, subdivisions 2c and 3; 13.33; 14.07, subdivisions 1 and 2; 14.08; 14.26; 15.06, subdivision 1; 15.50, subdivision 2; 15A.081, subdivision 1; 16A.10, subdivision 1; 16A.123, by adding a subdivision; 16A.125, subdivision 5, and by adding a subdivision; 16A.133, subdivision 1; 16B.24, subdivision 6; 16B.42, subdivision 4; 16B.48, subdivision 2; 16B.61, subdivision 5; 16B.70; 41A.09, subdivision 1; 43A.02, subdivision 25; 43A.17, subdivision 1; 43A.24, subdivision 2; 44A.0311; 84.0272; 82.0274, by adding a subdivision; 84.084; 84.83, subdivision 1; 84.922, subdivision 3; 84.927, subdivision 1; 84A.51, subdivision 2; 84A.55, subdivision 14; 85.055, subdivision 2; 85.22, subdivisions 1 and 2a; 85.43; 85A.01, subdivisions 1 and 5; 85A.02, subdivisions 2, 5, 5a, 5b, 12, 16, 17, 18; 85A.04, subdivisions 1 and 4; 89.035; 89.036; 89.21; 93.335, subdivision 4; 94.09, subdivision 2; 94.342, subdivision 3; 97A.055, by adding a subdivision; 97A.165; 97A.475, subdivisions 2, 3, 6, 7, 8, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 23, 24, 25, 26, 27, 28, 29, 29a, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, and 42;

97A.485, subdivisions 6 and 7; 97B.301, by adding a subdivision; 106A.661, subdivision 2; 112.73; 115.03, subdivision 1; 115A.14, subdivision 4; 115A.908, subdivision 2; 115B.17, subdivision 7; 115B.20, subdivisions 1, 4, and 6; 115B.22, subdivision 7; 115B.24, subdivision 10; 115B.25, subdivision 7; 115B.26; 115C.02, subdivision 6; 115C.08, subdivision 1; 116.41, subdivision 2; 116.65, subdivision 3; 116J.01; 116J.03, subdivision 2; 116J.58, subdivision 1; 116J.64, subdivision 6; 116J.68, subdivision 2; 116J.74, subdivision 5; 116J.873, subdivision 4; 116J.955, subdivisions 1 and 2; 116J.9673, subdivision 4; 116J.970; 116J.971, subdivisions 3, 6, 7, 8, and 9; 116J.982, subdivision 1; 116L.02; 116L.03, subdivisions 2 and 7; 116L.04, subdivision 1; 116N.01, subdivision 3; 116N.02, subdivision 6; 116N.08, subdivisions 4 and 8; 116O.02, and by adding a subdivision; 116O.03, subdivisions 1, 2, 3, and by adding subdivisions; 116O.04, by adding a subdivision; 116O.05; 116O.06, subdivisions 1 and 5; 116O.08, subdivisions 2 and 7; 116O.12; 116O.13; 116O.14; 116O.15; 116P.08, subdivisions 1 and 2; 116P.13; 148B.17; 169.121, subdivision 5a; 169.126, subdivisions 4 and 4a; 169.686, subdivision 3; 176.135, subdivision 1; 190.07; 190.25, subdivision 3; 192.51, subdivision 2; 196.02; 196.021; 214.06, subdivision 1; 256.482, subdivisions 3, 7, and by adding a subdivision; 260.193, subdivision 8; 270.069; 270.185, subdivision 1; 273.02, subdivisions 5 and 6; 275.51, subdivision 3f; 284.28, subdivisions 8, 9, and 10; 296.421, subdivision 8; 297.13, subdivision 1; 297.26; 297.32, subdivision 9; 297A.44, subdivision 1; 299D.03, subdivision 7; 302A.821, subdivisions 4 and 5; 307.08, subdivision 5; 336.9-302; 336.9-413; 349.213, subdivision 1; 352.01, subdivision 2b; 353.01, subdivision 2a; 356.215, subdivisions 1 and 4d; 357.021, subdivisions 1a, 2a, and 4; 357.08; 361.03, by adding a subdivision; 373.27, subdivision 3; 402.065; 403.11, subdivision 1; 423A.02, subdivisions 1 and 2; 462.396, subdivision 4; 462A.21, by adding a subdivision; 466.01, subdivision 6; 469.056, subdivision 4; 469.100, subdivision 6; 471.699; 473.13, subdivision 4; 473.375, subdivision 17; 473.435, subdivision 2; 473.543, subdivision 5; 473.843, subdivision 2; 473.844, subdivision 1; 473.845, subdivision 1; 473.877, subdivision 1; 480.01; 480.058; 480.09, subdivision 5; 480.241, subdivisions 1 and 2; 480.242; 481.01; 481.20; 484.54, subdivision 2; 484.545, subdivisions 2 and 3; 484.62; 484.64, subdivision 3; 484.65, subdivisions 3 and 7; 484.68, subdivision 5; 485.018, subdivisions 5 and 7; 486.05, subdivision 1; 486.055; 486.06; 487.08, subdivision 5; 487.31, subdivision 1; 488.14, subdivision 1; 488A.17, subdivision 2; 488A.31, subdivision 1; 488A.34, subdivision 2; 517.08, subdivision 1c; 525.033; 609.101; 609.5315, subdivision 5; 611.17; 611.21; 611.215, subdivision 2; 611.26, subdivision 2; 611A.61, subdivision 3; 626.861, subdivisions 3 and 4; Laws 1971, chapter 355, section 1, subdivision 2; Laws 1987, chapter 386, article 2, section 22; article 9, section 19; Laws 1988, chapter 686, article 1, section 37; article 2, section 10; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 84; 93; 115A; 116J; 116K; 192; 290; 462A; 469; 473; 480; 611; and 631; proposing coding for new law as Minnesota Statutes, chapter 361A; repealing Minnesota Statutes 1988, sections 3.865, 3.866; 3C.035; 3C.056; 11A.22; 16A.133, subdivision 3;

41A.01; 41A.02; 41A.021; 41A.022; 41A.023; 41A.03; 41A.035; 41A.036; 41A.04; 41A.05; 41A.051; 41A.06; 41A.065; 41A.066; 41A.07; 41A.08; 43A.316; 84.0911, subdivisions 1 and 3; 85.051; 85A.01, subdivision 1b; 89.04; 93.221; 94.165; 97A.065, subdivision 3; 97A.071; 97A.075; 115A.162; 116E.01; 116E.02; 116E.03; 116E.035; 116E.04; 116J.941; 116J.942; 116J.968; 161.52; 190.26; 198.001, subdivision 5; 344.03; 383B.63, subdivisions 4 and 5; 469.121, subdivision 1; 469.148; 469.149; 480.242, subdivision 4; 480.245; 486.07; 487.31, subdivision 4; 488A.05; 488A.111; 488A.22; 488A.281; 525.012, subdivisions 1, 2, 3, and 4; 611.07; 611.071; 611.12; 611.214; and 611.25, subdivision 2; Laws 1975, chapter 258, section 6, subdivisions 1, 3, 4, and 5; Laws 1983, chapter 334, section 7, as amended; Laws 1984, chapter 564, section 48; and Laws 1988, chapter 686, article 1, sections 14, paragraph (j); 21; 37, subdivision 10; and article 2, section 9."

With the recommendation that when so amended the bill pass.

The report was adopted.

Long from the Committee on Taxes to which was referred:

H. F. No. 417, A bill for an act relating to solid waste; establishing plans and programs to reduce waste generated, recycle waste, develop markets for recyclables, address materials that cause special problems in the waste stream, prevent, control, and abate litter, inform and educate the public on proper waste management; appropriating money; amending Minnesota Statutes 1988, sections 18B.01, by adding a subdivision; 115A.03, by adding subdivisions; 115A.072; 115A.12, subdivision 1; 115A.15, subdivision 5, and by adding subdivisions; 115A.46, subdivision 2, and by adding a subdivision; 115A.48, subdivision 3, and by adding subdivisions; 115A.96, subdivision 2, and by adding a subdivision; 116.07, by adding a subdivision; 116K.04, by adding a subdivision; 275.51, subdivision 1; 297A.01, subdivision 3; 297A.44, subdivision 1; 325E.115, subdivision 1; 400.08, by adding a subdivision; 473.149, subdivision 1; and 473.803, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 18B; 115A; 116C; 116J; 173; 297A; and 473.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

SOLID WASTE REDUCTION

Section 1. Minnesota Statutes 1988, section 115A.15, subdivision 5, is amended to read:

Subd. 5. [REPORTS.] By January 1 of each odd-numbered year, the commissioner of administration shall submit a report to the governor and to the legislative commission summarizing past activities and proposed goals of the program for the following biennium. The report shall include at least:

(1) a summary list of product and commodity purchases that contain recycled materials;

(2) the results of any performance tests conducted on recycled products and agencies' experience with recycled products used;

(3) a list of all organizations participating in and using the cooperative purchasing program; and

(4) a list of products and commodities purchased for their recyclability and of recycled products reviewed for purchase.

By July 1 of each even-numbered year the commissioner of the pollution control agency and the commissioner of public service shall submit recommendations to the commissioner regarding the operation of the program.

Sec. 2. Minnesota Statutes 1988, section 115A.15, is amended by adding a subdivision to read:

Subd. 7. [WASTE REDUCTION; PROCUREMENT MODEL.] For the purposes of reducing the amount of solid waste generated by the state and providing a model for other public and private procurement systems, the commissioner, in cooperation with the commissioner of the pollution control agency, shall develop, based on the recommendations in the study in section 7, waste reduction procurement programs, including an expanded life cycle costing system for procurement of durable and repairable items. The commissioner shall implement the program by January 1, 1992. On implementation of the model procurement system, the commissioner, in cooperation with the commissioner of the pollution control agency, shall develop and distribute informational materials for the purpose of promoting the procurement model to other public and private entities under section 6, subdivision 2.

Sec. 3. Minnesota Statutes 1988, section 115A.15, is amended by adding a subdivision to read:

Subd. 8. [RECYCLING BARRIERS.] The commissioner, together with the commissioner of public safety, shall review the barriers that limit recycling systems in buildings and address those barriers to recycling that may exist due to building, safety, and fire codes. By November 1, 1991, the commissioners shall jointly report their findings to the legislative commission on waste management, along

with recommendations for legislative or administrative action to enable a comprehensive recycling system consistent with necessary safety and fire prevention concerns.

Sec. 4. Minnesota Statutes 1988, section 115A.15, is amended by adding a subdivision to read:

Subd. 9. [RECYCLED MATERIALS; PURCHASING.] The commissioner shall develop and implement a cooperative purchasing program under section 471.59 to include state agencies, local governmental units, and, where feasible, other state governments and the federal government, for the purpose of purchasing recycled materials. By January 1, 1991, the commissioner shall develop a program to promote the cooperative purchasing program to those units of government and other persons.

Sec. 5. Minnesota Statutes 1988, section 115A.15, is amended by adding a subdivision to read:

Subd. 10. [RECYCLING GOAL.] By January 1, 1992, the commissioner shall recycle or compost at least 25 percent by weight of the solid waste generated by state offices and other operations located in the metropolitan area. The commissioner must keep records of the recycling and composting operation and share them annually with the metropolitan council and counties to assist the council and the counties in their data collection efforts.

Sec. 6. [115A.55] [SOLID WASTE REDUCTION.]

Subdivision 1. [AGENCY COORDINATION.] The agency shall develop and coordinate solid waste reduction programs to include at least public education, promotion of waste reduction, and technical and financial assistance to solid waste generators.

Subd. 2. [EDUCATION; PROMOTION; PROCUREMENT.] The agency shall include waste reduction as an element of its program of public education on waste management required under section 115A.072. The waste reduction education program must include dissemination of information and may include an award program for model waste reduction efforts. Waste reduction educational efforts must also include provision of information about and promotion of the model procurement program developed by the commissioner of administration under section 1, or any other model procurement program that results in significant waste reduction.

Subd. 3. [TECHNICAL ASSISTANCE.] The agency shall provide technical assistance to solid waste generators to enable the waste generators to implement programs or methods to reduce the amount of solid waste generated. The agency may use any means specified in section 115A.52 to provide technical assistance.

Subd. 4. [FINANCIAL ASSISTANCE.] The agency shall make loans and grants to any person for the purpose of developing and implementing projects or practices to prevent or reduce the generation of solid waste including those that involve reuse of items in their original form or procuring, using, or producing products with long useful lives. Grants may be used to fund studies needed to determine the technical and financial feasibility of a waste reduction project or practice or for the cost of implementation of a waste reduction project or practice that the agency has determined is technically and financially feasible.

In making grants or loans, the agency shall give priority to waste reduction or problem materials projects or practices that have broad application in the state and that have the potential for significant reduction of the amount of waste generated; or that are directed toward removing problem materials from the waste stream.

All information developed as a result of a grant or loan shall be made available to other solid waste generators through the public information program established in subdivision 2.

The agency shall adopt rules for the administration of this program. Agency rules must prescribe the level or levels of matching funds required for grants or loans under this subdivision.

Sec. 7. [STUDY; PURCHASE AND USE OF RECYCLED MATERIALS.]

The commissioner of administration shall contract with an outside consultant for a study and evaluation of practices, procedures, and methods to ensure that state contracts and purchasing may be structured to encourage the procurement and use of recycled materials and to meet the requirements of section 1.

By January 1, 1991, the commissioner shall develop a plan and implementation strategy based on the study and shall present it, along with any proposals for legislative action, to the legislative commission on waste management.

ARTICLE 2 RECYCLING

Section 1. [115A.151] [STATE AND LOCAL FACILITIES.]

By July 1, 1990, a state agency or local unit of government, other than a school district, shall:

(1) ensure that facilities under its control, from which mixed municipal solid waste is collected, have containers for at least three recyclable materials; and.

(2) transfer all recyclable materials collected at those facilities to a recycler.

Sec. 2. Minnesota Statutes 1988, section 115A.46, subdivision 2, is amended to read:

Subd. 2. [CONTENTS.] The plans shall describe existing collection, processing, and disposal systems, including schedules of rates and charges, financing methods, environmental acceptability, and opportunities for improvements in the systems. The plans shall include an estimate of the land disposal capacity in acre-feet which will be needed through the year 2000, on the basis of current and projected waste generation practices. The plans shall require the most feasible and prudent reduction of the need for and practice of land disposal of mixed municipal solid waste. The plans shall address at least waste reduction, separation, and resource recovery, ~~and~~ shall include objectives, immediately and over specified time periods, for reducing the land disposal of mixed municipal solid waste; and shall describe proposed mechanisms for complying with the recycling requirements of section 4 and the household hazardous waste management requirements of article 4, section 8. The plans shall describe specific functions to be performed and activities to be undertaken to achieve the abatement objectives and shall describe the estimated cost, proposed manner of financing, and timing of the functions and activities. The plans shall include a comparison of the costs of the activities to be undertaken, including capital and operating costs, and the effects of the activities on the cost to generators and on persons currently providing solid waste collection, processing, and disposal services. The plans shall include alternatives which could be used to achieve the abatement objectives if the proposed functions and activities are not established. The plans shall designate how public education shall be accomplished. The plans shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the plans shall include criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan. The plans shall establish a siting procedure and development program to assure the orderly location, development, and financing of new or expanded solid waste facilities and services sufficient for a prospective ten-year period, including estimated costs and implementation schedules, proposed procedures for operation and maintenance, estimated annual costs and gross revenues, and proposals for the use

of facilities after they are no longer needed or usable. The plans shall describe existing and proposed county and municipal ordinances and license and permit requirements relating to solid waste management and shall describe existing and proposed regulation and enforcement procedures.

Sec. 3. Minnesota Statutes 1988, section 115A.46, is amended by adding a subdivision to read:

Subd. 4. [DELEGATION; SOLID WASTE RESPONSIBILITIES.] A county or a solid waste management district established under sections 115A.62 to 115A.72 may not delegate to another governmental unit or other person any portion of its responsibility for solid waste management unless it establishes a funding mechanism to assure the ability of the entity to which it delegates responsibility to adequately carry out the responsibility delegated.

Sec. 4. [115A.551] [RECYCLING.]

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

(a) "Recycling" means, in addition to the meaning given in section 115A.03, subdivision 25b, yard waste composting and recycling that occurs through mechanical or hand separation of materials that are then delivered for reuse in their original form or for use in manufacturing processes that do not cause the destruction of recyclable materials in a manner that precludes further use.

(b) "Total solid waste generation" means the total by weight of:

(1) materials separated for recycling;

(2) materials separated for yard waste composting; and

(3) mixed municipal solid waste plus yard waste, used oil, tires, lead acid batteries, and white goods.

Subd. 2. [COUNTY RECYCLING GOALS.] It is the goal of each county to recycle a minimum of 25 percent by weight of its annual total solid waste generation by July 1, 1993. Each county shall either develop and implement or require political subdivisions within the county to develop and implement programs, practices, or methods designed to meet its recycling goal. Nothing in this section or any other law may be construed to prohibit a county from establishing a higher recycling goal. The Western Lake Superior Sanitary District established by Laws 1971, chapter 478, as amended, shall have all of the duties, authority, and rights of a county under this section with respect to recycling and total solid waste generation within the district.

Subd. 3. [INTERIM GOALS; NONMETROPOLITAN COUNTIES.] The agency shall establish interim recycling goals for the nonmetropolitan counties to assist them in meeting the 1993 goal.

Subd. 4. [INTERIM MONITORING.] The agency, for the nonmetropolitan counties, and the metropolitan council, for the metropolitan counties, shall monitor the progress of the counties toward meeting the recycling goal in subdivision 2 and shall report to the legislative commission on waste management on the progress of the counties by November 1 of each year. If the agency or the council finds that a county is not progressing toward the goal in subdivision 2, it shall negotiate with the county to develop and implement solid waste management techniques designed to assist the county in meeting the goal, such as organized collection, curbside collection of source-separated materials, and volume-based pricing.

Subd. 5. [FAILURE TO MEET GOAL.] If, based on the recycling monitoring described in subdivision 4, the agency or the metropolitan council finds that a county will be unable to meet the recycling goal established in subdivision 2, the agency or council shall, after consideration of the reasons for the county's inability to meet the goal, recommend legislation for consideration by the legislative commission on waste management to establish mandatory recycling standards and to authorize the agency or council to mandate appropriate solid waste management techniques designed to meet the standards in those counties that are unable to meet the goal.

Subd. 6. [COUNTY AND DISTRICT SOLID WASTE PLANS.] Each county and the Western Lake Superior Sanitary District shall include in its solid waste management plan described in section 115A.46, or its solid waste master plan described in section 473.803, a plan for implementing the recycling goal established in subdivision 2 along with mechanisms for providing financial incentives to solid waste generators to reduce the amount of waste generated and to separate recyclable materials from the waste stream. The recycling plan must include detailed recycling implementation information to form the basis for the strategy required in subdivision 7.

Each county required to submit its plan to the agency under section 115A.46 shall amend its plan to comply with this subdivision within one year after the effective date of this section.

Subd. 7. [RECYCLING IMPLEMENTATION STRATEGY.] Within one year of agency approval of the portion of the plan required in subdivision 6, each nonmetropolitan county shall submit for agency approval a local recycling implementation strategy. The local recycling implementation strategy must:

(1) be consistent with the approved county solid waste management plan;

(2) identify the materials that are being and will be recycled in the county to meet the goals under this section and the parties responsible and methods for recycling the material; and

(3) define the need for funds to ensure continuation of local recycling, methods of raising and allocating such funds, and permanent sources and levels of local funding for recycling.

Subd. 8. [EMERGENCY RULEMAKING.] The agency may adopt emergency rules implementing subdivision 6 and article 4, section 8.

Sec. 5. [115A.555] [RECYCLING CENTER DESIGNATION.]

The commissioner shall designate recycling centers for the purpose of section 10. To be designated as a recycling center, a recycling facility must be open a minimum of 12 operating hours each week, 12 months each year, and must accept for recycling at least three different materials such as paper, glass, and metal.

Sec. 6. [115A.557] [COUNTY WASTE REDUCTION AND RECYCLING; FUNDING.]

Subdivision 1. [DISTRIBUTION; FORMULA.] Any funds appropriated to the agency for the purpose of distribution to counties under this section must be annually distributed by the agency to eligible counties according to the following formula. Fifty percent must be equally distributed among all eligible counties and 50 percent must be distributed based on each county's proportion of the total state population.

Subd. 2. [PURPOSES FOR WHICH MONEY MAY BE SPENT.] A county receiving money distributed by the agency under this section may use the money only for the development and implementation of programs to:

(1) reduce the amount of solid waste generated;

(2) recycle the maximum amount of solid waste technically feasible;

(3) create and support markets for recycled products;

(4) remove problem materials from the solid waste stream and develop proper disposal options for them;

(5) inform and educate all sectors of the public about proper solid waste management procedures;

(6) provide technical assistance to public and private entities to ensure proper solid waste management; and

(7) provide educational, technical, and financial assistance for litter prevention.

Subd. 3. [ELIGIBILITY TO RECEIVE MONEY.] (a) To be eligible to receive money distributed by the agency under this section, a county shall within one year of the effective date of this section:

(1) create a separate account in its general fund in which to deposit the money;

(2) set up accounting procedures to ensure that money in the separate account is spent only for the purposes in subdivision 2; and

(3) provide evidence to the agency that local revenue equal to 25 percent of the money sought for distribution under this section will be expended for the purposes in subdivision 2.

(b) In each following year, each county shall also:

(1) have in place an approved solid waste management plan or master plan including a recycling implementation strategy under section 4, subdivision 7, or section 473.803, subdivision 1e, and a household hazardous waste management plan under article 4, section 7, by the dates specified in those provisions; and

(2) submit a report by August 1 of each year to the agency detailing how the money was spent and the resulting gains achieved in solid waste management practices during the previous fiscal year.

Subd. 4. [REPORT.] By November 1 of each year, the agency shall report on how the money was spent and the resulting statewide improvements in solid waste management to the house and senate appropriations and finance committees and the legislative commission on waste management.

Sec. 7. [115A.945] [VISIBLE SOLID WASTE MANAGEMENT COSTS.]

Any political subdivision that provides or pays for the costs of collection or disposal of solid waste shall, through a billing or other system, make the prorated share of those costs for each solid waste generator visible and obvious to the generator.

Sec. 8. Minnesota Statutes 1988, section 116K.04, is amended by adding a subdivision to read:

Subd. 6. [MODEL ZONING CRITERIA.] The commissioner shall, in consultation with the advisory council on state and local relations, develop and disseminate model zoning criteria for use by local units of government in siting recycling facilities.

Sec. 9. [121.938] [DISTRICTS TO RECYCLE PAPER.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "recycle" has the meaning given it in section 115A.03, subdivision 25b.

Subd. 2. [RECYCLING REQUIRED.] The state board of education shall require all public school districts to recycle paper used by the districts. The board may exempt from its requirement to recycle any district that the board determines will spend more money to recycle paper than will be saved by recycling.

Sec. 10. [173.086] [RECYCLING CENTER SIGNS.]

Subdivision 1. [AUTHORITY TO ERECT.] A recycling facility that has complied with the permitting rules of the pollution control agency and has been designated a recycling center by the agency under section 5 may erect a recycling center sign upon payment of a fee to the department of transportation or to the local road authority required to cover all costs of fabrication and installation of the signs.

Subd. 2. [SIGN STANDARDS.] The department of transportation shall design and manufacture the recycling center sign to specifications not contrary to other federal and state highway sign standards. The sign must contain the international three arrow recycling symbol followed by the words "recycling center."

Subd. 3. [LOCATION.] Each local road authority shall permit recycling center signs to be located on roads, excluding freeways, in its jurisdiction, subject to sign placement and distance requirements of the local authority in conformance with standard policies for placement of signs for other traffic generators.

Sec. 11. Minnesota Statutes 1988, section 400.08, is amended by adding a subdivision to read:

Subd. 5. [VARIABLE RATES; AUTHORITY.] A county may:

(1) charge or may require any person who collects solid waste in the county to charge solid waste generators rates for collection or disposal that vary depending on the volume or weight of waste generated;

(2) require collectors to provide financial incentives to solid waste generators who separate recyclable materials from their waste; or

(3) require use of any other mechanism to provide encouragement or rewards to solid waste generators who reduce their waste generation or who separate recyclable materials from their waste.

Notwithstanding any other law to the contrary, the Western Lake Superior Sanitary District may amend its solid waste management plan to require that the cities contained within the district require variable rates under clauses (1) to (3).

Sec. 12. Minnesota Statutes 1988, section 473.149, subdivision 1, is amended to read:

Subdivision 1. [POLICY PLAN; GENERAL REQUIREMENTS.] The metropolitan council shall prepare and by resolution adopt as part of its development guide a long range policy plan for solid waste management in the metropolitan area. When adopted, the plan shall be followed in the metropolitan area. The plan shall address the state policies and purposes expressed in section 115A.02. The plan shall substantially conform to all policy statements, purposes, goals, standards, maps and plans in development guide sections and plans adopted by the council, provided that no land shall be thereby excluded from consideration as a solid waste facility site except land determined by the agency to be intrinsically unsuitable for such use. The plan shall include goals and policies for solid waste management, including recycling consistent with section 4 and household hazardous waste management consistent with article 4, section 8, in the metropolitan area and, to the extent appropriate, statements and information similar to that required under section 473.146, subdivision 1. The plan shall include criteria and standards for solid waste facilities and solid waste facility sites respecting the following matters: general location; capacity; operation; processing techniques; environmental impact; effect on existing, planned, or proposed collection services and waste facilities; and economic viability. The plan shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the plan shall include additional criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan. In developing the plan the council shall consider the orderly and economic development, public and private, of the metropolitan area; the preservation and best and most economical use of land and water resources in the metropolitan area; the protection and enhancement of environmental quality; the conservation and reuse of resources and energy; the preservation and promotion of conditions

conducive to efficient, competitive, and adaptable systems of waste management; and the orderly resolution of questions concerning changes in systems of waste management. Criteria and standards for solid waste facilities shall be consistent with rules adopted by the pollution control agency pursuant to chapter 116 and shall be at least as stringent as the guidelines, regulations, and standards of the federal environmental protection agency.

Sec. 13. Minnesota Statutes 1988, section 473.803, subdivision 1, is amended to read:

Subdivision 1. [COUNTY MASTER PLANS; GENERAL REQUIREMENTS.] Each metropolitan county, following adoption or revision of the council's solid waste policy plan and in accordance with the dates specified therein, and after consultation with all affected local government units, shall prepare and submit to the council for its approval, a county solid waste master plan to implement the policy plan. The master plan shall be revised and resubmitted at such times as the council's policy plan may require. The master plan shall describe county solid waste activities, functions, and facilities; the existing system of solid waste generation, collection, and processing, and disposal within the county; proposed mechanisms for complying with the recycling requirements of section 4 and the household hazardous waste management requirements of article 4, section 8; existing and proposed county and municipal ordinances and license and permit requirements relating to solid waste facilities and solid waste generation, collection, and processing, and disposal; existing or proposed municipal, county, or private solid waste facilities and collection services within the county together with schedules of existing rates and charges to users and statements as to the extent to which such facilities and services will or may be used to implement the policy plan; and any solid waste facility which the county owns or plans to acquire, construct, or improve together with statements as to the planned method, estimated cost and time of acquisition, proposed procedures for operation and maintenance of each facility; an estimate of the annual cost of operation and maintenance of each facility; an estimate of the annual gross revenues which will be received from the operation of each facility; and a proposal for the use of each facility after it is no longer needed or usable as a waste facility. The master plan shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the master plan shall contain criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan.

Sec. 14. [SAFETY GUIDE.]

The agency, in cooperation with the council, shall prepare and distribute to all interested persons a guide for operation of a recycling or yard waste composting facility to protect the environment and public health.

Sec. 15. [SOLID WASTE COMPOSITION STUDY.]

The agency, in cooperation with the council, shall study and comprehensively analyze the composition of solid waste on a state-wide and regional basis during each of the four seasons of the year. The study must include and not duplicate existing waste composition information previously gathered and must provide information on recyclables and noncombustibles in the waste, generation of the waste, and other solid waste characteristics. The agency and council shall jointly present their findings to the legislative commission on waste management by November 1, 1991.

ARTICLE 3

RECYCLING MARKET DEVELOPMENT

Section 1. Minnesota Statutes 1988, section 115A.12, subdivision 1, is amended to read:

Subdivision 1. [SOLID AND HAZARDOUS WASTE MANAGEMENT.] (a) The chair of the board shall establish a solid waste management advisory council and a hazardous waste management planning council broadly representative of the geographic areas and interests of the state.

(b) The councils solid waste council shall have not less than nine nor more than 18 21 members each. The membership of the solid waste council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives from private solid waste management firms. The solid waste council shall contain at least three members experienced in the private recycling industry and at least one member experienced in each of the following areas: state and municipal finance; solid waste collection, processing, and disposal; and solid waste reduction and resource recovery.

(c) The hazardous waste council shall have not less than nine nor more than 18 members. The membership of the hazardous waste advisory council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives of hazardous waste generators and private hazardous waste management firms.

(d) The chairs of the advisory councils shall be appointed by the chair of the board. The chair of the board shall provide administrative and staff services for the advisory councils. The advisory councils shall have such duties as are assigned by law or the chair of the board. The solid waste advisory council shall make recommendations to the board on its solid waste management activities. The hazardous waste advisory council shall make recommendations to the board on its activities under sections 115A.08, 115A.09, 115A.10, 115A.11, 115A.20, 115A.21, and 115A.24. Members of the advisory councils shall serve without compensation but shall be reimbursed for their reasonable expenses as determined by the chair of the board. The solid waste management advisory council and the hazardous waste management planning council expire as provided in section 15.059, subdivision 5.

Sec. 2. Minnesota Statutes 1988, section 115A.48, subdivision 3, is amended to read:

Subd. 3. [PUBLIC PROCUREMENT.] The board shall provide technical assistance and advice to political subdivisions and other public agencies to encourage solid waste reduction and development of markets for recyclable materials and compost through procurement policies and practices. Political subdivisions, educational institutions, and other public agencies shall aggressively pursue procurement practices that encourage solid waste reduction, recycling, and development of markets for recyclable materials and compost and shall, whenever practical, procure products containing recycled materials.

Sec. 3. Minnesota Statutes 1988, section 115A.48, is amended by adding a subdivision to read:

Subd. 4. [RECYCLING TRANSPORTATION SYSTEM.] The agency shall, in consultation with local government units and other interested persons, develop a cooperative and comprehensive program to enhance existing systems to transport recyclable materials to market. The agency must begin implementation by September 1, 1990.

Sec. 4. Minnesota Statutes 1988, section 115A.48, is amended by adding a subdivision to read:

Subd. 5. [MARKET DEVELOPMENT PROJECTS.] (a) The agency shall make grants and loans and shall provide technical assistance to persons for research and development or for the acquisition and betterment of projects that develop markets or end uses for recyclable materials. The agency may use any means specified in section 115A.52 to provide technical assistance.

(b) A project may receive a loan for up to 50 percent of the capital cost of the project or \$2,000,000, whichever is less.

(c) A project may receive a grant for up to 25 percent of the capital cost of the project or \$500,000, whichever is less.

(d) The agency shall adopt rules for the program.

Sec. 5. [116J.99] [SOLID WASTE RECYCLING; PRIORITY IN GRANTING ASSISTANCE.]

Whenever practical, the commissioner, in approving grants under this chapter, shall place a priority on those businesses or projects that recycle solid waste, transport recyclable materials, or develop end uses or markets for recyclable materials. For the purposes of this section, the terms "solid waste" and "recyclable materials" have the meanings given them in section 115A.03.

ARTICLE 4

PROBLEM MATERIALS

Section 1. Minnesota statutes 1988, section 18B.01, is amended by adding a subdivision to read:

Subd. 24a. [RETURNABLE CONTAINER.] "Returnable container" means a container for distributing pesticides that enables the empty container and unused pesticide product to be returned to the distributor, manufacturer, or packager and facilitates the refilling or reuse of the container. Returnable container includes bulk, minibulk, or dedicated containers designed to protect the integrity of the pesticide and prevent contamination through the introduction of unauthorized materials.

Sec. 2. [18B.141] [SALE OF PESTICIDES IN RETURNABLE CONTAINERS AND MANAGEMENT OF UNUSED PORTIONS.]

(a) After July 1, 1994, no person shall distribute, offer for sale, or sell any pesticide product in containers that do not:

(1) accommodate the return of the empty container and any unused portion of the pesticide to the seller, distributor, or registrant; and

(2) facilitate the refilling or reusing of the pesticide container.

(b) After July 1, 1994, a person distributing, offering for sale, or selling any pesticide in returnable containers shall accept from any pesticide end user empty returnable pesticide containers and any unused portion of pesticide that remains in the original container if the pesticide was purchased after July 1, 1994.

(c) Pesticide products packaged solely for household use are exempt from the requirements of this section.

(d) The commissioner may adopt rules to implement this section including procedures and standards prescribing the exemption of certain pesticide products and pesticide containers.

Sec. 3. Minnesota Statutes 1988, section 115A.03, is amended by adding a subdivision to read:

Subd. 24a. [PROBLEM MATERIAL.] "Problem material" means a material that, when it is processed or disposed of with mixed municipal solid waste, contributes to one of the following results:

- (1) the release of a hazardous substance, or pollutant or contaminant, as defined in section 115B.02, subdivisions 8, 13, and 15;
- (2) pollution of water as defined in section 115.01, subdivision 5;
- (3) air pollution as defined in section 116.06, subdivision 3; or
- (4) a significant threat to the safe or efficient operation of a solid waste processing facility.

Sec. 4. Minnesota Statutes 1988, section 115A.03, is amended by adding a subdivision to read:

Subd. 38. [WHITE GOODS.] "White goods" means major household appliances including household clothes washers and dryers, dishwashers, hot water heaters, garbage disposals, trash compactors, conventional ovens, ranges or stoves, air conditioners, refrigerators, and freezers.

Sec. 5. [115A.952] [RETAIL SALE OF PROBLEM MATERIALS; UNIFORM LABELING AND CONSUMER INFORMATION.]

Subdivision 1. [DUTIES OF AGENCY; RULES.] The agency shall adopt rules to identify products used primarily for personal, family, or household purposes that constitute a problem material or contain a problem material as defined in section 3. The rules must also prescribe a uniform label to be used by retailers of identified products as provided in subdivision 3. The rules must identify products that constitute a problem material or contain a problem material from at least the following categories:

- (1) drain cleaners, oven cleaners, and wood and metal cleaners and polishes;
- (2) automotive fuel additives, grease and rust solvents, carburetor and fuel injection cleaners, and starter fluids;

- (3) herbicides, insecticides, fungicides, and wood preservatives;
- (4) paint and paint thinners, paint strippers, and adhesives; or
- (5) household batteries, as defined in section 9, and products containing nickel-cadmium batteries.

The agency may adopt rules to identify additional products that meet the criteria provided in this subdivision. Packaging that is recyclable or that is made from recycled material is not a problem material.

Subd. 2. [PREPARATION AND SUPPLY OF MATERIALS.] The agency shall prepare and supply to retailers, without charge to the retailers, the labels and informational materials required to comply with subdivision 3. Informational materials must include specific instructions on environmentally sound ways to use identified products and to handle them when the products or their containers are discarded.

Subd. 3. [DUTIES OF RETAILERS.] A person who sells or offers for sale at retail any product that is identified pursuant to rules of the agency adopted under subdivision 1 shall:

(1) affix a uniform label as prescribed by the rules in a prominent location upon or near the display area of the product. If the adjacent display area is a shelf, the label shall be affixed to the price information for the product on the shelf. The label shall not be directly affixed to any product; and

(2) maintain and prominently display informational materials supplied by the agency at the location where identified products covered by the materials are sold or offered for sale.

Sec. 6. [115A.954] [WHITE GOODS.]

A person may not place white goods in mixed municipal solid waste or dispose of white goods in a solid waste processing or disposal facility after January 1, 1990. The agency may enforce this section pursuant to section 115.071.

Sec. 7. Minnesota Statutes 1988, section 115A.96, subdivision 2, is amended to read:

Subd. 2. [MANAGEMENT PROGRAM.] The agency shall establish a statewide program to manage household hazardous wastes. The program must include:

- (1) the establishment and operation of collection sites; and

(2) the provision of information, education, and technical assistance regarding proper management of household hazardous wastes.

The agency shall report on its progress on establishing permanent collection sites to the legislative commission on waste management by November 1, 1991.

Sec. 8. Minnesota Statutes 1988, section 115A.96, is amended by adding a subdivision to read:

Subd. 6. [HOUSEHOLD HAZARDOUS WASTE MANAGEMENT PLANS.] Each county shall include in its solid waste management plan required in section 115A.46 or its solid waste master plan required in section 473.803 a household hazardous waste management plan. The plan must at least:

(1) include a broad based public education component;
(2) include a strategy for reduction of household hazardous waste;
and

(3) address separation of household hazardous waste from mixed municipal solid waste and the collection, storage, and disposal of that waste.

Each county required to submit its plan to the agency under section 115A.46 shall amend its plan to comply with this subdivision within one year after the effective date of this section.

Each county in the state shall implement its household hazardous waste management plan by December 31, 1991.

Sec. 9. [115A.961] [HOUSEHOLD BATTERIES; COLLECTION, PROCESSING, AND DISPOSAL.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "household batteries" means disposable or rechargeable dry cells commonly used as power sources for household or consumer products including, but not limited to, nickel-cadmium, alkaline, mercuric oxide, silver oxide, zinc oxide, lithium, and carbon-zinc batteries, but excluding lead acid batteries.

Subd. 2. [PROGRAM.] The agency, in consultation with other state agencies, political subdivisions, and representatives of the household battery industry, shall develop household battery programs.

The agency shall investigate options and develop guidelines for collection, processing, and disposal of household batteries. The options the agency shall investigate include:

(1) establishing a grant program for counties to plan and implement household battery collection, processing, and disposal projects;

(2) establishing collection and transportation systems;

(3) developing and disseminating educational materials regarding environmentally sound battery management; and

(4) developing markets for materials recovered from the batteries.

The agency may also distribute funds to political subdivisions to develop battery management plans and implement those plans.

Subd. 3. [PARTICIPATION.] A political subdivision, on its own or in cooperation with others, may implement a program to collect, process, or dispose of household batteries. A political subdivision may provide financial incentives to any person, including public or private civic groups, to collect the batteries.

Subd. 4. [REPORT.] By November 1, 1990, the agency shall report to the legislative commission on waste management on its activities under this section with recommendations for legislation necessary to address management of household batteries.

Sec. 10. Minnesota Statutes 1988, section 116.07, is amended by adding a subdivision to read:

Subd. 4j. [HOUSEHOLD HAZARDOUS WASTE MANAGEMENT.] The agency shall adopt rules to require the owner or operator of a solid waste disposal facility or resource recovery facility to submit a management plan for the separation of household hazardous waste. The plan must include:

(1) participation in public education activities on household hazardous waste management in the facility's service area;

(2) a strategy for reduction of household hazardous waste entering the facility; and

(3) a plan for the storage and disposal of separated household hazardous waste.

After January 1, 1991, the agency may not grant or renew a permit for a facility that has not submitted a household hazardous waste management plan.

Sec. 11. Minnesota Statutes 1988, section 325E.115, subdivision 1, is amended to read:

Subdivision 1. [SURCHARGE; COLLECTION; NOTICE.] (a) A person selling lead acid batteries at retail or offering lead acid batteries for retail sale in this state shall:

(1) accept, at the point of transfer, lead acid batteries from customers; and

(2) charge a fee of \$5 per battery sold unless the customer returns a used battery to the retailer; and

(3) post written notice, which must be at least 8½ inches by 11 inches in size and must contain the universal recycling symbol and the following language:

(i) "It is illegal to put a motor vehicle battery in the garbage.";

(ii) "Recycle your used batteries."; and

(iii) "State law requires us to accept motor vehicle batteries for recycling."

(b) Any person selling lead acid batteries at wholesale or offering lead acid batteries for sale at wholesale must accept, at the point of transfer, lead acid batteries from customers.

Sec. 12. [473.804] [HOUSEHOLD HAZARDOUS WASTE MANAGEMENT.]

By December 31, 1991, each metropolitan county shall develop and implement a permanent program to manage household hazardous waste. Each program must include at least monthly collection of wastes. Each program must be consistent with the council's policy plan and must be described as part of each county's solid waste master plan revision as required under section 473.803, subdivision 1.

Sec. 13. [MANAGEMENT AND DISPOSAL STUDY.]

The agency shall conduct a study of the proper management and disposal of waste paint; polychlorinated biphenyl capacitors less than or equal to three pounds contained in white goods, as defined in section 4, and in other electrical devices; and household water and automotive filters that collect pollutants or contaminants. The agency shall report its findings together with any recommendations for legislation to the legislative commission on waste management by November 1, 1990.

Sec. 14. [PESTICIDE CONTAINER COLLECTION AND RECYCLING PILOT PROJECT.]

Subdivision 1. [PESTICIDE; DEFINITION.] For the purposes of this section, "pesticide" means a substance or mixture of substances intended to prevent, destroy, repel, or mitigate a pest, and a substance or mixture of substances intended for use as a plant regulator, defoliant, or desiccant.

Subd. 2. [PROJECT.] The department of agriculture, in consultation and cooperation with the commissioner of the pollution control agency, shall design and implement a pilot collection project, to be completed by June 30, 1991, to:

- (1) collect and recycle empty, triple-rinsed pesticide containers;
- (2) develop, demonstrate, and promote proper pesticide container management; and
- (3) evaluate the current pesticide container management methods and the cause and extent of the problems associated with pesticide containers.

Subd. 3. [COLLECTION AND DISPOSAL.] The department of agriculture shall provide for the establishment and operation of temporary collection sites for pesticide containers. The department of agriculture may limit the type and quantity of pesticide containers acceptable for collection.

Subd. 4. [INFORMATION AND EDUCATION.] The department of agriculture shall develop informational and educational materials to promote proper methods of pesticide container management.

Subd. 5. [REPORT.] During the pilot project, the department of agriculture shall conduct surveys and collect information on proper and improper pesticide container storage and disposal. By November 30, 1991, the department of agriculture shall report to the legislature its conclusions from the project and recommendations for additional legislation or rules governing management of pesticide containers.

Subd. 6. [MANAGEMENT AND DISPOSAL.] The department of agriculture or other entity collecting pesticide containers must manage and dispose of the containers in compliance with applicable federal and state requirements.

ARTICLE 5

LITTER

Section 1. [115A.99] [LITTER; CIVIL PENALTY.]

Any person who unlawfully places any portion of solid waste in or on public or private lands, shorelands, roadways, or waters is subject to a civil penalty of not less than twice nor more than five times the amount of cost incurred by any governmental agency or political subdivision to remove, process, and dispose of the waste. A governmental agency or political subdivision that incurs cost as described in this section may bring an action to recover the civil penalty, any related legal, administrative, and court costs, and damages for injury to or pollution of the lands, shorelands, roadways, or waters where the waste was placed if owned or managed by the entity bringing the action.

Civil penalties paid under this section must be deposited in the general fund of the jurisdiction enforcing the penalties.

If the property where waste was unlawfully placed was owned by a private person, that person, in order to recover damages for injury to the property, may join any action to recover a civil penalty brought under this section.

Sec. 2. [115A.991] [LITTER; GRANTS.]

The agency may make grants to each county that has included in its solid waste plan required in section 115A.46, or its solid waste master plan required in section 473.803, programs to prevent, control, or abate litter. The agency shall establish eligibility criteria for grants including the required level of matching funds from applicants.

Sec. 3. [116C.36] [LITTER PREVENTION; CONTROL; ABATEMENT.]

Subdivision 1. [DUTIES OF BOARD.] The board shall coordinate state and local efforts to prevent, control, and abate litter through an interagency committee described in subdivision 2. By November 1, 1991, the board shall report to the pollution control agency on the problems of litter prevention, control, and abatement including the advisability of creating a permanent statewide system for state and local programs and coordination to address litter and shall also report its findings, together with its recommendations for legislation to address those problems, to the governor.

Subd. 2. [ADVISORY COMMITTEE.] An advisory committee is created to advise the board on litter prevention, control, and abatement. The advisory committee will include the following officials or their designees: the commissioner of corrections, the commissioner of natural resources, the commissioner of public safety, the commissioner of education, the commissioner of the pollution control agency, the commissioner of transportation, and the commissioner of trade and economic development. The chair of the board shall appoint additional members of the task force to

represent counties, cities, and towns. Not more than two members may be appointed to represent each level of government. The chair may appoint additional members representing other state agencies or political subdivisions other than counties, cities, and towns.

The advisory committee shall coordinate state and local efforts to prevent, control, and abate litter. By June 30, 1990, the advisory committee shall study litter problems in the state and report its findings, together with any proposals for legislation, to the board. The advisory committee expires July 1, 1990.

ARTICLE 6

WASTE EDUCATION

Section 1. Minnesota Statutes 1988, section 115A.072, is amended to read:

115A.072 [PUBLIC EDUCATION ON WASTE MANAGEMENT.]

Subdivision 1. [WASTE EDUCATION; COALITION.] The board shall provide for the development and implementation of a program of general public education on waste management in cooperation and coordination with the pollution control agency, metropolitan council, department of education, department of agriculture, state planning agency, environmental quality board, environmental education board, educational institutions, and other public agencies with responsibility for waste management or public education, and three other persons who represent private industry and who have knowledge of or expertise in recycling and solid waste management issues. The objectives of the program are to: develop increased public awareness of and interest in environmentally sound waste management methods; encourage better informed decisions on waste management issues by business, industry, local governments, and the public; and disseminate practical information about ways in which households and other institutions and organizations can improve the management of waste.

The commissioner shall appoint an advisory task force, to be called the waste education coalition, of up to 18 members to advise the agency in carrying out its responsibilities under this section and whose membership represents the agencies and entities listed in this subdivision.

Subd. 2. [AGENCY DUTIES.] In addition to its general duties established in subdivision 1, the agency shall:

- (1) develop a statewide waste management public education

campaign with materials that may be easily adapted by political subdivisions to meet their program needs;

(2) develop and make available to schools educational curricula on waste education for grades kindergarten to 12 to address at least waste reduction, recycling, litter, and proper management and disposal of problem materials as defined in article 4, section 3; and

(3) provide grants to governmental agencies for the purposes of developing and distributing waste education information and may provide grants to any education facility for the other purposes specified in subdivision 3.

Subd. 3. [EDUCATION GRANTS; MODEL SCHOOL PROGRAM.] The agency shall provide grants to school districts, education districts, or ECSU's for the purpose of developing and distributing waste education information to students in kindergarten through grade 12.

The agency shall provide grants and technical assistance to school districts, education districts, or ECSU's to develop and implement a model program to incorporate waste reduction, recycling, litter prevention, and proper management of problem materials into the education curriculum.

The agency shall provide grants or awards to school districts, education districts, or ECSU's to develop or implement ongoing waste reduction, recycling, litter prevention, and proper management of problem materials programs.

Subd. 4. [COORDINATION; UNIVERSITY.] Whenever practical the agency shall request assistance from the University of Minnesota and the university's extension service, and other post-secondary institutions, in developing and distributing waste education materials.

Sec. 2. [WASTE EDUCATION; CURRICULUM.]

The state board of education and the department of education shall include waste education components in the model learner outcomes and essential learner outcomes developed for environmental education under section 126.663, subdivisions 2 and 3.

ARTICLE 7

FUNDING

Section 1. Minnesota Statutes 1988, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1988 1989 payable in 1989 1990 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. Except for the costs of general assistance as defined in section 256D.02, subdivision 4, general assistance medical care under section 256D.03 and the costs of hospital care pursuant to section 261.21, the aggregate amounts levied pursuant to this clause are subject to a maximum increase of 18 percent over the amount levied for these purposes in the previous year. Effective with taxes levied in 1989, the portion of this special levy for income maintenance programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;

(b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(c) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(e) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(g) pay amounts required to correct for an error of omission in the levy certified to the appropriate county auditor or auditors by the governing body of a city or town with statutory city powers in a levy year, but only to the extent that when added to the preceding year's

levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16; and

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5; and

(k) pay an amount of up to 25 percent of the money sought for distribution and approved under article 2, section 6, subdivision 3, clause (3).

Sec. 2. [115A.922] [SOLID WASTE DISPOSAL FEES.]

Subdivision 1. [STATE RECYCLING FEE.] A state recycling fee is imposed by the state on solid waste accepted by operators of disposal or resource recovery facilities. The fee is \$9 per ton of solid waste or \$4 per ton of processed waste from a resource recovery facility as described in section 115A.03, subdivision 28, accepted by the operator of a landfill or similar disposal facility, and \$1 per ton of mixed municipal solid waste accepted by the operator of a resource recovery facility. Waste residue from recycling facilities that separate or process recyclables and that reduce the volume of the solid waste by at least 85 percent is exempt from the fee. The fee imposed by this section does not apply to recyclable materials as defined in section 115A.03, subdivision 25A.

Subd. 2. [COLLECTION OF FEES.] (a) The fee under subdivision 1 must be collected by an operator of a disposal or resource recovery facility and is in addition to the city or town fee imposed under section 115A.921 and the county fee imposed under section 115A.919.

(b) The operator of a facility for the disposal or resource recovery of solid waste shall collect the fee imposed under subdivision 1. By the 15th day of each month the operator of the disposal or resource recovery facility shall remit the fee collected and report the amount of solid waste collected by the facility during the previous calendar month to the commissioner of revenue.

Subd. 3. [USE OF PROCEEDS.] The fee received by the commissioner of revenue must be deposited in the state treasury and credited as follows: 97 percent to a solid waste reduction and recycling account and three percent to the Minnesota future resources account. No less than 82.5 percent of the amount credited to the solid waste reduction and recycling account under this section must be appropriated annually for distribution to counties under article 2, section 6.

ARTICLE 8
APPROPRIATIONS

Section 1. [APPROPRIATIONS.]

The following amounts are appropriated from the solid waste reduction and recycling account to the agencies and for the purposes and fiscal years specified:

	<u>1990</u>	<u>1991</u>
<u>(a) to the pollution control agency</u>		
<u>(1) for solid waste reduction programs under article 1</u>
<u>(2) for solid waste recycling programs under article 2</u>
<u>(3) for market development programs under article 3</u>
<u>(4) for programs to identify and manage problem materials under article 4</u>
<u>(5) for grants for litter prevention, control and abatement under article 5</u>
<u>(6) for public education under article 6</u>
<u>(7) for distribution to the counties for solid waste reduction and recycling under article 2, section 6</u>
<u>(b) to the department of administration for waste reduction, procurement, and recycling under article 1, sections 2 and 4</u>

(c) to the department of agriculture for the pesticide activities under article 4, sections 2 and 14

(d) to the state planning agency for activities related to litter under article 5

Amounts unexpended in one fiscal year are available for expenditure in the other fiscal year."

Delete the title and insert:

"A bill for an act relating to solid waste; establishing plans and programs to reduce waste generated, recycle waste, develop markets for recyclables, address materials that cause special problems in the waste stream, prevent, control, and abate litter, inform and educate the public on proper waste management; appropriating money; amending Minnesota Statutes 1988, sections 18B.01, by adding a subdivision; 115A.03, by adding subdivisions; 115A.072; 115A.12, subdivision 1; 115A.15, subdivision 5, and by adding subdivisions; 115A.46, subdivision 2, and by adding a subdivision; 115A.48, subdivision 3, and by adding subdivisions; 115A.96, subdivision 2, and by adding a subdivision; 116.07, by adding a subdivision; 116K.04, by adding a subdivision; 275.50, subdivision 5; 325E.115, subdivision 1; 400.08, by adding a subdivision; 473.149, subdivision 1; and 473.803, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 18B; 115A; 116C; 116J; 121; 173; and 473."

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

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 654, A bill for an act relating to education; providing for general education revenue, transportation, special programs, community education, school facilities and equipment, education organization and cooperation, access to education excellence, school breakfast programs, sexual harassment and violence policies, parental involvement programs, libraries, state education agencies and education agency services, providing for limits on open enrollment and post-secondary options; appropriating money; amending Minnesota Statutes 1988, sections 43A.08, subdivision 1a; 120.06, by adding a subdivision; 120.062, subdivisions 4, 6, and by adding a subdivision; 120.17, subdivisions 3, 3b, and by adding a subdivision;

121.88, subdivisions 2 and 5; 121.882, subdivisions 2 and 4; 121.904, subdivision 4a; 121.908, subdivision 5; 121.912, subdivision 1; 121.935, subdivision 6; 122.23, by adding a subdivision; 122.43, subdivision 1; 122.532, subdivision 4; 122.541, subdivision 5; 122.91; 122.92; 122.93, subdivision 2, and by adding subdivisions; 122.94, subdivision 1, and by adding a subdivision; 122.95, subdivision 2, and by adding a subdivision; 123.3514, subdivisions 2, 4, 4c, 5, 7, and 10; 123.39, by adding a subdivision; 123.58, subdivision 6; 123.702, subdivisions 1, 1a, 2, 3, 4, and by adding subdivisions; 123.703, by adding subdivisions; 123.705, subdivision 1, and by adding a subdivision; 124.17, subdivision 1b; 124.19, subdivision 5; 124.195, subdivision 8; 124.223; 124.225; 124.243, subdivision 3, and by adding a subdivision; 124.244, subdivision 2; 124.245, subdivision 3b; 124.26, by adding a subdivision; 124.261; 124.271, by adding subdivisions; 124.2711, subdivisions 1, 3, 4, and by adding a subdivision; 124.2721; 124.273, subdivision 1b, 4, 5, 7, and by adding a subdivision; 124.32, subdivisions 1b, 1d, and by adding a subdivision; 124.43, subdivision 1, and by adding a subdivision; 124.494, subdivision 2; 124.573, subdivision 2b, and by adding subdivisions; 124.574, subdivisions 1, 4, and 5; 124.575, subdivision 3; 124.71, subdivision 1; 124.83, subdivisions 3; 4, and 6; 124A.02, by adding a subdivision; 124A.03, subdivision 2; 124A.035, subdivisions 2 and 4; 124A.036, by adding a subdivision; 124A.22, subdivisions 2, 4, and 9; 124A.23, subdivision 1; 124A.28, subdivision 1; 124A.31; 126.151, subdivision 2; 126.23; 126.56, subdivision 4, and by adding a subdivision; 126.67, subdivision 8; 128A.09; 129.121, by adding a subdivision; 129C.10; 134.33, subdivision 1; 134.34, subdivisions 1, 2, 3, and 4; 134.35, subdivision 5; 136D.27, subdivision 1; 136D.74, subdivision 2; 136D.87, subdivision 1; 141.35; 275.125, subdivisions 5, 5b, 5c, 5e, 8, 8b, 8c, 8e, 11d, and by adding a subdivision; 354.094, subdivisions 1 and 2; 354.66, subdivision 4; 354A.091, subdivisions 1 and 2; 354A.094, subdivision 4; and 363.06, subdivision 3; Laws 1988, chapter 718, article 7, section 61, subdivisions 1, 2, and 3; proposing coding for new law in Minnesota Statutes, chapters 122; 124; 124A; 126; 127; 275; and 363; repealing Minnesota Statutes 1988, sections 120.062, subdivision 8; 123.702, subdivisions 1a, 5, 6, and 7; 124.217; 124.243, subdivision 4; 124.271, subdivision 26; 129B.11; 129B.48; 134.33, subdivision 1; 134.34, subdivision 5; and 275.125, subdivision 6f; Laws 1988, chapter 718, article 5, section 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“ARTICLE 1

GENERAL EDUCATION AID

Section 1. Minnesota Statutes 1988, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus 27 28.4 percent of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) 27 28.4 percent of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund; the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to section sections 124.4945 and 275.125, subdivision 6a, and Laws 1975, chapter 261, section 4; and

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recog-

nized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1988, section 124.17, subdivision 1b, is amended to read:

Subd. 1b. [AFDC PUPIL UNITS.] In a district in which the number of pupils from families receiving aid to families with dependent children on October 1 of the previous school last even-numbered year in the last biennium equals six percent or more of the actual pupil units in the district for the same year to be funded, as computed in subdivision 1, each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent. In a district in which the percent of concentration is less than six, additional pupil units may not be counted for such pupils. A pupil may not be counted as more than .6 additional pupil unit under this subdivision. The weighting in this subdivision is in addition to the weighting provided in subdivision 1.

Information on a pupil, other than summary data, that identifies a pupil as a member of a family receiving aid to families with dependent children is private data under section 13.46, subdivision 2.

Sec. 3. Minnesota Statutes 1988, section 124.19, subdivision 5, is amended to read:

Subd. 5. [SCHEDULE ADJUSTMENTS.] (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by school districts. School districts are encouraged to consider both cost and energy saving measures.

(b) Notwithstanding the provisions of subdivision 1 or 4, any district, including a district operating a program pursuant to sections 120.59 to 120.67 or 129B.42 to 129B.47, or operating a commissioner-designated area learning center program under section 129B.56, may adjust the annual school schedule for that program throughout the calendar year so long as the number of instructional hours in the year is not less than the number of instructional hours per day specified in the rules of the state board multiplied by the minimum number of instructional days required by subdivision 1.

Sec. 4. Minnesota Statutes 1988, section 124A.02, is amended by adding a subdivision to read:

Subd. 25. [DEFINITION.] For the purposes of sections 124.17, 124A.03, 124A.034, 124A.035, 124A.036, 124A.04, 124A.22,

124A.23, 124A.26, 124A.27, 124A.28, 124A.29, and 124A.31, unless otherwise specified "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined in section 123.33 or "education district board" as defined in section 122.92.

Sec. 5. Minnesota Statutes 1988, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (1) The levy authorized by section 124A.23, subdivision 2, may be increased in any amount that is approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only two elections may be held to approve a levy increase that will commence in a specific school year. The ballot shall state the maximum amount of the increased levy ~~in mills~~ as a percentage of net tax capacity, the amount that will be raised by that tax capacity rate in the first year it is to be levied, and that the tax capacity rate shall be used to finance school operations. The ballot may designate a specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

(a) For a school district, "Shall the increase in the levy proposed by (petition to) the board of, School District No. . ., be approved?"

(b) For a qualifying education district, "Shall the increase in the levy by (petition to) the board of, Education District No. . ., be approved?"

If approved, the amount provided by the approved tax capacity rate applied to ~~each year's gross~~ the net tax capacity for the year preceding the year the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(2) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to clause (1) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to clause (1) must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one such revocation or reduction election may be held to revoke or reduce a levy for any specific year and for years thereafter.

(3) A petition authorized by clause (1) shall be effective if signed by a number of qualified voters in excess of 15 percent, or (a) for a school district, ten percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections; (b) for a qualifying education district, the average number of voters at the two most recent school districtwide school elections in all the member school districts. A referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(4) A petition authorized by clause (2) shall be effective if signed by a number of qualified voters in excess of five percent of the residents of the school district as determined by the most recent census. A revocation or reduction referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(5) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(6) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 6. [124A.0301] [REFERENDUM EQUALIZATION AID.]

Subdivision 1. [REFERENDUM EQUALIZATION REVENUE.] A district's referendum equalization revenue equals the lesser of (1) the district's certified referendum levy or (2) the product of the district's actual pupil units for that year times the equalizing factor for that year times 1.4 percent.

Subd. 2. [REFERENDUM EQUALIZATION LEVY.] A district's referendum equalization levy is equal to the product of the district's referendum equalization revenue times the lesser of one, or the ratio of the district's adjusted gross tax capacity per pupil unit to 60 percent of the equalizing factor.

Subd. 3. [REFERENDUM EQUALIZATION AID.] A district's referendum equalization aid is equal to its referendum equalization revenue minus its referendum equalization levy.

Referendum equalization aid must be reduced by the amount of other referendum equalization aid that is received by the district.

Subd. 4. [REFERENDUM EQUALIZATION AID REDUCTION.] A district must reduce its referendum levy certification amount by

50 percent of the amount of referendum equalization aid it receives for that fiscal year.

Sec. 7. Minnesota Statutes 1988, section 124A.035, subdivision 2, is amended to read:

Subd. 2. [PERMANENT SCHOOL FUND.] The amount of money received by a school district as income from the permanent school fund for any year, shall be deducted from the general education aid earned by the district for the same year or from aid earned from other state sources.

Sec. 8. Minnesota Statutes 1988, section 124A.035, subdivision 4, is amended to read:

Subd. 4. [COUNTY APPORTIONMENT DEDUCTION.] Each year the amount of money apportioned to a school district for that year pursuant to section 124.10, subdivision 2, shall be deducted from the general education aid earned by that district for the same year.

Sec. 9. [124A.215] [AID FOR REDUCED CLASS SIZE.]

Subdivision 1. [PURPOSE.] The purpose of sections 9 to 11 is to improve the education of public school pupils by (1) reducing class sizes in kindergarten through grade three to help each pupil develop socially and emotionally and in knowledge, skills, and attitudes related to school performance; and (2) improving program offerings throughout a local school district.

Subd. 2. [DEFINITION.] "Teacher" in this section means a public employee licensed by the board of teaching whose duties are full-time classroom instructional or the equivalent, excluding a teacher for which categorical aids are received pursuant to sections 124.273 and 124.32. In this section, teacher does not include supervisory and support personnel, as defined in section 125.03, subdivision 4, librarians, school psychologists, school social workers, audio-visual directors and coordinators, recreation personnel, media generalists, media supervisors, or speech therapists. A teacher whose duties are less than full-time classroom instructional must be included as an equivalent only for the number of hours of classroom instruction.

Subd. 3. [STATE AID CRITERIA.] The state shall pay aid as provided in section 10 to districts that work to achieve or maintain a class size of no more than 15 elementary pupils per classroom session in kindergarten and grade one for each teacher in each school within the school district and no more than 17 elementary pupils in grades two and three for each teacher in each school within the school district. A district must reduce the class sizes in kinder-

garten and grade one before it reduces the class sizes in grades two and three unless the district has a compelling reason to reduce the class sizes in kindergarten through grade 3 concurrently. A district must not increase the class sizes in grades two and three in any school in the district as a result of reducing class sizes in kindergarten and grade one. A district must not increase the district wide class size per teacher in grades four through eight as a result of reducing class sizes in kindergarten through grade three.

A district must develop a districtwide plan to work to achieve or maintain the specified class sizes based upon the recommendations of the district's elementary school councils described in section 10. The plan must be approved by the commissioner of education. If a local district has achieved and is maintaining the specified class sizes, it must use the aid it receives under section 10 to work to improve program offerings throughout the district, or the education district of which the district is a member, based upon a plan developed by the local district's curriculum advisory committee. The amount of aid must be allocated to each school in proportion to the ratio of the school's kindergarten through grade 3 population to the district's kindergarten through grade 3 population.

Sec. 10. [124A.216] [AID AMOUNT.]

Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to 2.2 percent times the number of actual pupil units must be reserved and may be used only to achieve or maintain class sizes or improve program offerings according to section 9, subdivision 3.

Sec. 11. [124A.217] [SCHOOL DISTRICT PARTICIPATION.]

Subdivision 1. [ESTABLISHMENT OF COUNCIL; PURPOSE.] An elementary school council in each elementary school is created with the following members: (a) the elementary school principal; (b) representatives of teachers of kindergarten through grade three selected by those teachers at the school; (c) other school personnel serving pupils in kindergarten through grade three selected by those personnel at the school; and (d) parents of pupils in kindergarten through grade three attending the school, selected by the parents. A majority of the members of the council must be parents.

The purpose of the council is to (1) develop a written plan enabling the school to work to achieve or maintain the class sizes specified in section 9, subdivision 3, and to make recommendations for implementing the plan to the school board; and (2) participate in implementing the plan, including overseeing school budget items relating to reductions in class size.

The council shall specify the terms and method of replacement of

the council members and council chair. The council is not permitted to receive expenses or per diem payments.

If an existing committee or council meets the criteria of this subdivision, or if an existing committee or council may be modified to meet the criteria of this subdivision, then that committee or council may be used to accomplish the purpose of this section.

Subd. 2. [COUNCIL AND SCHOOL DISTRICT PLANS.] To be eligible to receive aid under section 10, districts must submit to the commissioner of education a districtwide plan to reduce class sizes based upon the recommendations of the district's elementary school councils. Plans must be submitted by a date specified by the commissioner, in the form and manner prescribed by the commissioner, and must include any other information requested by the commissioner. The commissioner must review and approve or disapprove each district's plan within 45 days of receiving the plan. Any action by the commissioner must conform with widely published criteria for evaluating districts' plans; the criteria must include a definition of "work to achieve or maintain." Only approved plans are eligible for aid under section 10. At the request of a school board and the district's elementary school councils, the commissioner shall provide technical assistance to a district implementing an approved plan.

If a local school district has already achieved and is maintaining the class sizes specified in section 9, subdivision 3, the district must develop a plan in cooperation with the local district's curriculum advisory committee to improve program offerings throughout the district, or throughout the education district of which the district is a member. The commissioner must use the same review procedure to approve or disapprove a district's plan to improve program offerings.

Sec. 12. [124A.218] [REPORT]

The commissioner of education shall monitor and evaluate the effectiveness of districts' reduced class sizes and efforts to improve program offerings and shall report to the education committees in the legislature before March 1 of each school year.

Sec. 13. Minnesota Statutes 1988, section 124A.22, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. The formula allowance is \$2,755 for the 1988-1989 school year. The formula allowance is ~~\$2,800~~ \$2,838 for fiscal year 1990. The formula allowance is \$2,945 for the 1990-1991 school year.

Sec. 14. Minnesota Statutes 1988, section 124A.22, subdivision 4, is amended to read:

Subd. 4. [TRAINING AND EXPERIENCE REVENUE.] The training and experience revenue for each district equals the greater of zero or the result of the following computation:

(a) Subtract 1.6 from the training and experience index.

(b) Multiply the result in clause (a) by the product of \$700 times the actual pupil units for the school year.

The training and experience index for each qualifying education district equals the weighted average of the ratios assigned to the full-time equivalent teachers in each qualifying education district.

Sec. 15. Minnesota Statutes 1988, section 124A.22, subdivision 9, is amended to read:

Subd. 9. [DEFINITIONS FOR SUPPLEMENTAL REVENUE.] (a) The definitions in this subdivision apply only to subdivision 8.

(b) "1987-1988 revenue" means the sum of the following categories of revenue for a school district for the 1987-1988 school year means the sum of the following categories of revenue, and for a qualifying education district means the sum of the following categories of revenue for each member district for the 1987-1988 school year:

(1) basic foundation revenue, tier revenue, and declining pupil unit revenue, according to Minnesota Statutes 1986, as supplemented by Minnesota Statutes 1987 Supplement, chapter 124A, plus any reduction to second tier revenue, according to Minnesota Statutes 1986, section 124A.08, subdivision 5;

(2) teacher retirement and FICA aid, according to Minnesota Statutes 1986, sections 124.2162 and 124.2163;

(3) chemical dependency aid, according to Minnesota Statutes 1986, section 124.246;

(4) gifted and talented education aid, according to Minnesota Statutes 1986, section 124.247;

(5) arts education aid, according to Minnesota Statutes 1986, section 124.275;

(6) summer program aid and levy, according to Minnesota Statutes 1986, sections 124A.03 and 124A.033;

(7) programs of excellence grants, according to Minnesota Statutes 1986, section 126.60; and

(8) liability insurance levy, according to Minnesota Statutes 1986, section 466.06.

For the purpose of this subdivision, intermediate districts and other employing units, as defined in Minnesota Statutes 1986, section 124.2161, shall allocate the amount of their teacher retirement and FICA aid for fiscal year 1988 among their participating school districts.

(c) "Minimum allowance" for a district means:

(1) the school district's or qualifying education district's 1987-1988 revenue, according to subdivision 1; divided by

(2) the district's 1987-1988 actual pupil units, adjusted for the change in secondary pupil unit weighting from 1.4 to 1.35 made by Laws 1987, chapter 398; plus

(3) \$105 \$143 for the 1989-1990 school year and \$250 for the 1990-1991 school year.

Sec. 16. Minnesota Statutes 1988, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX CAPACITY RATE.] The commissioner of revenue shall establish the general education tax capacity rate and certify it to the commissioner of education by September 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a mill, that, when applied to the adjusted gross tax capacity for all districts, raises the amount specified in this subdivision. The general education tax capacity rate for the 1990 fiscal year shall be the rate that raises \$1,100,580,000. The general education tax capacity rate for the 1991 fiscal year is the rate that raises \$1,149,000,000. The general education tax capacity rate certified by the commissioner of revenue may not be changed due to changes or corrections made to a district's adjusted gross tax capacity after the tax capacity rate has been certified.

Sec. 17. Minnesota Statutes 1988, section 124A.28, subdivision 1, is amended to read:

Subdivision 1. [USE OF THE REVENUE.] The compensatory education revenue under section 124A.22, subdivision 3, may be used to meet the educational needs of pupils whose educational achievement is below the level that is appropriate for pupils of their

age. These needs may be met by providing at least some of the following:

(1) remedial instruction in reading, language arts, and mathematics to improve the achievement level of these pupils;

(2) additional teachers and teacher aides to provide more individualized instruction to these pupils;

(3) summer programs that enable these pupils to improve their achievement or that reemphasize material taught during the regular school year;

(4) in-service education for teachers, teacher aides, principals, and other personnel to improve their ability to recognize these pupils and provide appropriate responses to the pupils' needs;

(5) for instructional material for these pupils including: textbooks, workbooks, periodicals, pamphlets, photographs, reproductions, filmstrips, prepared slides, prerecorded video programs, sound recordings, desk charts, games, study prints and pictures, desk maps, models, learning kits, blocks and cubes, flashcards, instructional computer software programs, pencils, pens, crayons, notebooks, duplicating fluids, and papers;

(6) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, increase individual parental involvement in the educational development of their children, and provide counseling services, guidance services, and social work services; and

(7) bilingual programs, bicultural programs, and programs for pupils of limited English proficiency.

Sec. 18. Minnesota Statutes 1988, section 124A.31, is amended to read:

124A.31 [EQUITABLE COMPENSATION PENALTY.]

Subdivision 1. [IMPLEMENTATION.] A school district subject to sections 471.991 to 471.999 shall implement the plan to establish equitable compensation relationships set forth in its report to the commissioner of employee relations. The plan shall be implemented by December 31, 1991, unless a later date is approved by the commissioner. If a report was filed before October 1, 1987, and had

an implementation date after December 31, 1991, the date in the report shall be approved by the commissioner.

Subd. 2. [AID REDUCTION FOR ADMINISTRATION COSTS.] By October 1, 1992, the commissioner of employee relations shall certify to the commissioner of education the school districts that have not complied with subdivision 1. For each of these school districts, the commissioner of education shall reduce general education aid for fiscal year 1993 by an amount equal to five percent of the district's administration costs for the 1990-1991 school year. If the reduction exceeds the district's general education aid, the reduction shall be made from other aids paid to the district.

Subd. 3. [ADJUSTMENT OF YEARS.] The commissioners of employee relations and education shall adjust the years designated in subdivision 2 for school districts with implementation dates after December 31, 1991.

Subd. 4. [EXTENSIONS.] The commissioner of employee relations must extend an implementation date upon a finding that failure to implement was attributable to severe hardship or to circumstances beyond the control of the district.

Sec. 19. [INSTRUCTIONS TO THE DEPARTMENT OF EDUCATION FOR 1989 LEVY LIMITS.]

Notwithstanding sections 13 and 15, or any other law to the contrary, the department shall determine for the 1989-1990 school year only, levies under Minnesota Statutes, chapter 124A as they were authorized before the enactment of this article.

Sec. 20. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:

\$1,211,251,000 1990

\$1,305,438,000 1991

The 1990 appropriation includes \$174,824,000 for 1989 and \$1,036,427,000 for 1990.

The 1991 appropriation includes \$177,824,000 for 1990 and \$1,127,614,000 for 1991.

Subd. 3. [REFERENDUM EQUALIZATION AID.] For referendum equalization aid:

\$17,681,000 1991

The 1991 appropriation includes \$0 for 1990 and \$17,681,000 for 1991.

The 1991 appropriation is based on a formula entitlement of \$20,801,000.

Sec. 21. [EFFECTIVE DATE.]

Sections 6, 9, 10, and 11 are effective for the 1990-1991 school year.

The addition of the cooperative secondary facilities severance levy is added to the list of nonshifted levies effective the day following final enactment.

Sec. 22. [REPEALER.]

Minnesota Statutes 1988 sections 124.217, and 275.125, subdivision 6f, are repealed July 1, 1989.

ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1988, section 123.39, is amended by adding a subdivision to read:

Subd. 14. The board may provide transportation within the district to pupils who are custodial parents and to their children between the pupils' homes and the provider of child care services for the pupils' children.

Sec. 2. Minnesota Statutes 1988, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

School transportation and related services for which state transportation aid is authorized are:

(1) [TO AND FROM SCHOOL; BETWEEN SCHOOLS.] (a) Transportation of board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transpor-

tation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to and from schools the resident pupils attend according to a program approved by the commissioner of education, or between the schools the resident pupils attend for instructional classes; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79; transportation of pupils who are custodial parents to and from the provider of child care services for the pupil's child, within the attendance area of the school the pupil attends; transportation, within the attendance area of the school they attend, of pupils who are custodial parents, between the pupils' homes and the provider of child care services for the pupils' children.

For the purposes of this clause, a district may designate a licensed day care facility, a location where ongoing day care is provided to children of a single family, or the residence of a relative as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian and if that facility or residence is within the attendance area of the school the pupil attends;

(b) Transportation to and from school of an elementary pupil who moves during the school year within an area designated by the district as a mobility zone, but only for the remainder of the school year.

The attendance areas of schools in a mobility zone must be contiguous. To be in a mobility zone, a school must meet both of the following requirements:

(1) more than 50 percent of the pupils enrolled in the school are eligible for free or reduced school lunch; and

(2) the pupil withdrawal rate for the last year is more than 12 percent.

A pupil withdrawal rate is determined by dividing (i) the sum of the number of pupils who withdraw from the school, during the school year, and the number of pupils enrolled in the school as a result of transportation provided under this paragraph, by (ii) the number of pupils enrolled in the school.

The district may establish eligibility requirements for individual pupils to receive transportation in the mobility zone.

(c) Notwithstanding clauses (a) and (b), beginning July 1, 1990,

state transportation aid is not authorized for noon transportation to and from school for kindergarten pupils attending half-day sessions.

(2) [OUTSIDE DISTRICT.] Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) [SECONDARY VOCATIONAL CENTERS.] Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) [HANDICAPPED.] Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a. Transportation of handicapped pupils between home and school shall not be subject to any distance requirement for children not yet enrolled in kindergarten or to the requirement in clause (1) that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid;

(5) [BOARD AND LODGING; NONRESIDENT HANDICAPPED.] When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) [SHARED TIME.] Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs, and necessary transportation required by section 120.17, subdivision 9, for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) [FARIBAULT STATE ACADEMIES.] Transportation for residents to and from the Minnesota state academy for the deaf or the Minnesota state academy for the blind;

(8) [SUMMER INSTRUCTIONAL PROGRAMS.] Services described in clauses (1) to (7), (9), and (10) when provided in conjunc-

tion with a summer program that meets the requirements of section 124A.27, subdivision 9;

(9) [COOPERATIVE ACADEMIC AND VOCATIONAL.] Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes or secondary vocational classes not provided at a secondary vocational center for resident pupils of any of these districts; and

(10) [NONPUBLIC SUPPORT SERVICES.] Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Sec. 3. Minnesota Statutes 1988, section 124.225, is amended to read:

124.225 [TRANSPORTATION AID ENTITLEMENT.]

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

(a) "FTE" means a transported full-time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in clause (e)(1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12½ percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33⅓ percent per year of the cost to the district of the reconditioning, plus

(4) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.44, subdivision 15, which were purchased after July 1, 1982, for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Adjusted authorized predicted cost per FTE" means the authorized cost predicted by a multiple regression formula deter-

mined by the department of education, and adjusted pursuant to subdivision 7a.

(d) "Aid entitlement per FTE" means the adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.

(e) "Transportation category" means a category of transportation service provided to pupils.

(1) For the purposes of this section, transportation categories for the 1986-1987 and 1987-1988 school years are as follows:

(i) regular transportation is transportation services provided during the regular school year under section 124.223, clauses (1) and (2); excluding transportation between schools under section 124.223, clause (1); and

(ii) nonregular transportation is transportation services provided between schools under section 124.223, clause (1); and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10).

(2) For purposes of this section, for the 1988-1989 school year and after:

(i) (1) regular transportation is transportation services provided during the regular school year under section 124.223, clauses (1) and (2), excluding the following transportation services provided under section 124.223, clause (1): transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions in fiscal year 1990 only; late transportation home from school for pupils involved in after school activities; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and

(ii) (2) nonregular transportation is transportation services provided under section 124.223, clause (1), that are excluded from the regular category, and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10);

(3) excess transportation is transportation to and from school for secondary pupils residing at least one mile but less than two miles from the public school they could attend or from the nonpublic school actually attended, and transportation to and from school for pupils residing less than one mile from school who are transported because of extraordinary traffic hazards; and

(4) desegregation transportation is transportation of pupils to and from schools located outside their normal attendance areas under a

plan for desegregation mandated by the state board or under court order.

(f) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

(g) "Current year" means the school year for which aid will be paid.

(h) "Base year" means the second school year preceding the school year for which aid will be paid.

(i) ~~"Base cost" for the 1984-1985 and 1985-1986 base years means the authorized regular transportation cost per FTE in the base year in the regular transportation category, excluding summer school transportation.~~ Base cost for the 1986-1987 and 1987-1988 base year and after years means the ratio of:

(1) the sum of:

(i) the authorized cost in the base year for regular transportation as defined in clause (b), plus

(ii) the actual cost in the base year for transportation to and from school of secondary pupils who live more than one mile but less than two miles from the public school that they could attend or from the nonpublic school actually attended, plus

(iii) the actual cost in the base year for transportation costs which are necessary because of extraordinary traffic hazards,

(2) to the sum of:

(i) the number of FTE pupils transported in the regular category in the base year, plus

(ii) the number of secondary FTE pupils transported to and from school in the base year who live more than one mile but less than two miles from the public school that they could attend or from the nonpublic school actually attended, plus

(iii) the number of FTE pupils residing less than one mile from school who were transported to and from school in the base year because of extraordinary traffic hazards.

(j) Base cost for the 1988-1989 base year and later years means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in clause (b) plus the actual cost in the base year for excess transportation as defined in clause (e);

(2) to the sum of the number of weighted FTE pupils transported in the regular and excess categories in the base year.

(j) (k) "Predicted base cost" for the 1986-1987 and 1987-1988 base years means the base cost as predicted by subdivision 3.

"Predicted base cost" for the 1988-1989 base year and later years means the predicted base cost as computed in subdivision 3b.

(l) "Pupil weighting factor" for the excess transportation category for a school district means the lesser of one or of the result of the following computation:

(i) divide the square mile area of the school district by the number of FTE pupils transported in the regular and excess categories in the base year;

(ii) raise the result in clause (i) to the one-fifth power;

(iii) divide four-tenths by the result in clause (ii).

The pupil weighting factor for the regular transportation category is one.

(m) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(n) "Sparsity index" for a school district means the greater of .005 or the ratio of the square mile area of the school district to the sum of the number of weighted FTE's transported by the district in the regular and excess categories in the base year.

(o) "Density index" for a school district means the greater of one or the result obtained by subtracting the product of the district's sparsity index times 20 from two.

(p) "Contract transportation index" for a school district means the greater of one or the result of the following computation:

(i) multiply the district's sparsity index by 20;

(ii) select the greater of one or the result in clause (i);

(iii) multiply the district's percentage of regular FTE's transported using vehicles that are not owned by the school district by the result in clause (ii).

(q) "Adjusted predicted base cost" for the 1988-1989 base year and after means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

(r) "Regular transportation allowance" for 1990-1991 and after means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

(s) "Minimum regular transportation allowance" for 1990-1991 and after means the result of the following computation:

(i) compute the sum of the district's basic transportation aid for the 1989-1990 school year according to subdivision 8a and the district's excess transportation levy for the 1989-1990 school year according to section 275.125, subdivision 5e, clause (a);

(ii) divide the result in clause (i) by the sum of the number of weighted FTE's transported by the district in the regular and excess transportation categories in the 1989-1990 school year;

(iii) select the lesser of the result in clause (ii) or the district's base cost for the 1989-1990 base year according to subdivision 1, clause (b)(1).

(t) "School district" means either school district, as defined in section 120.02, subdivision 1, or qualifying education district as defined in section 122.91, subdivision 2a. Where base year data for formula computations are required that do not exist for education districts, the department of education shall compute the necessary figures using data from member districts.

Subd. 3. [FORMULA.] For each school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. The department of education shall conduct multiple regression analysis using the terms specified in subdivision 4b for each school year the 1986-1987 and 1987-1988 base years to predict the base cost for each district. ~~Each year~~ The department shall use a formula shall be derived based upon the regression analysis, and shall be used to determine a predicted base cost for each district. The amount determined for each district shall be adjusted according to the provisions of subdivisions 7a and 7b.

Subd. 3a. [PREDICTED BASE COST.] A district's predicted base

cost for the 1988-1989 base year and later years equals the result of the following computation:

(a) Multiply the transportation formula allowance by the district's sparsity index raised to the one-fourth power. The transportation formula allowance is \$406 for the 1988-1989 base year.

(b) Multiply the result in clause (a) by the district's density index raised to the 35/100 power.

(c) Multiply the result in clause (b) by the district's contract transportation index raised to the 1/20 power.

Subd. 4b. [FORMULA TERMS.] (a) To predict the logarithm of the base cost for each district pursuant to subdivision 3 for the 1985-1986 base year, the multiple regression formula shall use the following terms for each district:

(1) the logarithm of the lesser of (a) the number of authorized FTE's per square mile transported by the district in the regular transportation category, or (b) 200;

(2) whether the district is nonrural, based upon criteria established by the department of education; and

(3) the logarithm of the percentage of all FTE's transported in the regular category using buses that are not owned by the district.

(b) To predict the logarithm of the base cost for each district according to subdivision 3 for the 1986-1987 and 1987-1988 base year and thereafter, years the multiple regression formula shall use the following terms for each district:

(1) the logarithm of the lesser of:

(A) 200; or

(B) the quotient obtained by dividing the sum of:

(i) the number of FTE pupils transported in the regular category in the base year, plus

(ii) the number of secondary FTE pupils transported to and from school in the base year who live more than one mile but less than two miles from the public school that they could attend or from the nonpublic school actually attended, plus

(iii) the number of FTE pupils residing less than one mile from school who were transported to and from school in the base year because of extraordinary traffic hazards,

(C) by the area of the district in square miles;

(2) whether the district is nonrural, based upon criteria established by the department of education; and

(3) the logarithm of the percentage of all FTE's transported in the regular category using buses that are not owned by the district.

Subd. 7a. [BASE YEAR SOFTENING FORMULA.] Each district's predicted base cost determined for each school year the 1986-1987 and 1987-1988 base years according to subdivision 3 shall be adjusted as provided in this clause to determine the district's adjusted authorized predicted cost per FTE for that year.

(a) If the base cost of the district is within five percent of the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to the base cost.

(b) If the base cost of the district is more than five percent greater than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 105 percent of the predicted base cost, plus 40 percent of the difference between (i) the base cost, and (ii) 105 percent of the predicted base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be less than 80 percent of base cost.

(c) If the base cost of the district is more than five percent less than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 95 percent of the predicted base cost, minus 40 percent of the difference between (i) 95 percent of predicted base cost, and (ii) the base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be more than 120 percent of base cost.

(d) For the 1988-1989 base year and later years, each district's predicted base cost determined according to subdivision 3a must be adjusted as provided in this subdivision to determine the district's adjusted predicted base cost for that year. The adjusted predicted base cost equals 50 percent of the district's base cost plus 50 percent of the district's predicted base cost, but the adjusted predicted base cost cannot be less than 80 percent, nor more than 110 percent, of the base cost.

Subd. 7b. [INFLATION FACTORS.] The adjusted authorized predicted cost per FTE determined for a district under subdivision 7a for the base year shall be increased by ~~6.0 percent to determine the district's aid entitlement per FTE for the 1986-1987 school year, by 4.9 percent to determine the district's aid entitlement per FTE for the 1987-1988 school year, and by 4.1 percent to determine the district's aid entitlement per FTE for the 1988-1989 school year.~~ and

by 6.4 percent to determine the district's aid entitlement per FTE for the 1989-1990 school year. The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by 6.3 percent to determine the district's regular transportation allowance for the 1990-1991 school year, but the regular transportation allowance for a district cannot be less than the district's minimum regular transportation allowance according to subdivision 1, clause (r).

Subd. 7c. [TRANSPORTATION REVENUE.] Beginning in the 1990-1991 school year, the transportation revenue for each district equals the sum of the district's regular transportation revenue and the district's nonregular transportation revenue.

(a) The regular transportation revenue for each district equals the district's regular transportation allowance according to subdivision 7b times the sum of the number of FTE's transported by the district in the regular and desegregation categories in the current school year.

(b) The nonregular transportation revenue for each district equals the district's actual cost in the current school year for nonregular transportation services, minus the amount of regular transportation revenue attributable to FTE's transported in the desegregation category in the current school year.

Subd. 8a. [TRANSPORTATION AID.] (a) For the 1988-1989 school year and thereafter 1989-1990 school years, a district's transportation aid is equal to the sum of its basic transportation aid under subdivision 8b, its nonregular transportation aid under subdivision 8i, and its nonregular transportation levy equalization aid under subdivision 8j, minus its contracted services aid reduction under subdivision 8k and minus its basic transportation levy limitation for the levy attributable to that school year under section 275.125, subdivision 5.

(b) For 1990-1991 and later school years, a district's transportation aid equals the product of:

(1) the difference between the transportation revenue and the sum of:

(i) the maximum basic transportation levy for that school year under section 275.125, subdivision 5, plus

(ii) the maximum nonregular transportation levy for that school year under section 275.125, subdivision 5c, plus

(iii) the contracted services aid reduction under subdivision 8k,

(2) times the ratio of the sum of the actual amounts levied under section 275.125, subdivisions 5 and 5c, to the sum of the maximum levies under section 275.125, subdivisions 5 and 5c.

(c) If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the transportation levy of off-formula districts in the same proportion.

Subd. 8b. [BASIC AID COMPUTATION.] A district's basic transportation aid pursuant to this section for each school year the 1988-1989 and 1989-1990 school years shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times the total number of authorized FTE's transported in the regular category in the district in the ~~current~~ school year.

Subd. 8i. [NONREGULAR TRANSPORTATION AID.] (a) A district's nonregular transportation aid shall be determined according to this subdivision.

(b) For the ~~1986-1987 and 1987-1988 school years~~, nonregular transportation aid shall equal (1) 20 percent of the first \$10 of actual cost in the current year for nonregular transportation services per total pupil unit, plus 40 percent of the next \$10 of actual cost in the current year for nonregular transportation services per total pupil unit, plus 60 percent of the actual cost in the current year for nonregular transportation services per total pupil unit which exceeds \$20, times (2) the number of total pupil units in the district in the current year.

(c) For the ~~1988-1989 and 1989-1990 school year and thereafter years~~, nonregular transportation aid equals (1) 60 percent of the actual cost in the current year for nonregular transportation services per total pupil unit which exceeds \$30, times (2) the number of total pupil units in the district in the current year.

Subd. 8j. [NONREGULAR TRANSPORTATION LEVY EQUALIZATION AID.] For the ~~1984-1985 school year and each year thereafter~~ 1988-1989 and 1989-1990 school years, a district's nonregular transportation levy equalization aid shall be determined pursuant to this subdivision.

(a) Unreimbursed nonregular transportation revenue shall equal the actual cost in the ~~current~~ school year for nonregular transportation services, minus the district's nonregular transportation aid computed pursuant to subdivision 8i.

(b) The nonregular transportation levy is the levy authorized by section 275.125, subdivision 5c.

(c) Nonregular transportation levy equalization aid for a district shall equal the product of (1) its unreimbursed nonregular transportation revenue, minus the nonregular transportation levy limitation for that year, times (2) the ratio of the district's actual nonregular transportation levy to its nonregular transportation levy limitation.

Subd. 8k. [CONTRACTED SERVICES AID REDUCTION.] (a) For the 1984-1985 school year and each year thereafter, each district's transportation aid shall be reduced according to the provisions of this subdivision, if the district contracted for some or all of the transportation services provided in the regular category.

(b) For the 1988-1989 and 1989-1990 school years, the department of education shall compute this subtraction by conducting the multiple regression analysis specified in subdivision 3 and computing the district's aid under two circumstances, once including the coefficient of the factor specified in subdivision 4b, clause (3), and once excluding the coefficient of that factor. The aid subtraction shall equal the difference between the district's aid computed under these two circumstances.

(c) For 1990-1991 and later school years, the department of education shall determine the subtraction by computing the district's regular transportation revenue under two circumstances, once including the factor specified in subdivision 3a, clause (c), and once excluding the factor. The aid subtraction equals the difference between the district's revenue computed under the two circumstances.

Subd. 8l. [ALTERNATIVE ATTENDANCE PROGRAMS.] A district that serves nonresident pupils in programs under sections 120.062, 120.075, 120.0751, 120.0752, 123.3515, 126.22, and 129B.52 to 129B.55 shall provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. The state shall pay transportation aid attributable to the pupil to the serving district according to this section. The district of the pupil's residence need not provide or pay for transportation between the pupil's residence and the district's border.

Subd. 9. [DISTRICT REPORTS.] Each district shall report data to the department as required by the department to implement the transportation aid formula. If a district's final transportation aid payment is adjusted after the final aid payment has been made to all districts, the adjustment shall be made by increasing or decreasing the district's aid for the next fiscal year.

Subd. 10. [DEPRECIATION.] Any school district which owns school buses or mobile units shall transfer annually from the

undesignated fund balance account in its transportation fund to the reserved fund balance account for bus purchases in its transportation fund at least an amount equal to 12½ percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, clause (b)(4), until the original cost of each type three bus is fully amortized, plus 33½ percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the sum of

(1) the district's total transportation aid without the reduction pursuant to subdivision 8a, plus

(2) the district's basic transportation levy limitation under section 275.125, subdivision 5, plus

(3) the district's contract services aid reduction under subdivision 8k, plus

(4) the district's nonregular transportation levy limitation under section 275.125, subdivision 5e district's transportation revenue.

Sec. 4. Minnesota Statutes 1988, section 275.125, subdivision 5, is amended to read:

Subd. 5. [BASIC TRANSPORTATION LEVY.] Each year, a school district may levy for school transportation services an amount not to exceed the amount raised by the basic transportation tax capacity rate times the adjusted gross tax capacity of the district for the preceding year. The commissioner of revenue shall establish the basic transportation tax capacity rate and certify it to the commissioner of education by September 1 of each year for levies payable in the following year. The basic transportation tax capacity rate shall be a rate, rounded up to the nearest hundredth of a mill percent, that, when applied to the adjusted gross tax capacity of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation tax capacity rate for transportation for the 1990 fiscal year shall be the rate that raises \$72,681,200. The basic transportation tax capacity rate for the 1991 fiscal year is the rate that raises \$82,063,200. The basic transportation tax capacity rate certified by the commissioner of revenue must not be changed due to changes or corrections made to a district's adjusted gross tax capacity after the tax capacity rate has been certified.

Sec. 5. Minnesota Statutes 1988, section 275.125, subdivision 5b, is amended to read:

Subd. 5b. [TRANSPORTATION LEVY OFF-FORMULA ADJUSTMENT.] (a) In any the 1989 and 1990 fiscal year years, if the basic transportation levy under subdivision 5 in a district attributable to a particular the fiscal year exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, the district's levy limitation shall be adjusted as provided in this subdivision. In the year following each next fiscal year, the district's transportation levy shall be reduced by an amount equal to the difference between (1) the amount of the basic transportation levy under subdivision 5, and (2) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, and the amount of any subtraction made from special state aids pursuant to section 124.2138, subdivision 2, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

(b) For 1991 and later fiscal years, in a district if the basic transportation levy under subdivision 5 attributable to that fiscal year is more than the difference between (1) the district's transportation revenue under section 124.225, subdivision 7c, and (2) the sum of the district's maximum nonregular levy under subdivision 5c and the district's contracted services aid reduction under section 124.225, subdivision 8k, the district's transportation levy in the next fiscal year must be reduced by the amount of the excess.

Sec. 6. Minnesota Statutes 1988, section 275.125, subdivision 5c, is amended to read:

Subd. 5c. [NONREGULAR TRANSPORTATION LEVY.] A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision. The amount of the levy shall not exceed the product of:

(a) the district's unreimbursed nonregular transportation revenue determined pursuant to section 124.225, subdivision 8j, clause (a), times

(b) the lesser of

(i) one, or

(ii) the ratio of the district's adjusted gross tax capacity for the preceding year per total pupil unit in the school year to which the levy is attributable, to \$83,800. be the result of the following computation:

(a) multiply

(1) the amount of the district's nonregular transportation revenue under section 124.225, subdivision 7c that is more than the product of \$30 times the district's actual pupil units, by

(2) 60 percent;

(b) subtract the result in clause (a) from the district's total nonregular transportation revenue;

(c) multiply the result in clause (b) by the lesser of one or the ratio of (i) the quotient derived by dividing the adjusted gross tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to (ii) \$9,722.

Sec. 7. Minnesota Statutes 1988, section 275.125, subdivision 5e, is amended to read:

Subd. 5e. [EXCESS TRANSPORTATION LEVY.] A school district may make a levy for excess transportation costs according to this subdivision. The amount of the levy shall be the result of the following computation:

(a) Multiply the lesser of (1) the regular transportation allowance for the fiscal year to which the levy is attributable, or (2) base cost computed using data for the current school fiscal year according to section 124.225, subdivision 1, paragraph (i) to which the levy is attributable, by the sum of the number of secondary FTE pupils transported to and from school in the current year who live more than one mile but less than two miles from the public school which they could attend or the nonpublic school actually attended, plus the number of FTE pupils residing less than one mile from school who were transported to and from school in the current year due to extraordinary traffic hazards number of weighted FTE pupils transported in the excess category in the district in the current school year.

(b) Add to the result in paragraph (a) the actual cost in the current fiscal year to which the levy is attributable of other related services that are necessary because of extraordinary traffic hazards.

(c) Add to the result in paragraph (b) the actual cost in the fiscal year to which the levy is attributable of noon transportation to and from school for kindergarten pupils attending half-day sessions.

Sec. 8. Minnesota Statutes 1988, section 275.125, is amended by adding a subdivision to read:

Subd. 5h. [TRANSPORTATION LEVY; QUALIFYING EDUCATION DISTRICT.] For the purposes of subdivisions 5, 5b, 5c, 5e, 5f,

and 5g of this section, "school district" means either school district as defined in section 120.02, subdivision 1, or qualifying education district as defined in section 122.91, subdivision 2a. Where base year data for formula computations are required that do not exist for education districts, the department of education shall compute the necessary figures using data from member districts.

Sec. 9. [APPROPRIATION.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [TRANSPORTATION AID.] For transportation aid:

\$92,758,000 1990

\$95,811,000 1991

The 1990 appropriation includes \$12,773,000 for 1989 and \$79,985,000 for 1990.

The 1991 appropriation includes \$14,115,000 for 1990 and \$81,696,000 for 1991.

Subd. 3. [TRANSPORTATION AID FOR POST-SECONDARY ENROLLMENT OPTIONS.] For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 123.3514, subdivision 8:

\$50,000 1990

\$50,000 1991

Subd. 4. [TRANSPORTATION AID FOR ENROLLMENT OPTIONS.] For transportation of pupils attending nonresident districts according to Minnesota Statutes, section 120.0621, subdivision 9, or section 123.3515, subdivision 6:

\$50,000 1990

\$50,000 1991

ARTICLE 3
SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1988, section 120.17, subdivision 3, is amended to read:

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and any other rules it deems necessary for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of handicapped children. The state board shall not adopt rules for pupils served in level 1, 2, or 3, as defined in Minnesota Rules, part 3525.2340, establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The state board, in consultation with the departments of health and human services, shall adopt permanent rules for instruction and services for children under age five and their families. ~~Until June 30, 1988, a developmental achievement center under contract to a school district to provide special instruction and services is eligible for variance from rules relating to personnel licensure. Until June 30, 1988, the licensure variance for a developmental achievement center shall be granted according to the same procedures and criteria used for granting a variance to a school district. The state board shall adopt rules to determine eligibility for special education services. The rules shall include procedures and standards by which to grant variances for experimental eligibility criteria.~~ The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

Sec. 2. Minnesota Statutes 1988, section 120.17, subdivision 3b, is amended to read:

Subd. 3b. [PROCEDURES FOR DECISIONS.] Every district shall utilize at least the following procedures for decisions involving identification, assessment, and educational placement of handicapped children:

- (a) Parents and guardians shall receive prior written notice of:

(1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or

(3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian. The refusal of a parent or guardian to consent may be overridden by the decision in a hearing held pursuant to clause (d) at the district's initiative;

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference if they object to any proposal of which they are notified pursuant to clause (a). The conciliation process shall not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the school district, the requirement of an opportunity for conciliation shall be deemed to be satisfied;

(d) Parents, guardians, and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted in the school district where the child resides responsible for assuring that an appropriate program is provided in accordance with state board rules, if the parent or guardian continues to object to:

(1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) the proposed placement of their child in, or transfer of their child to a special education program;

(3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;

(4) the proposed provision or addition of special education services for their child; or

(5) the proposed denial or removal of special education services for their child.

At least five calendar days before the hearing, the objecting party

shall provide the other party with a brief written statement of the objection and the reasons for the objection.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with the person's objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(e) The decision of the hearing officer pursuant to clause (d) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45-day period at the request of either party. The decision of the hearing officer shall be binding on all parties unless appealed to the hearing review officer by the parent, guardian, or the school board of the district where the child resides pursuant to clause (f).

The local decision shall:

- (1) be in writing;
 - (2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the hearing review officer of the basis and reason for the decision;
 - (3) state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;
 - (4) state the amount and source of any additional district expenditure necessary to implement the decision; and
 - (5) be based on the standards set forth in subdivision 3a and the rules of the state board.
- (f) Any local decision issued pursuant to clauses (d) and (e) may be

appealed to the hearing review officer within 30 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district where the child resides responsible for assuring that an appropriate program is provided in accordance with state board rules.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. The hearing review officer shall issue a final decision based on an impartial review of the local decision and the entire record within 30 calendar days after the filing of the appeal. The hearing review officer shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 14. The hearing review officer may grant specific extensions of time beyond the 30-day period at the request of any party.

The final decision shall:

- (1) be in writing;
- (2) include findings and conclusions; and
- (3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.

(g) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the court of appeals. The judicial review shall be in accordance with chapter 14.

(h) The commissioner of education, having delegated general supervision of special education to the appropriate staff, shall be the hearing review officer except for appeals in which:

- (1) the commissioner has a personal interest in or specific involvement with the student who is a party to the hearing;
- (2) the commissioner has been employed as an administrator by the district that is a party to the hearing;
- (3) the commissioner has been involved in the selection of the administrators of the district that is a party to the hearing;

(4) the commissioner has a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(5) the appeal challenges a state or local policy which was developed with substantial involvement of the commissioner; or

(6) the appeal challenges the actions of a department employee or official.

For any appeal to which the above exceptions apply, the state board of education shall name an impartial and competent hearing review officer.

In all appeals, the parent or guardian of the handicapped student or the district that is a party to the hearing may challenge the impartiality or competence of the proposed hearing review officer by applying to the state board of education.

(i) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in the child's current educational placement and shall not be denied initial admission to school.

(j) The child's school district of residence, ~~if different from the district where the child actually resides,~~ or providing district shall receive notice of and may be a party to any hearings or appeals pursuant to this subdivision.

Sec. 3. Minnesota Statutes 1988, section 120.17, is amended by adding a subdivision to read:

Subd. 3d. [INTERVENTIONS BEFORE REFERRAL.] A district must document two instructional strategies, alternatives, or interventions while a pupil is in the regular classroom before referring the pupil for a special education assessment. The multidisciplinary assessment team may waive this requirement for a student in crisis. This requirement must not be used to deny or delay a pupil's right to a special education assessment.

Sec. 4. Minnesota Statutes 1988, section 124.273, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] Each year the state shall pay a school district a portion of the salary, calculated from the date of hire, of one full-time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district. Notwithstanding the foregoing, the state shall pay a portion of the salary, calculated from the date of hire, of one-half of a full-time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled. The portion for a full-time teacher shall be the lesser of 61 percent of the salary or \$17,000. The portion for a part-time or limited-time teacher shall be the lesser of 61 percent of the salary or

the product of \$17,000 times the ratio of the person's actual employment to full-time employment.

Sec. 5. Minnesota Statutes 1988, section 124.273, subdivision 4, is amended to read:

Subd. 4. [APPLICATION DATES.] (a) A district that expects to enroll pupils in educational programs for pupils of limited English proficiency during the next fiscal year shall submit an initial application for aid by ~~October 15 and June 1~~. The district shall submit an amended application by ~~February~~ November 15 or and by ~~June~~ February 15 if the number of enrolled pupils of limited English proficiency has changed since filing a previous application. ~~Districts which do~~ A district that does not submit an initial application by ~~October 15~~ June 1 but ~~enroll~~ enrolls pupils of limited English proficiency after that date ~~may need not wait until~~ November 15 or February 15 to submit an initial application by February 15 or by June 15. A final report for the last fiscal year with actual salary and enrollment information shall be submitted by August 15 for calculation of the final payment.

(b) All applications shall be submitted to the department in the manner prescribed by the commissioner. Each application shall include (1) the number of pupils or additional pupils enrolled who meet the criteria in section 126.262, subdivision 2; (2) the number, dates of hire, full-time equivalency, and salaries of essential licensed personnel or additional essential licensed personnel employed in the district's educational program for pupils of limited English proficiency who meet the criteria in section 126.262, subdivision 3; and (3) any other information deemed necessary by the commissioner to implement this section. School districts may submit joint applications for aid pursuant to this section and may share essential instructional personnel employed in educational programs for pupils of limited English proficiency.

Sec. 6. Minnesota Statutes 1988, section 124.273, subdivision 5, is amended to read:

Subd. 5. [NOTIFICATION; AID PAYMENTS.] The department shall inform each applicant district of the amount of aid it will receive pursuant to this section within a month 45 days after the application deadline.

Sec. 7. Minnesota Statutes 1988, section 124.273, subdivision 7, is amended to read:

Subd. 7. [MONEY FROM OTHER SOURCES.] A school district providing a program for pupils of limited English proficiency shall be eligible to receive moneys for these programs from other government agencies and from private sources when these moneys are available.

Sec. 8. Minnesota Statutes 1988, section 124.273, is amended by adding a subdivision to read:

Subd. 8. [DEFINITION.] In this section, unless otherwise specified "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined in section 123.33 or "education district board" as defined in section 122.92.

Sec. 9. Minnesota Statutes 1988, section 124.32, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS' SALARIES.] Each year the state shall pay to a district a portion of the salary of each essential person employed in the district's program for handicapped children during the regular school year, whether the person is employed by one or more districts. The portion for a full-time person shall be an amount not to exceed the lesser of 66 60 percent of the salary or \$18,400 \$16,727. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of 66 60 percent of the salary or the product of \$18,400 \$16,727 times the ratio of the person's actual employment to full-time employment.

Sec. 10. Minnesota Statutes 1988, section 124.32, subdivision 1d, is amended to read:

Subd. 1d. [CONTRACT SERVICES.] For special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts or qualifying education districts, the state shall pay each district 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the amount of time the pupil receives services under the contract.

Sec. 11. Minnesota Statutes 1988, section 124.32, is amended by adding a subdivision to read:

Subd. 1f. [DEFINITION.] In this section, unless otherwise specified, "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined under section 123.33 or "education district board" as defined under section 122.92.

Sec. 12. Minnesota Statutes 1988, section 124.573, subdivision 2b, is amended to read:

Subd. 2b. [SECONDARY VOCATIONAL AID.] For 1988-1989 1989-1990 and later school years, a district's or cooperative center's

"secondary vocational aid" for secondary vocational education programs for a school year equals the sum of the following amounts for each program:

(a) the greater of zero, or 75 percent of the difference between:

(1) the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or cooperative center's approved secondary vocational education programs program, and

(2) 50 percent of the general education revenue attributable to secondary pupils for the number of hours that the pupils are enrolled in secondary vocational courses that program; and

(b) 30 percent of approved expenditures for the following:

(1) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under section 124.573, subdivision 3a;

(2) necessary travel between instructional sites by licensed secondary vocational education personnel;

(3) necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;

(4) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(5) necessary travel by licensed secondary vocational education personnel for noncollegiate credit bearing professional development; and

(6) specialized vocational instructional supplies.

Sec. 13. Minnesota Statutes 1988, section 124.573, is amended by adding a subdivision to read:

Subd. 2d. [ADMINISTRATION.] In making the computation in subdivision 2b, paragraph (a), clause (1), the salaries of the administrator and support service facilitator must be apportioned among programs based on the number of full-time-equivalent instructors in each program.

Sec. 14. Minnesota Statutes 1988, section 124.573, is amended by adding a subdivision to read:

Subd. 5a. [DISTRICT REPORTS.] Each district or cooperative center shall report data to the department for all secondary voca-

tional education programs as required by the department to implement the secondary vocational aid formula.

Sec. 15. Minnesota Statutes 1988, section 124.574, subdivision 1, is amended to read:

Subdivision 1. The purpose of this section is to provide a method to fund programs for secondary vocational education for handicapped children. As used in this section, the term "handicapped children" shall have the meaning ascribed to it in section 120.03.

For the purposes of this section, unless otherwise specified, "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined under section 123.33 or "education district board" as defined under section 122.92.

Sec. 16. Minnesota Statutes 1988, section 124.574, subdivision 4, is amended to read:

Subd. 4. [AID FOR CONTRACTED SERVICES.] In addition to the provisions of subdivisions 2b and 3, a school district may contract with a public or private agency other than a Minnesota school district, qualifying education district, or cooperative center for the provision of secondary vocational education programs for handicapped children. The formula for payment of aids for these contracts shall be that provided in section 124.32, subdivision 1b 1d. The state board shall promulgate rules relating to approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 6, the district or cooperative center contracting for these services shall be construed to be providing these services.

Sec. 17. Minnesota Statutes 1988, section 124.574, subdivision 5, is amended to read:

Subd. 5. The aid provided pursuant to this section shall be paid only for services rendered as designated in subdivision 2 or for the costs designated in subdivision 3 which are incurred in secondary vocational education programs for handicapped children which are approved by the commissioner of education and operated in accordance with rules promulgated by the state board. These rules shall be subject to the restrictions provided in section 124.573, subdivision 3. The procedure for application for approval of these programs shall be as provided in section 124.32, subdivisions 7 and 10 and the application review process shall be conducted jointly by the division of special and compensatory education and the division of vocational technical education section of the state department.

Sec. 18. [124.85] [STATE REVENUE FOR AMERICAN INDIAN SCHOOLS.]

Subdivision 1. [AUTHORIZATION.] Each year each American Indian-controlled contract school authorized by the United States Code, title 25, section 450f that is located on a reservation within the state is eligible to receive tribal contract school aid subject to the requirements in this subdivision.

(a) The school must plan, conduct, and administer an education program that complies with the requirements of chapters 120, 121, 122, 123, 124, 124A, 125, 126, 129, 129A, and 129B.

(b) The school must comply with all other state statutes governing independent school districts.

(c) The state tribal contract school aid must be used to supplement, and not to replace, the money for American Indian education programs provided by the federal government.

Subd. 2. [REVENUE AMOUNT.] For 1989-1990 and later school years, an American Indian-controlled contract school that is located on a reservation within the state and that complies with the requirements in subdivision 1 is eligible to receive tribal contract school aid. The amount of aid is derived by:

(1) multiplying the formula allowance under section 124A.22, subdivision 2, times the actual pupil units as defined in section 124A.02, subdivision 19, in attendance during the fall count week, but not including pupil units for which the school has received reimbursement under sections 123.933 and 126.23 for the school for the current school year;

(2) subtracting from the result in clause (1) the amount of money allotted to the school by the federal government through the Indian School Equalization Program of the Bureau of Indian Affairs, according to Code of Federal Regulations, title 25, part 39, subparts A to E, for the basic program as defined by section 39, 11, b but not money allotted through subparts F to L for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and the amount of money that is received according to section 126.23;

(3) dividing the result in clause (2) by the actual pupil units; and

(4) multiplying the actual pupil units by the lesser of \$1,500 or the result in clause (3).

Subd. 3. [LAW WAIVER.] Notwithstanding subdivision 1, paragraphs (a) and (b), a contract school:

(1) is not subject to the Minnesota election law;

(2) has no authority under this section to levy for property taxes, issue and sell bonds, or incur debt; and

(3) may request through its managing tribal organization a recommendation of the state board of education, for consideration of the legislature, that a contract school not be subject to specified statutes related to independent school districts.

Sec. 19. Minnesota Statutes 1988, section 126.151, subdivision 2, is amended to read:

Subd. 2. [ACCOUNTS OF THE ORGANIZATION.] The state boards of education and vocational technical education may retain dues and other money collected on behalf of students participating in approved vocational student organizations and may deposit the money in separate accounts. The money in these accounts shall be available for expenditures for state and national activities related to specific organizations. Administration of money collected under this section is not subject to the provisions of chapters 15, 16A, and 16B, and may be deposited outside the state treasury. Money shall be administered under the policies of the applicable state board or agency relating to post-secondary or secondary vocational student organizations and is subject to audit by the legislative auditor. Any unexpended money shall not cancel but may be carried forward to the next fiscal year.

Sec. 20. Minnesota Statutes 1988, section 275.125, subdivision 8c, is amended to read:

Subd. 8c. [SPECIAL EDUCATION LEVY.] (a) Each year, a school district, excluding an intermediate school district Nos. 287, 916, and 917, and any qualifying education district, may levy an amount that may not exceed 66 percent of salaries paid to essential personnel in that school district, intermediate district, or qualifying education district minus the amount of state aid and any federal aid, if applicable, paid to that school district, intermediate district, or qualifying education district for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10, and 124.574, subdivision 2b, plus 61 percent of salaries paid to essential personnel in that school district, intermediate district, or qualifying education district minus the amount of state aid and any federal aid, if applicable, paid to that school district, intermediate district, or qualifying education district for salaries of these essential personnel under section 124.273, subdivision 1b, for the year to which the levy is attributable.

(b) For purposes of this subdivision, a special education cooperative or an intermediate school district each year shall allocate an amount equal to 66 percent of salaries paid to essential personnel in that intermediate district or cooperative minus the amount of state aid and any federal aid, if applicable, paid to that intermediate district or cooperative for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10, and 124.574, subdivision 2b, plus 61 percent of salaries paid to essential personnel in that intermediate district or cooperative minus the amount of state aid and any federal aid, if applicable, paid to that intermediate district or cooperative for salaries of these essential personnel under section 124.273, subdivision 1b, for the year to each of the participating school districts or qualifying education districts of the cooperative or the intermediate district. The participating school districts or qualifying education districts may make a levy in the amount of the costs allocated to them by the cooperative or intermediate district.

Special education cooperatives and intermediate school districts that allocate unreimbursed portions of salaries of special education essential personnel among participating school districts or qualifying education districts, for purposes of the participating school districts or qualifying education districts making a levy under this subdivision, shall provide information to the department of education on the amount of unreimbursed costs of salaries they allocated to the participating school districts or qualifying education districts.

(c) An intermediate district or qualifying education district shall allocate an amount equal to 66 percent of salaries paid to essential personnel in that intermediate district or qualifying education district minus the amount of state aid and any federal aid, if applicable, paid to that intermediate district or qualifying education district for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10, and 124.574, subdivision 2b, plus 61 percent of salaries paid to essential personnel in that intermediate district or qualifying education district minus the amount of state aid and any federal aid, if applicable, paid to that intermediate district or qualifying education district for salaries of these essential personnel under section 124.273, subdivision 1b, for the year to each of the participating school districts that are not members of the intermediate district or qualifying education district. The participating nonmember school districts may make a levy in the amount of the costs allocated to them by the intermediate district or qualifying education district.

Intermediate districts and qualifying education districts that allocate unreimbursed portions of salaries of special education essential personnel among participating nonmember school districts, for the purposes of the participating nonmember school districts making a levy under this subdivision, shall provide information to the department of education on the amount of unreim-

bursed costs of salaries they allocated to the participating nonmember districts.

A qualifying education district or intermediate district and a member school district must not levy for the same costs under this subdivision.

The department of education may require information from a school district, qualifying education district, or intermediate district to verify that a qualifying education district and a member school district or intermediate district and participating school district do not levy for the same costs under this subdivision.

Sec. 21. [LEVY ADJUSTMENT.]

The department of education shall adjust the 1989 levy for each school district by the amount of the increase in the district's special education levy for fiscal year 1990 according to Minnesota Statutes, section 275.125, subdivision 8c, resulting from the changes in the special education aid formula under section 9. Notwithstanding Minnesota Statutes, section 121.904, the entire amount of this levy shall be recognized as revenue for fiscal year 1990.

Sec. 22. [HANDICAPPED CHILDREN UNDER AGE 5; REPORT.]

The department of education and the association of Minnesota counties shall jointly prepare a report describing the responsibilities of county boards and school districts to provide services for handicapped children under age five and their families.

The report shall include at least the following:

- (1) a description of current procedures used to determine county and school district responsibilities;
- (2) a summary of problems of the current delivery system;
- (3) recommendations for improving the efficiency and quality of services; and
- (4) recommendations for funding services.

Sec. 23. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [SPECIAL EDUCATION AID.] For special education aid:\$160,331,000 1990\$165,870,000 1991The 1990 appropriation includes \$23,074,000 for 1989 and \$137,257,000 for 1990.The 1991 appropriation includes \$24,222,000 for 1990 and \$141,648,000 for 1991.Subd. 3. [SPECIAL PUPIL AID.] For special education aid under Minnesota Statutes, section 124.32, subdivision 6, for pupils with handicaps placed in residential facilities within the district boundaries for whom no district of residence can be determined:\$284,000 1990\$158,000 1991If the appropriation for either year is insufficient, the appropriation for the other year is available. If the appropriations for both years are insufficient, the appropriation for special education aid may be used to meet the special pupil obligations.Subd. 4. [SUMMER SPECIAL EDUCATION AID.] For special education aid for summer school programs:\$5,836,000 1990\$5,766,000 1991The 1990 appropriation is for 1989 summer school programs.The 1991 appropriation is for 1990 summer school programs.Subd. 5. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services for handicapped children under age five and their families.\$51,000 1990\$51,000 1991The 1990 appropriation includes \$8,000 for 1989 and \$43,000 for 1990.The 1991 appropriation includes \$8,000 for 1990 and \$43,000 for 1991.

Subd. 6. [RESIDENTIAL FACILITIES AID.] For aid under Minnesota Statutes, section 124.32, subdivision 5:

\$1,398,000 1990

\$1,374,000 1991

Subd. 7. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] For aid to educational programs for pupils of limited English proficiency according to Minnesota Statutes, section 124.273:

\$3,270,000 1990

\$3,374,000 1991

The 1990 appropriation includes \$454,000 for 1989 and \$2,816,000 for 1990.

The 1991 appropriation includes \$497,000 for 1990 and \$2,877,000 for 1991.

Subd. 8. [AMERICAN INDIAN SCHOLARSHIPS.] For American Indian scholarships under Minnesota Statutes, section 124.48:

\$1,582,000 1990

\$1,582,000 1991

Any unexpended balance remaining in the first year does not cancel but is available for fiscal year 1991.

Subd. 9. [AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.] For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124.481:

\$857,000 1990

\$857,000 1991

Subd. 10. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS.] For grants to American Indian language and culture education programs according to Minnesota Statutes, section 126.54, subdivision 1:

\$590,000 1990

\$590,000 1991

The 1990 appropriation includes \$89,000 for 1989 and \$501,000 for 1990.

The 1991 appropriation includes \$89,000 for 1990 and \$501,000 for 1991.

Subd. 11. [AMERICAN INDIAN EDUCATION.] For certain American Indian education programs in school districts there is appropriated:

\$176,000 1990

\$176,000 1991

The 1990 appropriation includes \$27,000 for 1989 and \$149,000 for 1990.

The 1991 appropriation includes \$27,000 for 1990 and \$149,000 for 1991.

These appropriations are available for expenditure with the approval of the commissioner of education.

The commissioner must not approve the payment of any amount to a school district under this subdivision unless that school district is in compliance with all applicable laws of this state.

Up to the following amounts may be distributed to the following school districts for each fiscal year: \$54,800 to independent school district No. 309, Pine Point School; \$9,700 to independent school district No. 166; \$14,900 to independent school district No. 432; \$14,100 to independent school district No. 435; \$42,200 to independent school district No. 707; and \$39,100 to independent school district No. 38. These amounts shall be spent only for the benefit of American Indian pupils and to meet established state educational standards or statewide requirements.

These appropriations are available only if operation support funds from the federal Bureau of Indian Affairs under the Johnson-O'Malley Act, Public Law Number 73-167, or Code of Federal Regulations, title 25, section 273.31, or equivalent money from the same or another source are not available for the districts enumerated in this subdivision for the applicable school year.

Before a district can receive money under to this subdivision, the district must submit to the commissioner of education evidence that it has:

(1) complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 121.90 to 121.917. For

each school year, compliance with Minnesota Statutes, section 121.908, subdivision 3a, shall require the school district to prepare one budget including the amount available to the district under this subdivision and one budget that does not include the available amount. The budget of that school district for the 1989-1990 school year prepared according to Minnesota Statutes, section 121.908, subdivision 3a, shall be submitted to the commissioner of education at the same time as 1988-1989 budgets and shall not include money appropriated in this subdivision;

(2) conducted a special education needs assessment and prepared a proposed service delivery plan according to Minnesota Statutes, section 120.03 and 120.17; Public Law Number 94-142, an act of the 94th Congress of the United States cited as the "Education for All Handicapped Children Act of 1975"; and applicable state board of education rules; and

(3) compiled accurate daily pupil attendance records.

Before approving payment of any amount to a school district under this subdivision, the commissioner shall review and evaluate each affected district's compliance with clauses (1), (2), and (3), and any other applicable laws, and each affected district's need for the money. Each affected district's net unappropriated fund balance in all operating funds as of June 30 of the previous school year shall be taken into consideration.

Subd. 12. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid according to Minnesota Statutes, section 124.573:

\$11,471,000 1990

\$11,720,000 1991

The 1990 appropriation includes \$1,525,000 for 1989 and \$9,946,000 for 1990.

The 1991 appropriation includes \$1,755,000 for 1990 and \$9,965,000 for 1991.

Subd. 13. [SECONDARY VOCATIONAL HANDICAPPED.] For aid for secondary vocational education for handicapped pupils according to Minnesota Statutes, section 124.574:

\$5,735,000 1990

\$6,745,000 1991

The 1990 appropriation includes \$645,000 for 1989 and \$5,090,000 for 1990.

The 1991 appropriation includes \$899,000 for 1990 and \$5,846,000 for 1991.

Subd. 14. [TRIBAL CONTRACT SCHOOLS.]

For tribal contract school aid:

\$200,000 1990

\$200,000 1991

Sec. 24. [APPROPRIATION.]

Subdivision 1. [STATE BOARD OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the state board of education for the fiscal years designated.

Subd. 2. [GRANTS FOR INDIAN TEACHERS.] For grants to assist Indian people to become teachers and to provide additional education for American Indian teachers:

\$71,000 1990

\$71,000 1991

The state board may award joint grants for a cooperative program to:

(a) the University of Minnesota, Duluth, and independent school district No. 709, Duluth;

(b) Bemidji State University and independent school district No. 38, Red Lake; and

(c) Moorhead State University and the White Earth Tribal Council.

To obtain the joint grant, a joint application must be submitted to the state board of education. The application must be developed with the participation of the district parent advisory committee established according to Minnesota Statutes, section 126.51.

The application must set forth (a) the in-kind services to be provided by the University of Minnesota, Duluth; Bemidji State University or Moorhead State University; (b) the coordination and mentorship services to be provided by these grants; and (c) recom-

mended criteria for selecting individual scholarship recipients and criteria for scholarship amounts, that may include tuition, fees, books, and living expenses for ten months. The part of the scholarship attributable to living expenses may be in the form of a loan to be forgiven if the recipient teaches in independent school district No. 709, Duluth, independent school district No. 38, Red Lake, or a school operated by the White Earth Tribal Council, for five years. If, however, the recipient is placed on unrequested leave of absence by independent school district No. 709, Duluth, independent school district No. 38, Red Lake, or a school operated by the White Earth Tribal Council, the loan may be forgiven if the recipient teaches in another Minnesota school district for an amount of time that, when added to the amount of time taught in Duluth, Red Lake, or at a school operated by the White Earth Tribal Council, equals five years. The loan forgiveness program must be developed in consultation with the higher education coordinating board.

Only the following American Indian people may receive scholarships:

(1) students entering the University of Minnesota, Duluth, Bemidji State University, or Moorhead State University, who intend to become teachers in Minnesota;

(2) teacher aides who are employees of independent school district No. 709, Duluth, independent school district No. 38, Red Lake, or a school operated by the White Earth Tribal Council, and who intend to obtain a teaching license; and

(3) licensed employees of independent school district No. 709, independent school district No. 38, Red Lake, or a school operated by the White Earth Tribal Council, who begin a master of education program.

The joint application must be submitted to the Minnesota Indian scholarship committee for review and comment.

The state board may award a joint grant in the amount it determines appropriate. Scholarship money must be included in the amount of the joint grant.

ARTICLE 4

COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1988, section 121.88, subdivision 2, is amended to read:

Subd. 2. [ADVISORY COUNCIL.] Each board shall provide for an

advisory council to consist of members who represent: various service organizations; churches; public and nonpublic schools; local government including elected officials; public and private nonprofit agencies serving youth and families; parents; youth; park, recreation or forestry services of municipal or local government units located in whole or in part within the boundaries of the school district; and any other groups participating in the community education program in the school district.

Sec. 2. Minnesota Statutes 1988, section 121.88, subdivision 5, is amended to read:

Subd. 5. [SUMMER PROGRAMS.] Notwithstanding any law to the contrary, during the summer a school district may offer community education programs to elementary and secondary pupils. The district may use community education revenue received pursuant to sections 124.271 and 275.125, subdivision 8 and charge fees for the cost of the programs.

Sec. 3. Minnesota Statutes 1988, section 121.882, subdivision 2, is amended to read:

Subd. 2. [PROGRAM CHARACTERISTICS.] Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents of such children, and for expectant parents. The programs may include the following:

- (1) programs to educate parents about the physical, mental, and emotional development of children;
- (2) programs to enhance the skills of parents in providing for their children's learning and development;
- (3) learning experiences for children and parents;
- (4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;
- (5) activities and materials designed to encourage self-esteem, skills, and behavior that prevent sexual and other interpersonal violence;
- (6) educational materials which may be borrowed for home use;
- ~~(6)~~ (7) information on related community resources; or
- ~~(7)~~ (8) other programs or activities.

The programs shall not include activities for children that do not require substantial involvement of the children's parents. The

programs shall be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs shall encourage parents to be aware of practices that may affect equitable development of children.

Sec. 4. Minnesota Statutes 1988, section 121.882, subdivision 4, is amended to read:

Subd. 4. [PARTICIPANTS' FEES.] A district may charge a reasonable fee but it shall waive the fee for a participant unable to pay. The commissioner of education shall adopt rules by January 1, 1990, to determine the responsibility of parents or guardians to pay for ECFE programs. The rules shall include a waiver of fees for participants unable to pay. The amount of the payment must not be more than the amount of the program cost.

Sec. 5. Minnesota Statutes 1988, section 121.912, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] Except as provided in this subdivision, sections 121.9121, 123.36, 124.243, 475.61, and 475.65, a school district may not permanently transfer money from (1) an operating fund to a nonoperating fund; (2) a nonoperating fund to another nonoperating fund; or (3) a nonoperating fund to an operating fund. Permanent transfers may be made from any fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to any other operating funds if the resources of the other fund are not adequate to finance approved expenditures from that other fund. Permanent transfers may also be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. Each year a permanent transfer must be made from the general fund to the community service fund to reimburse the community service fund for TRA and FICA expenditures made for community education activities. The amount to be transferred is the lesser of the amount received by the district in the community education fund in fiscal year 1987-1988 from the teacher retirement revenue, or the amount needed to meet the district TRA and FICA obligations in the current year, as described in Laws 1986, First Special Session chapter 1, article 9, section 5.

When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, permanent transfers may be made from the fund balance account entitled "pupil transportation fund reserved for bus purchases" to the capital expenditure fund, with the approval of the commissioner. The levy authorized pursuant to sections 124.243 and 124.244, shall be reduced by an amount equal to the amount transferred. Any school district may transfer any amount from the undesignated fund balance account in its

transportation fund to any other operating fund or to the reserved fund balance account for bus purchases in its transportation fund.

Sec. 6. Minnesota Statutes 1988, section 123.702, subdivision 1, is amended to read:

123.702 [SCHOOL BOARD RESPONSIBILITIES.]

Subdivision 1. Every school board shall provide for a voluntary program of early childhood health and developmental screening for children once before entering kindergarten. This screening program shall be established either by one board, by two or more boards acting in cooperation, by educational cooperative service units, by early childhood family education programs, or by other existing programs. No school board may make this screening examination a mandatory prerequisite to enroll a student. The school districts are encouraged to reduce the costs of preschool health screening programs by utilizing volunteers in implementing the program.

Sec. 7. Minnesota Statutes 1988, section 123.702, subdivision 1a, is amended to read:

Subd. 1a. [COMPONENTS.] A screening program shall include at least the following components to the extent the school board determines they are financially feasible: developmental assessments, hearing and vision screening, review of health history and immunization status, and assessments of height and weight. All screening components shall be consistent with the standards of the state commissioner of health for early and periodic screening programs. No child shall be required to submit to any component of this screening program to be eligible for any other component. No screening program shall provide laboratory tests, a health history or a physical ~~examination~~ exam to any child who has been provided with those laboratory tests or a health history or physical ~~examination~~ exam within the previous 12 months. The school district shall request the results of any laboratory test, health history or physical ~~examination~~ exam within the 12 months preceding a scheduled screening clinic. A school board may offer additional components such as nutritional, physical and dental assessments, blood pressure, and laboratory tests. State aid shall not be paid for additional components.

Sec. 8. Minnesota Statutes 1988, section 123.702, is amended by adding a subdivision to read:

Subd. 1b. [EXPANDED EARLY CHILDHOOD SCREENING.] Beginning in the 1989-1990 school year, districts must begin a process to make screening readily available to all three year old children, targeting those at-risk and unlikely to be served by other programs. After July 1, 1993, a district shall make available voluntary health and developmental screening to all three year old

children in the district. Districts shall collaborate with public and private community-based resources to deliver and finance early childhood screening.

Sec. 9. Minnesota Statutes 1988, section 123.702, is amended by adding a subdivision to read:

Subd. 1c. [EARLY CHILDHOOD SCREENING COMPONENTS.] After July 1, 1993, early childhood screening must include:

- (1) developmental screening;
- (2) vision and hearing tests;
- (3) a height and weight assessment;
- (4) immunization and an immunization review;
- (5) a review of the child's health and family history;
- (6) identification of additional risk factors that may inhibit learning;
- (7) a review of screening results with the child's parent or guardian;
- (8) referral for assessment as needed;
- (9) referral to appropriate programs;
- (10) a nutrition assessment;
- (11) a physical exam;
- (12) laboratory tests;
- (13) an oral inspection and dental referral; and
- (14) any other component listed under medical assistance rules in Minnesota Rules, parts 9505.0275 and 9505.1693 to 9505.1748.

Sec. 10. Minnesota Statutes 1988, section 123.702, subdivision 2, is amended to read:

Subd. 2. If any child's screening indicates a condition which requires diagnosis or treatment, the child's parents shall be notified of the condition and the school board shall ensure that an appropriate follow-up and referral process is available, in accordance with

procedures established pursuant to under section 123.703, subdivision 1.

Sec. 11. Minnesota Statutes 1988, section 123.702, subdivision 3, is amended to read:

Subd. 3. The school board shall actively encourage participation in the screening program. As a precondition for receiving aid under section 123.705, subdivision 3, the board shall establish an advisory group of representatives of early childhood family education, head start, early special education, the local interagency early learning committee, local public health agencies, social service agencies, and other agencies that provide services to children.

If an existing committee or council meets the criteria of this subdivision, or if an existing committee or council may be modified to meet the criteria of this subdivision, then that committee or council may be used to accomplish the purpose of this section.

Sec. 12. Minnesota Statutes 1988, section 123.702, subdivision 4, is amended to read:

Subd. 4. Every school board shall contract with or purchase service from an approved early and periodic screening program in the area provider or other provider wherever possible.

Sec. 13. Minnesota Statutes 1988, section 123.702, is amended by adding a subdivision to read:

Subd. 5a. [VOLUNTEERS.] After July 1, 1993, volunteers may assist with the screening components in this subdivision that are permitted in Minnesota Rules, parts 3530.3000 to 3530.4300, except that the only volunteers authorized to perform the developmental screening are those who hold the necessary credentials.

Sec. 14. Minnesota Statutes 1988, section 123.703, is amended by adding a subdivision to read:

Subd. 4. [GUIDELINES.] The commissioner of education shall establish guidelines that set a minimum number or percentage of three year old children for whom screening will be readily available.

Sec. 15. Minnesota Statutes 1988, section 123.703, is amended by adding a subdivision to read:

Subd. 5. [STATE AGENCY COOPERATION.] The commissioner of education shall consult regularly with the commissioners of human services, health, and jobs and training to ensure maximum participation in the screening programs and in follow-up services. The commissioner of education and the commissioner of human

services shall work together to reach and screen children eligible to receive benefits under the children's health plan, medical assistance, or other state insurance plan, subject to the data practices provisions in section 13.46, subdivision 2.

Sec. 16. Minnesota Statutes 1988, section 123.705, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNTS.] The state shall pay each school district for the cost of screening services provided according to sections 123.701 to 123.705 an amount equal to \$8.15 per child over the age of three who is screened.

Sec. 17. Minnesota Statutes 1988, section 123.705, is amended by adding a subdivision to read:

Subd. 3. [AID FOR THREE YEAR OLD CHILDREN.] Beginning January 1, 1990, a district is eligible to receive aid under this section provided that it:

(1) meets the criteria under section 123.702, subdivision 1c;

(2) meets or exceeds the commissioner's guidelines under section 123.703, subdivision 4;

(3) is in compliance with rules for the early periodic screening, diagnosis, and treatment program in Minnesota Rules, parts 9505.0275 and 9505.1693 to 9505.1748;

(4) provides assurance that no portion of any age cohort has been denied the opportunity for screening; and

(5) documents that children are not rescreened without professional justification.

Eligible districts shall receive:

(1) for each three-year old screened who is not covered by medical assistance, the children's health plan or other medical insurance plan that will reimburse the district for the cost of screening the child, \$30; and

(2) for each three-year old screened who is covered by a medical insurance plan that will reimburse the district for some or all of the cost of screening the child, the difference between the amount of reimbursement for the cost of screening the child provided to the district by the insurance plan and \$30, plus \$4.

Those districts receiving \$30 or more in reimbursement will receive \$4 per child for administrative costs. Each district must seek

payment from a medical insurance plan for the costs of screening those children who are covered by a medical insurance plan.

Districts that are enrolled in the medical assistance program as providers of early periodic screening, diagnosis, and treatment services as of June 30, 1989, that meet the criteria under section 123.702 and that meet or exceed the commissioner's guidelines for screening established under section 7, may receive aid under this subdivision beginning July 1, 1989.

Sec. 18. Minnesota Statutes 1988, section 124.26, subdivision 1c, is amended to read:

Subd. 1c. [PROGRAM APPROVAL.] A district receiving To receive aid under this section, a district must submit by June 1 an application on a form provided by the department and must have its the program described in that application approved by the commissioner according to the following criteria:

- (1) how the needs of all levels of learners will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;
- (5) participation in a consortium, if any, and funds available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;
- (8) staff development services;
- (9) program sites and schedules; and
- (10) program expenditures that qualify for aid.

The commissioner may contract with a private, nonprofit organization to provide services that are not offered by a district or that are supplemental to a district's program. The program provided under a contract must be approved according to the same criteria used for district programs.

Sec. 19. Minnesota Statutes 1988, section 124.26, subdivision 7, is amended to read:

Subd. 7. [ADULT BASIC AND CONTINUING EDUCATION AID.] Each district shall receive aid for approved adult basic and continuing education programs equal to 75 percent of the salary for each teacher, counselor, coordinator of volunteers, and nonlicensed instructional staff. In addition, the state shall pay aid equal to 75 percent of the expenditures for benefits, contracted services, supplies, and materials. Up to five percent of the combined state and federal aid may be for administrative costs of coordinating services with human services, employment, training, corrections, or other agencies providing services to adult learners. Expenditures for which the district receives federal aid shall not qualify for state aid.

Sec. 20. Minnesota Statutes 1988, section 124.26, is amended by adding a subdivision to read:

Subd. 8. [DEFINITION.] In this section, unless otherwise specified "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined in section 123.33, or "education district board" as defined in section 122.92.

Sec. 21. Minnesota Statutes 1988, section 124.271, is amended by adding a subdivision to read:

Subd. 2d. [REVENUE.] (a) Each fiscal year a district that has established a community education advisory council under section 121.88 and operates a community education program is eligible to receive community education revenue.

(b) For fiscal year 1990, the revenue for a school district without an approved youth development plan shall be an amount equal to the greater of 1,335 or the population of the district times \$5.50.

(c) For fiscal year 1990, the revenue for a school district with an approved youth development plan is an amount equal to the greater of 1,335 or the population of the district, times \$6.

(d) For 1991 and later fiscal years, the revenue for a school district without an approved youth development plan is an amount equal to the greater of 1,335 or the population of the district, times \$6.05.

(e) For fiscal year 1991 and later fiscal years, the revenue for a school district with an approved youth development plan is an amount equal to the greater of 1,335 or the population of the district, times \$6.55.

(f) For 1991 and each year thereafter, the revenue for a qualifying education district without an approved youth development plan is an amount equal to the greater of 1,335 times the number of

member school districts or the population of the qualifying education district, times \$6.05.

(g) For 1991 and later fiscal years, the revenue for a qualifying education district with an approved youth development plan is an amount equal to the greater of 1,335 times the number of member school districts in the qualifying education district or the population of the qualifying education district, times \$6.55.

Sec. 22. Minnesota Statutes 1988, section 124.271, is amended by adding a subdivision to read:

Subd. 2e. [LEVY.] To obtain community education revenue, a district must levy according to section 275.125, subdivision 8, or section 32.

Sec. 23. Minnesota Statutes 1988, section 124.271, is amended by adding a subdivision to read:

Subd. 2f. [AID.] The community education aid for a district equals its community education revenue minus its community education levy times the ratio of the actual amount levied to the permitted levy.

Sec. 24. Minnesota Statutes 1988, section 124.271, is amended by adding a subdivision to read:

Subd. 2g. [USES OF REVENUE.] Community education revenue must be used for community education including nonvocational adult programs, recreation and leisure-time activity programs, and programs authorized by sections 121.85 to 121.882.

Sec. 25. Minnesota Statutes 1988, section 124.271, is amended by adding a subdivision to read:

Subd. 8. [DEFINITION.] In this section and section 121.88, unless otherwise specified "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined in section 123.33, or "education district board" as defined in section 122.92.

Sec. 26. Minnesota Statutes 1988, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. [MAXIMUM REVENUE.] (a) The maximum revenue for early childhood family education programs for a school year the 1989 and 1990 fiscal years for a school district is the amount of revenue derived by multiplying \$84.50 times the greater of 150 or

the number of people under five years of age residing in the school district on September 1 of the preceding school year.

(b) For 1991 and later fiscal years, the maximum revenue for early childhood family education programs for a school district is the amount of revenue earned by multiplying \$91 times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the school district on September 1 of the last school year.

(c) For 1991 and later fiscal years, the maximum revenue for early childhood family education programs for a qualifying education district is the amount of revenue earned by multiplying \$91 times the greater of:

(1) 150 times the number of member school districts in the qualifying education district; or

(2) the number of people under five years of age residing in the qualifying education district on September 1 of the last year.

Sec. 27. Minnesota Statutes 1988, section 124.2711, subdivision 3, is amended to read:

Subd. 3. [AID.] If a district complies with the provisions of section 121.882, it shall receive early childhood family education aid equal to:

(a) the difference between the maximum revenue, according to subdivision 1, and the permitted levy attributable to the same school year, according to section 275.125, subdivision 8b, or section 32, times

(b) the ratio of the district's actual levy to its permitted levy attributable to the same school year, according to section 275.125, subdivision 8b, or section 32.

In fiscal year 1990 only, a district receiving early childhood family education aid under this subdivision or levy under section 275.125, subdivision 8b, shall receive an additional amount of aid equal to \$4.50 times the number of people under five years of age residing in the district on September 1 of the last school year.

Sec. 28. Minnesota Statutes 1988, section 124.2711, subdivision 4, is amended to read:

Subd. 4. [USE OF REVENUE RESTRICTED.] The proceeds of the aid authorized by this section and the levy authorized by section

275.125, subdivision 8b, or section 32 shall be used only for early childhood family education programs.

Sec. 29. Minnesota Statutes 1988, section 124.2711, is amended by adding a subdivision to read:

Subd. 5. [DEFINITION.] In this section and section 121.882, unless otherwise specified "district" means either "school district" as defined in section 120.02, subdivision 1, or "qualifying education district" as defined in article 6, section 6, subdivision 2a; "school board" means either "school board" as defined in section 123.33, or "education district board" as defined in section 122.92.

Sec. 30. Minnesota Statutes 1988, section 275.125, subdivision 8, is amended to read:

Subd. 8. [COMMUNITY EDUCATION LEVY.] (a) Each year, a school district, excluding any school district belonging to a qualifying education district levying for this purpose, without a youth development plan that has established a community education advisory council under section 121.88, may levy the amount raised by .8 mill 0.8 percent times the most recent adjusted gross tax capacity of the district, but no more than the greater of

(1) \$7,340, or

(2) \$5.50 times the population of the district 1,335 or the population of the school district, times \$6.05.

(b) Each year, a school district, excluding any school district belonging to a qualifying education district levying for this purpose, with an approved youth development plan, or a district that intends to approve a youth development plan for the 1988-1989 school year, that has established a community education advisory council under section 121.88, may levy the amount raised by .8 mill 0.8 percent times the most recent adjusted gross tax capacity of the district, but no more than the greater of

(1) \$8,000, or

(2) \$6 times the population of the district 1,335 or the population of the school district, times \$6.55.

(c) In addition to the levy authorized in paragraph (a) or (b), each year a school district, excluding any school district belonging to a qualifying education district levying for this purpose, may levy an additional amount for community education programs equal to the amount authorized under Minnesota Statutes 1986, section 275.125, subdivision 8, clause (2).

(d) A school district, excluding any school district belonging to a qualifying education district levying for this purpose, having an approved adult basic and continuing education program, according to section 124.26, may levy an amount not to exceed the amount raised by 1 mill 0.16 percent times the adjusted gross tax capacity of the district for the preceding year.

(e) A school district, excluding any school district belonging to a qualifying education district levying for this purpose, having an approved program and budget may levy for a handicapped adult program. The levy amount may not exceed the lesser of: (1) the actual expenditures for approved programs for the fiscal year beginning in the calendar year after the levy is certified minus the amount of state aid paid for the same year, or (2) \$30,000 for one program. In the case of a program offered by a group of school districts, the levy amount shall be divided among the school districts according to the agreement submitted to the department. The proceeds of the levy shall be used only for a handicapped adult program.

(f) The levies authorized in this subdivision shall be used for community education, including nonvocational adult programs, recreation and leisure time activity programs, and programs authorized by sections 121.85 to 121.882. A school district may levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to levy pursuant to this subdivision.

(g) The population of the school district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Sec. 31. Minnesota Statutes 1988, section 275.125, subdivision 8b, is amended to read:

Subd. 8b. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] A school district, excluding any school district belonging to a qualifying education district levying for this purpose, may levy for its early childhood family education program. The amount levied shall not exceed the lesser of:

(a) 5 mill 0.44 percent times the adjusted gross tax capacity of the school district for the year preceding the year the levy is certified, or

(b) the maximum revenue as defined in section 124.2711, subdivision 1, for the school year for which the levy is attributable.

Sec. 32. [275.1255] [TAX LEVY; QUALIFYING EDUCATION DISTRICTS.]

Subdivision 1. [COMMUNITY EDUCATION LEVY:] (a) Each year, a qualifying education district without a youth development plan that has established a community education advisory council under section 1, may levy the amount raised by 0.8 percent times the most recent adjusted gross tax capacity of the education district but no more than the greater of 1,335 times the number of member school districts in the qualifying education districts or the population of the qualifying education district, times \$6.05.

(b) Each year, a qualifying education district with an approved youth development plan that has established a community education advisory council under section 121.88, may levy the amount raised by 0.8 percent times the most recent adjusted gross tax capacity of the qualifying education district but no more than the greater of 1,335 times the number of member school districts in the qualifying education districts or the population of the qualifying education district, times \$6.55.

(c) A qualifying education district having an approved adult basic and continuing education program, according to section 124.26, may levy an amount not more than the amount raised by 0.16 percent times the adjusted gross tax capacity of the qualifying education district for the preceding year.

(d) A qualifying education district having an approved program and budget may levy for a handicapped adult program. The levy amount must not exceed the lesser of:

(1) the actual expenditures for approved programs for the fiscal year beginning in the calendar year after the levy is certified minus the amount of state aid paid for the same year; or

(2) \$30,000 for one program. The proceeds of the levy may be used only for a handicapped adult program.

(e) The levies authorized in this subdivision must be used for community education, including nonvocational adult programs, recreation, and leisure time activity programs, and programs authorized by sections 121.85 to 121.882. A qualifying education district may levy under this subdivision only after it has filed a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that the governing boards of the county, municipality, and township in which the qualifying education district or any part of it is located have been sent 15

working days' written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between the bodies and the qualifying education district board. The failure of a governing board of a county, municipality, or township to attend the meeting does not affect the authority of the qualifying education district to levy under this subdivision.

(f) The population of the qualifying education district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Subd. 2. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] A qualifying education district may levy for its early childhood family education program. The amount levied must not be more than the lesser of:

(1) 0.44 percent times the adjusted gross tax capacity of the qualifying education district for the year before the year the levy is certified; or

(2) the maximum revenue as defined in section 124.2711, subdivision 1, for the school year for which the levy is attributable.

Sec. 33. [PROGRAM REPORTING.]

Based on information provided by the districts, the commissioner of education shall report annually to the legislature, beginning December 1, 1990, on the number, ages, and characteristics of the children screened, the per child screening costs, the resources leveraged, including the amount of reimbursement received from medical insurance providers, the results of the screening, and the adequacy of follow-up services as described in section 10. By December 1, 1991, the commissioner shall report whether screening aid levels should be adjusted.

Sec. 34. [APPROPRIATION.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [ADULT BASIC AND CONTINUING EDUCATION.] For adult basic and continuing education aid according to Minnesota Statutes, section 124.26:

\$4,780,000 1990

\$5,043,000 1991

The 1990 appropriation includes \$638,000 for 1989 and \$4,142,000 for 1990.

The 1991 appropriation includes \$731,000 for 1990 and \$4,312,000 for 1991.

Up to \$235,000 in 1990 and \$250,000 in 1991 may be used for contracts with private, nonprofit organizations for approved programs.

The appropriation includes \$200,000 each year for programs to assist inmates in state correctional institutions in obtaining a high school diploma or its equivalent.

Subd. 3. [ADULT HANDICAPPED PROGRAM AID.] For aid for handicapped adult programs under Minnesota Statutes, section 124.271:

\$610,000 1990

\$670,000 1991

Any unexpended balance from the appropriation for fiscal year 1990 does not cancel and is available for fiscal year 1991.

Subd. 4. [COMMUNITY EDUCATION.] For community education programs:

\$3,281,000 1990

\$3,352,000 1991

The 1990 appropriation includes \$516,000 for 1989 and \$2,765,000 for 1990.

The 1991 appropriation includes \$489,000 for 1990 and \$2,863,000 for 1991.

Subd. 5. [COMMUNITY EDUCATION ADVISORY TASK FORCE.] For the activities of the community education advisory task force:

\$25,000 1990

This appropriation is available until June 30, 1991.

Subd. 6. [ECFE.] For early childhood family education programs:

\$10,689,000 1990

\$10,215,000 1991

The 1990 appropriation includes \$1,235,000 for 1989 and \$9,454,000 for 1990.

The 1991 appropriation includes \$1,669,000 for 1990 and \$8,547,000 for 1991.

Up to \$50,000 each year may be used to develop outcome measures and evaluate district ECFE programs.

Subd. 7. [DEVELOPMENTAL SCREENING.] For early childhood health and developmental screening:

\$676,000 1990

\$1,152,000 1991

The 1990 appropriation includes \$60,000 for 1989 and \$616,000 for 1990.

The 1991 appropriation includes \$109,000 for 1990 and \$1,043,000 for 1991.

Up to \$25,000 of the appropriation available in fiscal year 1990 may be used for start-up training and technical assistance.

Any unexpended balance in the first year does not cancel and is available in the second year.

Subd. 8. [EVALUATION OF BASIC SKILLS PROGRAMS.] For continuing an independent statewide evaluation of basic skills programs:

\$75,000 1990

\$75,000 1991

The department may contract for these services.

This appropriation is contingent upon the department's receipt of \$1 from private sources for each \$2 of this appropriation.

Subd. 9. [GED AND LEARN TO READ ON TV.] For statewide purchase of broadcast costs, publicity, and coordination of the GED on TV series and the learn to read on TV series:

\$100,000 1990

\$100,000 1991

The department may contract for these services.

Subd. 10. [HEARING IMPAIRED ADULTS.] For programs for hearing impaired adults according to Minnesota Statutes, section 121.201:

\$70,000 1990

\$70,000 1991

Sec. 35. [REPEALER.]

Minnesota Statutes 1988, section 123.702, subdivisions 1a, 5, 6, and 7, are repealed effective July 1, 1993.

Minnesota Statutes 1988, sections 129B.48 and 124.271, subdivision 26, are repealed.

ARTICLE 5

FACILITIES AND EQUIPMENT

Section 1. Minnesota Statutes 1988, section 124.243, subdivision 3, is amended to read:

Subd. 3. [CAPITAL EXPENDITURE FACILITIES LEVY.] To obtain capital expenditure facilities revenue, a district may levy an amount not to exceed the capital expenditure facilities revenue determined in subdivision 2 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted gross tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) ~~75 percent of the equalizing factor for the school year to which the levy is attributable~~ \$7,292.

Sec. 2. Minnesota Statutes 1988, section 124.243, is amended by adding a subdivision to read:

Subd. 11. [INSTALLMENT PURCHASE CONTRACTS.] An installment contract to purchase a facility in excess of \$400,000 is subject to the review and comment provisions of section 121.15.

Sec. 3. Minnesota Statutes 1988, section 124.244, subdivision 2, is amended to read:

Subd. 2. [CAPITAL EXPENDITURE EQUIPMENT LEVY.] To obtain capital expenditure equipment revenue, a district may levy an amount not to exceed the district's capital expenditure equipment revenue as determined in subdivision 1 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted gross tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) ~~75 percent of the equalizing factor for the school year to which the levy is attributable~~ \$7,292.

Sec. 4. [124.2442] [CAPITAL EXPENDITURE PRORATION.]

Subdivision 1. [INSUFFICIENT FUNDS.] If the total appropriation for capital expenditure equipment aid or capital expenditure facilities aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's capital expenditure facilities and equipment revenue according to the calculations in subdivisions 2 to 4.

Subd. 2. [ALLOWANCE REDUCTION.] If there are insufficient capital expenditure equipment and facility aid funds, the department must recompute the capital expenditure equipment and facility revenue by reducing the formula allowances to the levels that eliminate the deficiencies. The levy amounts must not be recomputed.

Subd. 3. [AID REDUCTION.] A district's proration aid reduction is equal to the lesser of zero, or the difference of the existing aid calculation minus the aid amount computed under subdivision 2.

Subd. 4. [LEVY REDUCTION.] If a district's proration aid reduction is less than its revenue reduction, its capital expenditure levy authority for the following year must be reduced by the amount of the difference between its revenue reduction and its aid reduction.

Sec. 5. Minnesota Statutes 1988, section 124.245, subdivision 3b, is amended to read:

Subd. 3b. [HAZARDOUS SUBSTANCE REVENUE AND AID.]
(a) A district's "hazardous substance revenue" for fiscal year 1989 equals the approved cost of the hazardous substance plan for the school fiscal year to which the levy is attributable, minus the unexpended portion of levies certified and aids earned by the district

in earlier years under ~~section~~ sections 124.245, subdivision 3, and 275.125, subdivision 11c.

(b) A district's "hazardous substance levy limitation" means its levy limitation computed according to section 275.125, subdivision 11c.

(c) A district's "hazardous substance aid" for 1988-1989 and later school years equals:

(i) the difference between its hazardous substance revenue and its hazardous substance levy limitation for the levy for that school year, multiplied by

(ii) the ratio of the amount actually levied to the amount of its hazardous substance levy limitation.

(d) Aid paid under this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 275.125, subdivision 11c, may be used.

(e) In the event that the aid available for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

Sec. 6. Minnesota Statutes 1988, section 124.43, subdivision 1, is amended to read:

Subdivision 1. [REVIEW BY COMMISSIONER.] (a) The commissioner may, after review and a favorable recommendation by the state board of education, recommend to the legislature capital loans to school districts only after receiving both a favorable site recommendation under section 7 and after review and a favorable recommendation by the state board. Proceeds of the loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing, or equipping school buildings under contracts to be entered into within 12 months from and after the date on which each loan is granted.

(b) Any school board that intends to submit an application for a capital loan shall submit a proposal to the commissioner for review and comment pursuant to section 121.15 by September 1 of any year, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. The state board shall not make a favorable recommendation on an application for a capital loan for any facility unless:

(1) the facility receives a positive review and comment pursuant to section 121.15; and

(2) the state board determines that

(A) the facilities are needed to replace facilities dangerous to the health and safety of pupils, or to provide for pupils for whom no adequate facilities exist;

(B) the facilities could not be made available through dissolution and attachment of the district to another district or through pairing, interdistrict cooperation, or consolidation with another district, or through the purchase or lease of facilities from existing institutions within the area. The preference of the school district regarding reorganization shall not be a criterion used by the state board in determining whether the facilities could be made available through reorganization;

(C) the facilities are comparable in size and quality to facilities recently constructed in other districts of similar enrollment; and

(D) (C) the district's need for the facilities is comparable to needs that comparable districts are meeting through local bond issues.

The state board may recommend that the loan be approved in a reduced amount in order to meet the foregoing criteria. If the state board recommends that a loan not be approved, the commissioner shall not recommend approval of the loan. If the state board recommends that the loan be approved in a reduced amount, the commissioner shall not recommend approval of a loan larger than that recommended by the state board.

(c) As part of reviewing an application for a capital loan, the commissioner of education shall prepare estimated yearly repayments by the school district and the estimated amount of principal and interest that may be forgiven after the term of the loan. These estimates shall assume no growth in gross tax capacity over the term of the loan, shall assume a levy equal to 16 mills a gross tax capacity rate of 13.08 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 16.27 percent for taxes payable in 1991 and thereafter, and shall be prepared using a methodology approved by the commissioner of finance. The commissioner of education shall use a discount factor provided by the commissioner of finance in determining the present value of the estimated amount of interest and principal which may be forgiven after the term of the loan.

(d) No loan shall be recommended for approval for any district exceeding the greater of 50 percent of the total cost of the project or an amount computed as follows:

(1) The amount requested by the district under subdivision 2;

(2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on June 30 of the year following the year the application was received, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or 24 percent of the adjusted gross tax capacity, the following amount:

(i) for the period October 1, 1988, to September 30, 1989, 197 percent of its adjusted gross tax capacity; or

(ii) for any 12-month period beginning October 1 of any year after 1988, 245 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(3) Less the maximum net debt permissible for the district on December 1 of the year the application is received, under the limitation in section 475.53, subdivision 4, or 24 percent of the most recent adjusted gross tax capacity available at the time of application, the following amount:

(i) for the period October 1, 1988, to September 30, 1989, 197 percent of its adjusted gross tax capacity; or

(ii) for any 12-month period beginning October 1 of any year after 1988, 245 percent of its adjusted net tax capacity as most recently determined, whichever is less; and

(4) Less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted, as estimated in accordance with subdivision 4, provided that the loan may be approved in an amount computed as provided in clauses (1) to (3), subject to subsequent reduction in accordance with this clause.

Sec. 7. Minnesota Statutes 1988, section 124.43, is amended by adding a subdivision to read:

Subd. 1a. [SITE RECOMMENDATION.] In addition to the review and comment, the state board must also provide the commissioner with a favorable site recommendation. To issue a favorable site recommendation, the state board must find that facilities could not be made available through:

(1) consolidation;

(2) dissolution and attachment;

(3) interdistrict cooperation;

(4) purchase or lease of facilities from existing institutions; or

(5) any other state facilities funding program.

The preference of the school district regarding reorganization must not be a criterion used by the state board in determining whether the facilities could be made available through reorganization.

The state board may reject a proposal or request that a district change its proposal if some form of interdistrict cooperation would lead to a more efficient use of school facilities.

Sec. 8. Minnesota Statutes 1988, section 124.83, subdivision 3, is amended to read:

Subd. 3. [HEALTH AND SAFETY REVENUE.] A district's health and safety revenue for a fiscal year equals the approved cost of the health and safety program for the school year to which the levy is attributable, minus the unexpended portion of levies certified by the district in earlier years under section 275.125, subdivision 11c.:

(1) The sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, minus

(2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the district's health and safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable, plus (c) the amount of other federal, state, or local receipts for the district's hazardous substance or health and safety programs for fiscal year 1985 through the fiscal year to which the levy is attributable.

Sec. 9. Minnesota Statutes 1988, section 124.83, subdivision 4, is amended to read:

Subd. 4. [HEALTH AND SAFETY LEVY.] To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lessor of one, or the ratio of:

(1) the quotient derived by dividing the adjusted gross tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) 75 percent of the equalizing factor for the school year to which the levy is attributable \$7,292.

Sec. 10. Minnesota Statutes 1988, section 124.83, subdivision 6, is amended to read:

Subd. 6. [USES OF HEALTH AND SAFETY REVENUE.] Health and safety revenue may be used only for approved expenditures necessary to correct fire safety hazards, life safety hazards, or for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01.

Sec. 11. Minnesota Statutes 1988, section 275.125, subdivision 11d, is amended to read:

Subd. 11d. [EXTRA CAPITAL EXPENDITURE LEVY FOR LEASING BUILDINGS.] When a district finds it economically advantageous to rent or lease a building for a secondary vocational cooperative program or an area learning center and it determines that the capital expenditure facilities revenues authorized under section 124.243 are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building for approved purposes. The proceeds of this levy must not be used for leasing or renting a facility owned by a district or for custodial or other maintenance services.

Sec. 12. [HANDICAPPED ACCESSIBILITY LEVY: INDEPENDENT SCHOOL DISTRICT NO. 228.]

For handicapped accessibility improvements, independent school district No. 228, Harmony, may levy an amount not more than the lesser of \$100,000 or the costs of the handicapped accessibility improvements. The levy is available for taxes payable in 1990 only.

Sec. 13. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums

indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [CAPITAL EXPENDITURE FACILITIES AID.] For capital expenditure facilities aid under Minnesota Statutes, section 124.243:

\$38,002,000 1990

\$44,858,000 1991

The 1990 appropriation includes \$0 for 1989 and \$38,002,000 for 1990.

The 1991 appropriation includes \$6,706,000 for 1990 and \$38,151,000 for 1991.

Subd. 3. [CAPITAL EXPENDITURE EQUIPMENT AID.] For capital expenditure equipment aid under Minnesota Statutes, section 124.243:

\$19,417,000 1990

\$22,921,000 1991

The 1990 appropriation includes \$0 for 1989 and \$19,417,000 for 1990.

The 1991 appropriation includes \$3,427,000 for 1990 and \$19,494,000 for 1991.

Subd. 4. [HEALTH AND SAFETY AID.] For health and safety aid under Minnesota Statutes, section 124.83:

\$8,728,000 1990

\$12,334,000 1991

The 1990 appropriation includes \$0 for 1989 and \$8,728,000 for 1990.

The 1991 appropriation includes \$1,540,000 for 1990 and \$10,794,000 for 1991.

Subd. 5. [MAXIMUM EFFORT SCHOOL LOAN FUND.] For the maximum effort school loan fund:

\$893,000 1990

\$1,565,000 1991

The 1990 appropriation does not cancel and is available until July 1, 1991.

Subd. 6. [CAPITAL EXPENDITURE HAZARDOUS MATERIAL AID.] For the final payment of capital expenditure hazardous material aid under Minnesota Statutes, section 124.245:

\$9,000 1990

The 1990 appropriation is for the 1989 final payment.

Subd. 7. [CAPITAL EXPENDITURE REGULAR AID.] For the final payment of capital expenditure regular aid under Minnesota Statutes, section 124.245:

\$5,628,000 1990

The 1990 appropriation is for the 1989 final payment.

Sec. 14. [REPEALER.]

Minnesota Statutes 1988, section 124.243, subdivision 4, is repealed.

ARTICLE 6

EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1988, section 121.908, subdivision 5, is amended to read:

Subd. 5. All governmental units formed by joint powers agreements entered into by districts pursuant to section 120.17, 123.351, 471.59, or any other law and all educational cooperative service units and education districts shall be subject to the provisions of this section.

Sec. 2. Minnesota Statutes 1988, section 122.23, is amended by adding a subdivision to read:

Subd. 13a. [CONSOLIDATION IN AN EVEN-NUMBERED YEAR.] (a) Notwithstanding subdivision 13, or any other law to the contrary, school districts may consolidate during an even-numbered year if the school board and the exclusive bargaining representative of the teachers in each affected district mutually agree to the

effective date of the consolidation. The agreement must be in writing and submitted to the commissioner of education.

(b) Notwithstanding any other law to the contrary, until a new contract is executed between the newly elected school board and the exclusive bargaining representative of the new district, the school boards and the exclusive bargaining representatives of the teachers in the preexisting districts may mutually agree that the terms and conditions of the new employing district are temporarily governed by a contract executed by a preexisting district and its exclusive bargaining representative.

Sec. 3. Minnesota Statutes 1988, section 122.43, subdivision 1, is amended to read:

Subdivision 1. Any organized school district not a part of an independent school district maintaining classified elementary and secondary schools, grades 1 through 12 is dissolved, unless the district has made an agreement with another district or districts as provided in section sections 122.535 or, 122.541, 10, or the cooperative secondary facilities grant act.

Sec. 4. Minnesota Statutes 1988, section 122.532, subdivision 4, is amended to read:

Subd. 4. Except as provided in this section, the provisions of section 125.12 or 125.17 shall apply to the employment of each teacher by the new employing district on the same basis as they would have applied to the employment if the teacher had been employed by that new district before the effective date of the consolidation or dissolution and attachment. For the purpose of applying the provisions of subdivision 3, clause (b), and the provisions of section 125.12, subdivision 6b, pursuant to under this section, a teacher's date of first employment shall be the date of beginning continuous employment in the preexisting district which employed the teacher is considered identical for all teachers who were first employed in any of the preexisting districts at the beginning of the same school year.

Sec. 5. Minnesota Statutes 1988, section 122.541, subdivision 5, is amended to read:

Subd. 5. If compatible plans are not negotiated pursuant to subdivision 4 before the March 1 preceding any year of the agreement permitted by subdivision 1, the cooperating districts shall be governed by the provisions of this subdivision. Insofar as possible, teachers who have acquired continuing contract rights and whose positions are discontinued as a result of the agreement shall be employed by a cooperating district or assigned to teach in a cooperating district as exchange teachers pursuant to section 125.13. If necessary, teachers whose positions are discontinued as a result of

the agreement and who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed in the inverse order in which they were employed by a cooperating district, according to a combined seniority list of teachers in the cooperating districts.

For the purpose of applying this subdivision, a teacher's date of first employment is considered identical for all teachers who were first employed in any of the cooperating districts at the beginning of the same school year.

Sec. 6. Minnesota Statutes 1988, section 122.91, is amended to read:

122.91 [EDUCATION DISTRICT ESTABLISHMENT.]

Subdivision 1. [PURPOSE.] The purpose of an education district is to increase educational opportunities for pupils learners by increasing cooperation and coordination among school districts and post-secondary institutions.

Subd. 2. [AGREEMENT] School boards meeting the requirements of subdivision 3 may enter into a written agreement to establish an education district. The agreement and subsequent amendments must be adopted by majority vote of the full membership of each board.

Subd. 2a. [AGREEMENT; SPECIAL PROVISIONS.] The education district agreement may contain the following special provisions adopted by the vote of a majority of the full membership of each of the boards of the member school districts.

(a) The agreement may contain a provision to allow the education district board to levy for and receive aid for any of the following:

(1) general education under chapter 124A;

(2) community education programs under sections 124.271 and 275.125, subdivision 8;

(3) early childhood family education programs under sections 124.2711 and 275.125, subdivision 8b;

(4) limited English proficiency programs under section 124.273;

(5) secondary vocational handicapped programs under section 124.574;

(6) special education programs under sections 124.32 and 275.125, subdivision 8c; and

(7) transportation under sections 124.225 and 275.125, subdivisions 5, 5b, 5c, 5e, 5f, and 5g.

A "qualifying education district" is any education district with the authority to levy under this subdivision.

(b) The agreement may contain a provision to allow a post-secondary institution to become a member of the education district.

Subd. 3. [REQUIREMENTS FOR FORMATION.] An education district must have one of the following at the time of formation:

(1) at least five districts;

(2) at least four districts with a total of at least 5,000 pupils in average daily membership; or

(3) at least four districts with a total of at least 2,000 square miles; or

(4) a variance received from the state board of education according to subdivision 3a.

Subd. 3a. [VARIANCE.] The state board of education must establish criteria for education district eligibility for a group of districts that do not qualify as an education district under subdivision 3, clause (1), (2), or (3).

A school board may apply to the state board for a variance from education district formation requirements. The state board must approve or disapprove an application within 60 days of receiving it from the school boards.

Subd. 3b. [MEETING WITH REPRESENTATIVES.] Before entering into an agreement, the school board of each member district must meet and confer with the exclusive representatives of the teachers of each school district proposing to enter the education district.

Subd. 4. [NOTICE AND HEARING.] Before entering into an agreement, the school board of each member district shall publish at least once in a newspaper of general circulation in the district a summary of the proposed agreement and its effect upon the district. The board shall conduct a public hearing on the proposed agreement not more than ten days after the notice and at least 30 days before entering into an agreement.

Subd. 5. [JOINDER AND WITHDRAWAL.] A process for a district to join or withdraw from an education district shall be included in the education district agreement.

If a member school district withdraws from an education district before the beginning of a school year for which an education district levy under section 124.2721 has been certified, a payment of revenue must be made to the school district from the education district. The amount of the payment is equal to the tax rate that was levied for the education district times the tax capacity of the school district. The payment must be made by December 31 of the calendar year following the year of certification.

A member district that has notified the education district board of its intent to withdraw from the education district must not be considered a member district for the certification of any education district levies.

A member district that has been considered a member district of a qualifying education district for the purpose of certifying a general education levy, community education levy, early childhood family education levy, or special education levy must not withdraw from the qualifying education district until the end of the school year for which a levy has been certified.

Subd. 6. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] If requested, educational cooperative service units shall provide assistance to districts in establishing education districts. The assistance may include determination of appropriate boundaries of the education district and development of the agreement. The educational cooperative service units may provide any other services requested by the education district.

Subd. 7. [REVENUE.] An education district may be eligible for education district revenue under section 124.2721.

An education district may be eligible for the following revenue if authorized in the education district agreement under subdivision 2a of this section:

- (1) general education revenue under chapter 124A;
- (2) community education revenue under sections 124.271 and 275.125, subdivision 8;
- (3) early childhood family education revenue under sections 124.2711 and 275.125, subdivision 8b;
- (4) limited English proficiency revenue under section 124.273;
- (5) secondary vocational handicapped revenue under section 124.574;

(6) special education revenue under sections 124.32 and 275.125, subdivision 8c; and

(7) transportation under sections 124.225 and 275.125, subdivisions 5, 5b, 5c, 5e, 5f, and 5g.

Notwithstanding any other law to the contrary, if a qualifying education district receives revenue stated in any of clauses (1) to (5), its member school districts must not receive revenue for the same program.

A qualifying education district and a member school district must not receive revenue for the same costs under clauses (6) and (7).

Subd. 8. [LAWS GOVERNING INDEPENDENT SCHOOL DISTRICTS APPLICABLE.] As of the effective date of the establishment of an education district, the organization, operation, maintenance, and conduct of the affairs of the education district shall be governed, when not otherwise provided, by the general laws relating to independent school districts of the state.

Sec. 7. Minnesota Statutes 1988, section 122.92, is amended to read:

122.92 [EDUCATION DISTRICT BOARD.]

Subdivision 1. [SCHOOL DISTRICT REPRESENTATION.] The education district board shall be composed of at least one representative appointed by the school board of each member district. The Each representative shall reside in the school district must be a member of the appointing school board. The Each representative shall serve at the pleasure of the appointing school board and may be recalled by a majority vote of the appointing school board. Each representative shall serve for the term that is specified in the agreement. The board shall select its officers from among its members and shall determine the terms of the officers. The board shall adopt bylaws for the conduct of its business.

Subd. 2. [POST-SECONDARY REPRESENTATION.] The education district board may appoint a representative from one or more member post-secondary institutions as a member of the education district board. Each post-secondary representative shall serve at the pleasure of the education district board and may be recalled by a majority vote of the education district board. A post-secondary representative must not vote on levy certification. The education district agreement may specify other issues on which a post-secondary representative must not vote.

Sec. 8. Minnesota Statutes 1988, section 122.93, subdivision 2, is amended to read:

Subd. 2. [PERSONNEL.] The board may employ personnel as necessary to provide and support the programs and services of the education district. Education district staff shall participate in retirement programs. Notwithstanding section 123.34, subdivision 9, a member district of an education district may contract with the education district for the services of a superintendent. The person to provide the services need not be employed by the education district at the time the contract is entered into.

Sec. 9. Minnesota Statutes 1988, section 122.93, is amended by adding a subdivision to read:

Subd. 7. [BUDGET.] The education district board must adopt a budget for the expenditure of revenue received by the education district. The budget must be included in the five-year plan required under section 13.

Sec. 10. Minnesota Statutes 1988, section 122.93, is amended by adding a subdivision to read:

Subd. 8. [DISCONTINUING GRADES.] The board of a school district that is a member of an education district may discontinue any of kindergarten through grade 12 or part of those grades and provide instruction for those grades or parts of grades through the education district.

Sec. 11. Minnesota Statutes 1988, section 122.94, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] An education district board shall adopt a comprehensive agreement for continuous learning. The agreement must address methods to improve the educational opportunities available in the education district. It must be submitted for review by all the educational cooperative service units serving unit within which the majority of the education district membership lies. The education district board shall review the agreement annually and propose necessary amendments to the member districts.

Sec. 12. Minnesota Statutes 1988, section 122.94, is amended by adding a subdivision to read:

Subd. 6. [COMMON ACADEMIC CALENDAR.] For 1990-1991 and later school years, the agreement must require a common academic calendar for all member districts of an education district. For purposes of this subdivision, a common academic calendar must include at least the following:

- (1) the number of days of instruction;

- (2) the first and last days of instruction in a school year; and
- (3) the specific days reserved for staff development.

Before the 1990-1991 school year, each education district must report to the state board of education on ways that other components of the academic calendar in each member district will affect the implementation of the five-year plan described in section 13. Other components include the length of the school day, the time the school day begins and ends, and the number of periods in the day.

Sec. 13. [122.945] [EDUCATION DISTRICT PLAN.]

Subdivision 1. [FIVE-YEAR PLAN.] Each education district must develop a five-year plan to increase educational opportunities for all learners. The plan must give priority to the mandated programs and services under section 122.94, subdivision 2, with an emphasis on new, improved, or expanded programs or services. The plan must emphasize the integration of all aspects of education, including community education. Teachers must be involved in developing the plan. The plan must include at least the following components:

(1) a detailed description of the proposed increased educational opportunities for pupils resulting from the new, improved, or expanded programs or services;

(2) a budget for the current fiscal year and an estimated budget for the next fiscal year;

(3) an estimate of the number of school districts and pupils affected by program and service expenditures; and

(4) any other information required by the state board.

Subd. 2. [SUBMISSION AND APPROVAL OF FIVE-YEAR PLAN.] Each education district must submit a five-year plan developed according to subdivision 1 to the state board of education. An education district established before January 1, 1990, must submit a plan by a date specified by the state board. An education district established after December 31, 1989, must submit a plan to the state board by August 1. The board must approve or disapprove the plan within 60 days of receiving it from the education district.

Subd. 3. [UPDATING EDUCATION DISTRICT PLAN.] The state board of education may require education districts to submit updated five-year plans.

Subd. 4. [EDUCATION DISTRICT REVENUE.] An education district must receive state board of education approval of its

five-year plan to be eligible for education district revenue under section 124.2721, subdivision 6.

Subd. 5. [EVALUATION OF FIVE-YEAR PLAN.] The state board of education must annually evaluate the programs and services in a selected number of education districts to determine compliance with the five-year plan and any updated plans submitted to the board under this section.

Sec. 14. Minnesota Statutes 1988, section 122.95, is amended by adding a subdivision to read:

Subd. 1a. [FILLING POSITIONS; NEGOTIATED AGREEMENTS.] The school boards in all member districts and exclusive bargaining representatives of the teachers in all member districts may negotiate a plan for filling positions resulting from implementation of the education district agreement. If the plan is negotiated among the member school districts and the exclusive bargaining representative of each member school district and unanimously agreed upon, in writing, the education district shall include the plan in the education district agreement. If a plan is not negotiated, the education district is governed by subdivision 2.

Sec. 15. Minnesota Statutes 1988, section 122.95, subdivision 2, is amended to read:

Subd. 2. [FILLING POSITIONS.] (a) When an education district board or a member board is filling a position resulting from implementation of the agreement, the board may offer the position to a teacher currently employed by a member district according to the exchange teacher provisions of section 125.13.

(b) If the position is not filled by a currently employed teacher, the board shall offer the position to an available teacher in the order of seniority in fields of licensure on a combined seniority list of all available teachers in the member districts. An available teacher is a teacher in a member district who:

(1) was placed on unrequested leave of absence by a member district, according to section 125.12, subdivision 6a or 6b, or was terminated according to section 125.17, subdivision 11, not more than one year before the initial formation of an education district as a result of an intention to enter into an education district agreement;

(2) was placed on unrequested leave of absence by a member district, according to section 125.12, subdivision 6a or 6b, or was terminated according to section 125.17, subdivision 11, as a result of implementing the education district agreement, after the formation of the education district; or

(3) is placed on unrequested leave of absence by a member district, according to section 125.12, subdivision 6a or 6b, or is terminated according to section 125.17, subdivision 11, as a result of implementing the education district, in the same year the position is filled.

(c) If no currently employed teacher or available teacher accepts the position, the board may fill the position with any other teacher.

(d) Any teacher who has been placed on unrequested leave of absence or who has been terminated has a right to a position only as long as the teacher has a right to reinstatement in a member district under section 125.12, subdivision 6a or 6b, or 125.17, subdivision 11.

(e) For the purpose of this section, a teacher's date of first employment is considered identical for all teachers who were first employed in any of the member school districts at the beginning of the same school year.

Sec. 16. Minnesota Statutes 1988, section 124.2721, is amended to read:

124.2721 [EDUCATION DISTRICT REVENUE.]

Subdivision 1. [ELIGIBILITY.] An education district is eligible for education district revenue if the department certifies that it meets the requirements of section 122.91, subdivisions 3 and 4, and section 13. The pupil units of a school district that is a member of intermediate district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a school district may not be used to obtain revenue under this section and section 124.575.

Subd. 2. [REVENUE.] Education district revenue is \$60 per actual pupil unit in each school district that is a member of an education district.

Subd. 3. [LEVY.] To obtain education district revenue, an eligible education district may levy the lesser of its education district revenue or the amount raised by 1.3 mills times 1.5 percent of the adjusted gross tax capacity of each participating member district for the preceding year. Each year, the education district board shall certify to the county auditor or county auditors the amount of taxes to be levied under this section.

Subd. 4. [AID.] The aid for an education district equals its education district revenue minus its education district levy, times the ratio of the actual amount levied to the permitted levy.

Subd. 4a. [AID ADJUSTMENT.] An education district's education district aid under subdivision 4 must be recomputed if a school district withdraws from the education district before the beginning

of a school year but after the education district levy has been certified. The recomputed education district aid is equal to the difference between:

(1) \$60 times the actual pupil units in the school districts that remain in the education district; and

(2) the education district levy tax rate times the tax capacity of the remaining member school districts of the education district.

Subd. 5. [USES OF REVENUE.] Education district revenue is under the control of the education district board. Education district revenue must be used by the education district board to provide educational programs according to the agreement adopted by the education district board, as required by section 122.94.

The education district board may pay to member school districts a part of the education district revenue received by the education district under this section only for programs that are (1) available to all member districts, and (2) included in the five-year plan under section 13.

Subd. 6. [CONSOLIDATION.] If all member districts of an education district receiving revenue under this section or a group of member districts of an education district receiving revenue under this section that would qualify as an education district under section 122.91, subdivision 3, consolidate into a single independent school district by proceedings taken in accordance with section 122.23, that consolidated district may continue to receive education district revenue according to this section.

Sec. 17. Minnesota Statutes 1988, section 124.494, subdivision 2, is amended to read:

Subd. 2. [REVIEW BY COMMISSIONER.] (a) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 121.15, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the secondary facility. The commissioner must not approve an application for an incentive grant for any secondary facility unless the facility receives a favorable review and comment under section 121.15 and the following criteria are met:

(1) a minimum of three or more districts, with kindergarten to grade 12 enrollments in each district of no more than 1,000 pupils, enter into a joint powers agreement;

(2) a joint powers board representing all participating districts is

established under section 471.59 to govern the cooperative secondary facility;

(3) the planned secondary facility will result in the joint powers district meeting the requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;

(4) at least 240 pupils would be served in grades 10 to 12, 320 pupils would be served in grades 9 to 12, or 480 pupils would be served in grades 7 to 12;

(5) no more than one superintendent is employed by the joint powers board as a result of the cooperative secondary facility agreement;

(6) a statement of need is submitted, that may include reasons why the current secondary facilities are inadequate, unsafe or inaccessible to the handicapped;

(7) an educational plan is prepared, that includes input from both community and professional staff;

(8) a combined seniority list for all participating districts is developed by the joint powers board;

(9) an education program is developed that provides for more learning opportunities and course offerings for students than is currently available in any single member district; and

(10) a plan is developed for providing instruction of any resident students in other districts when distance to the secondary education facility makes attendance at the facility unreasonably difficult or impractical.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 125.611, for any teacher or administrator, as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement.

(c) For the purposes of this section, a teacher's date of first employment is considered identical for all teachers who were first employed in any participating district at the beginning of the same school year.

Sec. 18. [124.4946] [TRANSPORTATION.]

The joint powers board representing the districts that have entered into a joint powers agreement under section 124.494, subdivision 2, or the boards of the districts that are contiguous to the

districts that have entered into a joint powers agreement, may transport nonresident pupils without charge between a school within the district and a point chosen by the pupil on a route traveled by a bus from the district.

Sec. 19. Minnesota Statutes 1988, section 124.575, subdivision 3, is amended to read:

Subd. 3. [LEVY.] To obtain secondary vocational cooperative revenue, an eligible secondary vocational cooperative may levy the lesser of its secondary vocational cooperative revenue or the amount raised by ~~.4 mills times~~ 0.6 percent of the adjusted gross tax capacity of each member district for the preceding year. Each year, the secondary vocational cooperative board must certify the amount of taxes to be levied under this section to the county auditor or county auditors.

Sec. 20. [124A.245] [GENERAL EDUCATION LEVY REDUCTION; EDUCATION DISTRICT REVENUE.]

If a school district withdraws from an education district that receives revenue under section 124.2721, a reduction in the school district's general education levy for the year after withdrawal must be made. The amount of the levy reduction equals the education district revenue paid by the education district to the school district according to section 6, subdivision 5. The levy reduction does not affect a school district's general education aid computation.

Sec. 21. Minnesota Statutes 1988, section 136D.27, subdivision 1, is amended to read:

Subdivision 1. [LEVIES FOR CERTAIN PROGRAMS.] Each year the joint school board may certify to each participating school district tax levies that shall not in any year exceed ~~.6 mills on each dollar~~ the greater of:

(a) the amount per pupil in the participating districts certified for taxes payable in 1989; or

(b) the lesser of (1) the sum of 0.5 percent of adjusted gross tax capacity for special education and ~~.7 mills on each dollar~~ 0.6 percent of adjusted gross tax capacity for expenses for secondary vocational education, or (2) \$60 times the pupil units in the participating districts for that year. Each participating school district shall include these tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. These levies shall not be included in computing the limitations upon the levy of any participating district. The board may, any time after these levies have been certified to the participating school districts, issue and

sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 22. Minnesota Statutes 1988, section 136D.74, subdivision 2, is amended to read:

Subd. 2. [TAX LEVY.] Each year the intermediate school board may certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, tax levies that shall not in any year exceed .6 mills on each dollar the greater of:

(a) the amount per pupil in the participating districts certified for taxes payable in 1989; or

(b) the lesser of (1) the sum of 0.5 percent of adjusted gross tax capacity for expenses for special education and .7 mills on each dollar 0.6 percent of adjusted gross tax capacity for expenses for secondary vocational education, or (2) \$60 times the pupil units in the participating districts for that year. Said annual tax levies shall be certified pursuant to section 275.07. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations upon the levy of any of the participating districts.

Sec. 23. Minnesota Statutes 1988, section 136D.87, subdivision 1, is amended to read:

Subdivision 1. [LEVIES FOR CERTAIN PROGRAMS.] Each year the joint school board may certify to each participating school district tax levies that shall not in any year exceed .6 mills on each dollar the greater of:

(a) the amount per pupil in the participating district certified for taxes payable in 1989; or

(b) the lesser of (1) the sum of 0.5 percent of adjusted gross tax capacity for expenses for special education and .7 mills on each dollar 0.6 percent of adjusted gross tax capacity for expenses for secondary vocational education, or (2) \$60 times the pupil units in the participating districts for that year. Each participating school district shall include these tax levies in the next tax roll which it shall certify to the county auditor or auditors and shall remit the collections of these levies to the board promptly when received. These levies shall not be included in computing the limitations upon the levy of any participating district. The board may, any time after

these levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of levies, but in aggregate amounts that will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 24. Minnesota Statutes 1988, section 275.125, subdivision 8e, is amended to read:

Subd. 8e. [INTERDISTRICT COOPERATION LEVY.] (a) This subdivision does not apply to special school district No. 1, independent school district No. 11, 625, or 709, or to a district that is a member of intermediate school district No. 287, 916, or 917.

(b) A district may levy each year under this subdivision if it:

(1) is a member of an education district, under sections 122.91 to 122.96, and the education district of which the district is a member does not receive revenue under section 124.2721; or

(2) has a cooperation agreement with other districts to expand curricular offerings in mathematics in grades 10 to 12, science in grades 10 to 12, foreign languages for two years, computer usage, or other programs recommended by the state board.

(c) The levy must not exceed the amount raised by one mill times lesser of \$50 times the actual pupil units for the school year or 0.8 percent times the adjusted gross tax capacity of the district for the preceding year.

(d) A district that is a member of a secondary vocational cooperative that levies under section 124.575, may levy the difference between the lesser amount raised by one mill times the adjusted gross tax capacity of the district under paragraph (c) for the preceding year and the amount levied under section 124.575. The proceeds of the levy may be used only to pay for instructional and administrative costs incurred in providing the curricular offerings under this section. A district may not spend more than five percent of the amount of the levy for administration.

Sec. 25. [ADVISORY COUNCIL REPORT.]

The advisory council on uniform financial accounting and reporting standards must report to the state board of education on the impact of education districts receiving revenue under section 6, subdivision 7, clauses (1) to (7).

Sec. 26. [APPROPRIATION.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums

indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [EDUCATION DISTRICT AID.] For education district aid:

\$4,653,000 1990

\$3,967,000 1991

The 1990 appropriation includes \$0 for 1989 and \$4,652,000 for 1990.

The 1991 appropriation includes \$822,000 for 1990 and \$3,145,000 for 1991.

Subd. 3. [SECONDARY VOCATIONAL COOPERATIVE AID.] For secondary vocational cooperative aid:

\$495,000 1990

\$224,000 1991

The 1990 appropriation includes \$0 for 1989 and \$495,000 for 1990.

The 1991 appropriation includes \$88,000 for 1990 and \$136,000 for 1991.

Subd. 4. [BLUE EARTH SCHOOL DISTRICT GRANT.] For a grant to independent school district No. 240, Blue Earth, for the cost of a communication link between Blue Earth and Mankato:

\$4,500 1990

The appropriation is available until June 30, 1991.

Subd. 5. [TELECOMMUNICATIONS GRANT.] For a grant to independent school district Nos. 353, 356, 440, 441, 444, 676, 678, 682, and 690, to develop a cooperative educational technology program:

\$300,000 1990

The appropriation is available until June 30, 1991.

Sec. 27. [REPEALER.]

Minnesota Statutes 1988, section 129B.11, is repealed July 1, 1989.

ARTICLE 7

ACCESS TO EXCELLENCE

Section 1. Minnesota Statutes 1988, section 120.06, is amended by adding a subdivision to read:

Subd. 2a. [EDUCATION OF HOMELESS.] Notwithstanding subdivision 1, a school district must not deny free admission to a homeless person of school age solely because the school district cannot determine that the person is a resident of the school district.

Sec. 2. Minnesota Statutes 1988, section 124.261, is amended to read:

124.261 [ADULT HIGH SCHOOL GRADUATION AID.]

Adult high school graduation aid for eligible pupils age 21 or over, equals an allowance of ~~65 percent of the general education formula allowance~~ \$1,820 times the average daily membership under section 124.17, subdivision 2e. Adult high school graduation aid must be paid in addition to any other aid to the district. Average daily membership of eligible pupils must not be used in the computation of pupil units under section 124.17, subdivision 1, for any purpose other than the computation of adult high school graduation aid.

Sec. 3. [124.325] [SUPPLEMENTAL INSTRUCTION PROGRAM FOR LOW-ACHIEVING PUPILS.]

Subdivision 1. [DEFINITIONS.] In this section, "low-achieving pupil" means (a) a pupil who has not attained the learner outcomes required for the pupil's age group and grade; or (b) a pupil who is achieving below the pupil's age group and grade as measured on a standardized national, state or local test.

Subd. 2. [PROGRAM REQUIREMENTS.] An instruction program for low-achieving pupils in grades 4, 5, and 6 must provide supplemental instruction to improve pupils' performance in and understanding of mathematics and communications.

Subd. 3. [PROGRAM APPROVAL.] A district receiving aid under this section must have a plan approved by the commissioner of education. The plan must:

(1) describe specific instructional services that will be available to

low-achieving pupils who are not receiving comparable services through limited English proficiency, bilingual, or special education programs;

(2) describe measurement techniques for determining pupil's eligibility for supplemental instruction;

(3) describe measurement techniques for monitoring pupils' progress toward attaining learner outcomes;

(4) indicate compliance with Chapter I and other education assistance programs; and

(5) have a budget that includes an accounting of personnel.

Subd. 4. [REPORT.] The department of education shall report to the legislature by February 1, 1992, on districts' success in improving the performance and understanding of low-achieving pupils participating in the supplemental instruction program.

Subd. 5. [SUPPLEMENTAL INSTRUCTION PROGRAM AID.] Beginning in the 1990-1991 school year, a district with an approved plan under this section is eligible for supplemental instruction program aid for low-achieving pupils of \$45 times the number of fourth, fifth, and sixth grade pupils in weighted average daily membership.

Sec. 4. Minnesota Statutes 1988, section 124A.036, is amended by adding a subdivision to read:

Subd. 1a. [REPORTING; REVENUE FOR HOMELESS.] For all school purposes, unless otherwise specifically provided by law, a homeless pupil must be considered a resident of the school district that enrolls the pupil.

Sec. 5. Minnesota Statutes 1988, section 126.23, is amended to read:

126.23 [AID FOR PRIVATE ALTERNATIVE PROGRAMS.]

If a pupil enrolls in a nonsectarian alternative program operated by a private organization that has contracted with a school district to provide educational services for high school dropouts or other eligible students under section 126.22, subdivision 2, the resident district must reimburse the provider an amount equal to at least 50 80 percent of the basic revenue of the district for each pupil. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2.

Sec. 6. Laws 1988, chapter 718, article 7, section 61, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED FOR TWO YEARS.] A program is established to designate learning year program sites for providing instruction throughout the entire year. The learning year programs may begin June 9, 1988, and end June 9, 1990. The programs must permit students in grades 9 one through 12 to receive instruction throughout the entire year.

Students may participate in the program if they reside in:

(1) a district that has been designated a learning year program site under subdivision 2;

(2) a district that is a member of the same education district as a program site; or

(3) a district that participates in the same area learning center program as a program site.

Sec. 7. Laws 1988, chapter 718, article 7, section 61, subdivision 2, is amended to read:

Subd. 2. [STATE BOARD DESIGNATION.] Up to ~~five~~ ten districts may be designated learning year program sites by the state board of education. To be designated, a district must demonstrate to the commissioner of education that the district will:

(1) provide a program of instruction that permits students in grades 9 one through 12 to receive instruction throughout the entire year; and

(2) maintain a record system that, for purposes of section 124.17, permits identification of membership attributable to students participating in the program. The purpose for identifying this membership is to ensure that a district will not be able to increase the total number of pupil units attributable to an individual student by providing a learning year program. The commissioner of education shall consult with the director of the education aids and levies section of the department of education when determining whether the record system of a participating district is adequate for this purpose.

Sec. 8. Laws 1988, chapter 718, article 7, section 61, subdivision 3, is amended to read:

Subd. 3. [HOURS OF INSTRUCTION.] Students participating in a program must be able to receive ~~4,200~~ 16,200 hours of instruction so that they are able to complete the requirements of grades 9 one

through 12. If a student has not completed the graduation requirements of the district after completing ~~4,200~~ 16,200 hours of instruction, the student may continue to enroll in courses needed for graduation until either the student meets the graduation requirements or the student is 21 years old, whichever occurs first.

For the purposes of Minnesota Statutes, section 120.101, subdivision 5, 1,020 hours of instruction shall constitute 170 days of instruction. Hours of instruction that occur between June 9 and June 30 shall be attributed to the fiscal year following the days of actual instruction.

Sec. 9. [APPROPRIATION.]

Subdivision 1. [APPROPRIATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [ADULT GRADUATION AID.] For adult graduation aid:

\$1,223,000 1990

\$1,501,000 1991

The 1990 appropriation includes \$0 for 1989 and \$1,223,000 for 1990.

The 1991 appropriation includes \$216,000 for 1990 and \$1,285,000 for 1991.

Subd. 3. [AREA LEARNING CENTERS AID.] For area learning centers aid:

\$150,000 1990

\$150,000 1991

Any unexpended balance remaining in the first year does not cancel and is available in the second year.

Subd. 4. [ARTS PLANNING GRANTS.] For arts planning grants:

\$38,000 1990

\$38,000 1991

Any unexpended balance remaining in the first year does not cancel and is available in the second year.

Subd. 5. [PER PROCESS AID.] For PER process aid:

\$1,038,000 1990

\$1,046,000 1991

Subd. 6. [INSTRUCTION PROGRAM AID.] For instructional programs for low-achieving pupils:

\$6,868,000 1991

The 1991 appropriation includes \$0 for 1990 and \$6,867,000 for 1991.

The 1991 appropriation is based on a formula entitlement of \$8,080,000.

Subd. 7. [STAFF DEVELOPMENT.] For the department of education to provide staff development to assist teachers and paraprofessionals working with low achieving pupils:

\$100,000 1990

The staff development must include:

(a) instructional strategies to assist low-achieving pupils in attaining learner outcomes;

(b) instructional strategies to assist pupils from various cultural and ethnic groups in attaining learner outcomes;

(c) measurement techniques to monitor and improve pupil progress in attaining learner outcomes; and

(d) collaborative decision making that involves parents, paraprofessionals and other teachers.

This appropriation is available until June 30, 1991.

ARTICLE 8

OTHER EDUCATION PROGRAMS

Section 1. Minnesota Statutes 1988, section 124.195, subdivision 8, is amended to read:

Subd. 8. [PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.] One hundred percent of the aid for the last fiscal year must be paid for the following aids: ~~abatement aid according to section 124.214, subdivision 2~~; special education residential aid according to section 124.32, subdivision 5; special education pupil aid according to section 124.32, subdivision 6; special education summer school aid, according to section 124.32, subdivision 10; and planning, evaluating, and reporting process aid according to section 124.274.

Sec. 2. [124.6472] [SCHOOL BREAKFAST PROGRAM.]

Subdivision 1. [BREAKFAST REQUIRED.] A school district shall offer a school breakfast program in every school building in which:

(1) at least 40 percent of the school lunches served during the 1989-1990 school year were served free or at a reduced price; or

(2) at least 35 percent of the parents responding to a survey conducted by the district indicate an interest in having their children participate in the program.

Subd. 2. [EXEMPTION.] Subdivision 1 does not apply to a school in which fewer than 25 pupils are expected to take part in the program.

Sec. 3. [SCHOOL BREAKFAST SURVEY.]

Subdivision 1. [SURVEY REQUIRED.] By September 1, 1990, a school district shall complete a survey of parents of pupils enrolled in each school to determine the number of parents who are interested in having their children participate in a school breakfast program.

Subd. 2. [APPLICABILITY.] This section does not apply to a school building:

(1) that has a school breakfast program; or

(2) that is subject to section 2, subdivision 1, clause (1).

Subd. 3. [REPORTS.] Each school district shall report the survey results to the commissioner of education by September 3, 1990. By January 1, 1991, the commissioner shall report to the education committees of the legislature about the results of the surveys, efforts by the commissioner to encourage expansion of the school breakfast program, and technical assistance provided by the commissioner to districts starting or expanding participation in the school breakfast program.

Sec. 4. [127.45] [SEXUAL HARASSMENT AND VIOLENCE POLICY.]

Each school board shall adopt before September 1, 1990, a written sexual harassment and sexual violence policy that is clear and understandable, and conforms with sections 363.01 to 363.15. The policy shall apply to pupils, teachers, administrators, and other school personnel, include reporting procedures, and set forth disciplinary actions that will be taken for violation of the policy. Disciplinary actions must conform with collective bargaining agreements and sections 127.27 to 127.39. The policy must be conspicuously posted in each school building and included in each school's student handbook on school policies.

Sec. 5. Minnesota Statutes 1988, section 129.121, is amended by adding a subdivision to read:

Subd. 6. [SEXUAL HARASSMENT AND VIOLENCE POLICY AND RULES.] The board of the league shall adopt a policy, rules, penalties, and recommendations addressing sexual harassment and sexual violence toward and by participants in league activities.

Sec. 6. Minnesota Statutes 1988, section 363.06, subdivision 3, is amended to read:

Subd. 3. [TIME FOR FILING CLAIM.] A claim of an unfair discriminatory practice must be brought as a civil action pursuant to section 363.14, subdivision 1, clause (a), filed in a charge with a local commission pursuant to section 363.116, or filed in a charge with the commissioner within one year after the occurrence of the practice. The running of the one-year limitation period is suspended during the time a potential charging party and respondent are voluntarily engaged in a dispute resolution process involving a claim of unlawful discrimination under this chapter, including arbitration, conciliation, mediation or grievance procedures pursuant to a collective bargaining agreement or statutory, charter, or ordinance provisions for a civil service or other employment system or a school board sexual harassment or sexual violence policy. A potential respondent who participates in such a process with a potential charging party before a charge is filed or a civil action is brought shall notify the department and the charging party in writing of the participation in the process and the date the process commenced and shall also notify the department and the charging party of the ending date of the process. A respondent who fails to provide this notification is barred from raising the defense that the statute of limitations has run unless one year plus a period of time equal to the suspension period has passed.

Sec. 7. [363.16] [SEXUAL HARASSMENT AND VIOLENCE POLICY FOR EDUCATIONAL INSTITUTIONS.]

The commissioner of education, in consultation with the commissioner of human rights, shall develop and maintain a model sexual harassment and violence policy that may be used by school boards. The commissioner of education shall consult with other affected organizations when developing or modifying the policy. The model policy shall address the requirements of section 4 and must be completed by January 1, 1990.

Sec. 8. [SEXUAL HARASSMENT AND SEXUAL VIOLENCE POLICY; REPORT.]

By September 1, 1990, each school board shall submit to the commissioner of education a copy of the sexual harassment and sexual violence policy the board has adopted.

The commissioner of education shall report to the education committees of the legislature by December 1, 1990, the following:

- (1) the boards that have adopted policies;
- (2) the boards that have not adopted policies; and
- (3) review of and comments about the policies.

Sec. 9. [PARENTAL INVOLVEMENT; REPORT.]

Independent school district No. 625, St. Paul, and special school district No. 1, Minneapolis, in order to promote parental involvement in the educational development of their children, must establish a written collaborative agreement with community-based agencies serving at risk populations within the community. The agreement may include activities such as:

- (1) developing and disseminating information on parental involvement in the educational development of their children;
- (2) developing seminars or workshops on parent education or parental involvement in the development of children; and
- (3) establishing within the schools parent resource centers or parent networks to encourage parental involvement in the educational development of their children.

The districts may seek matching funds and in-kind contributions from public and private community-based sources. Descriptions of the district's experience with parental involvement activities under this section must be included in a report to be submitted to the legislature by December 30, 1990.

Sec. 10. [SPECIAL LEVY.]

Independent school district No. 232, Peterson, may levy an amount not more than \$150,000 for taxes payable in 1990, for purposes of retiring operating debt.

Sec. 11. [APPROPRIATIONS.]

Subdivision 1. [APPROPRIATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [ABATEMENT AID.] For abatement aid:

\$5,111,000 1990

\$6,018,000 1991

The 1990 appropriation includes \$0 for 1989 and \$5,111,000 for 1990.

The 1991 appropriation includes \$902,000 for 1990 and \$5,116,000 for 1991.

Subd. 3. [INTEGRATION GRANTS.] For integration grants:

\$15,514,000 1990

\$15,514,000 1991

The grant includes \$1,268,738 each year for independent school district No. 709, Duluth; \$7,683,246 each year for special school district No. 1, Minneapolis; and \$6,561,971 each year for independent school district No. 625, St. Paul.

A district receiving an integration grant may spend a part of the grant on metropolitan desegregation efforts.

Subd. 4. [NONPUBLIC PUPIL AID.] For nonpublic pupil aid:

\$8,524,000 1990

\$8,847,000 1991

The 1990 appropriation includes \$1,229,000 for 1989 and \$7,295,000 for 1990.

The 1991 appropriation includes \$1,288,000 for 1990 and \$7,559,000 for 1991.

Subd. 5. [SCHOOL LUNCH PROGRAM.] For the school lunch program:

\$4,625,000 1990

\$4,625,000 1991

Subd. 6. [SCHOOL MILK PROGRAM.] For the school milk program:

\$800,000 1990

\$800,000 1991

Subd. 7. [TOBACCO USE PREVENTION.] For the tobacco use prevention program:

\$565,000 1990

\$672,000 1991

The 1990 appropriation includes \$0 for 1989 and \$565,000 for 1990.

The 1991 appropriation includes \$100,000 for 1990 and \$572,000 for 1991.

Subd. 8. [WEST ST. PAUL.] For a grant to independent school district No. 197, West St. Paul:

\$500,000 1989

The proceeds of this grant must be deposited in the district's debt redemption fund.

Sec. 12. [APPROPRIATION; ALCOHOL-IMPAIRED DRIVER EDUCATION.]

\$910,000 in fiscal year 1990 and \$915,000 in fiscal year 1991 are appropriated from the alcohol-impaired driver education account to the department of education for alcohol-impaired driver education programs.

Sec. 13. [EFFECTIVE DATE.]

Section 1 is effective September 1, 1991. Section 11, subdivision 8, is effective the day after its final enactment.

ARTICLE 9
MISCELLANEOUS

Section 1. Minnesota Statutes 1988, section 120.062, subdivision 4, is amended to read:

Subd. 4. [PUPIL APPLICATION PROCEDURES.] In order that a pupil may attend a school or program in a nonresident district, the pupil's parent or guardian must submit an application to the nonresident district. Before submitting an application, the pupil and the pupil's parent or guardian must explore with a school guidance counselor, or other appropriate staff member employed by the district the pupil is currently attending, the pupil's academic or other reason for applying to enroll in a nonresident district. The pupil's application must identify the reason for enrolling in the nonresident district. The parent or guardian of a pupil residing in a district that does not have a desegregation plan approved by the state board of education must submit an application by January 1 for enrollment during the following school year. The parent or guardian of a pupil residing in a district that has a desegregation plan approved by the state board of education may apply to a district at any time. The application shall be on a form provided by the department of education. A particular school or program may be requested by the parent.

Sec. 2. Minnesota Statutes 1988, section 120.062, subdivision 6, is amended to read:

Subd. 6. [NONRESIDENT DISTRICT PROCEDURES.] Within 60 days of receiving an application, A district that does not exclude nonresident pupils, according to subdivision 3, shall notify the parent or guardian ~~and the resident district~~ in writing by February 1 whether the application has been accepted or rejected. If an application is rejected, the district must state in the notification the reason for rejection. The parent or guardian shall notify the nonresident district by February 15 that the pupil will enroll in the nonresident district. Notice of intent to enroll in the nonresident district obligates the pupil to attend the nonresident district during the following school year, unless the superintendents in the resident and the nonresident districts agree in writing to allow the pupil to transfer back to the resident district, or the pupil's parents or guardians change residence to another district. The nonresident district shall notify the resident district by March 1 of the pupil's intent to enroll in the nonresident district. The same procedures apply to a pupil who applies to transfer from one participating nonresident district to another participating nonresident district.

Sec. 3. Minnesota Statutes 1988, section 120.062, is amended by adding a subdivision to read:

Subd. 13. [ATHLETIC PARTICIPATION.] If a pupil enrolls in a nonresident district under this section, the pupil is ineligible to participate in the extracurricular varsity athletic activities of the nonresident district for one school year. During that year of ineligibility in the nonresident district, the pupil remains eligible to participate in the extracurricular varsity athletic activities of the pupil's resident district, or in the extracurricular varsity athletic activities of the nonpublic school the pupil attended before enrolling in a public school under this section. After the year of ineligibility expires, the pupil is eligible to participate in the extracurricular varsity athletic activities of the nonresident district and is no longer eligible to participate in the extracurricular varsity athletic activities of the resident district or nonpublic school. The same restrictions apply to a pupil who transfers from one participating nonresident district to another participating nonresident district.

The superintendents in the resident and nonresident districts may agree in writing to allow a nonresident pupil to participate in the extracurricular varsity athletic activities of the nonresident district during the year of ineligibility if the pupil demonstrates that the distance the pupil must travel between the resident and nonresident district prevents the pupil from participating in the extracurricular varsity athletic activities of the resident district. This subdivision does not apply to pupils who have been enrolled in the nonresident district during the 1988-1989 school year under an alternative enrollment options agreement.

Sec. 4. Minnesota Statutes 1988, section 123.3514, subdivision 2, is amended to read:

Subd. 2. [PURPOSE.] The purpose of this section is to promote rigorous academic pursuits and to provide a wider variety of options to public high school pupils by encouraging and enabling secondary pupils to enroll full time or part time in nonsectarian and nonremedial courses or programs in eligible post-secondary institutions, as defined in subdivision 3.

Sec. 5. Minnesota Statutes 1988, section 123.3514, subdivision 4, is amended to read:

Subd. 4. [AUTHORIZATION; NOTIFICATION.] Notwithstanding any other law to the contrary, an 11th or 12th grade public school pupil may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian and nonremedial courses offered at that post-secondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school district, and the commissioner of education within ten days of acceptance. The notice shall indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for post-secondary credit, the institution shall notify the pupil about payment in the customary manner used

by the institution. Acceptance for enrollment is not a guarantee of registration into a particular course. The pupil must comply with the institution's standards, prerequisites, and procedures to register for a course.

During the time a pupil is enrolled at a post-secondary institution under this section, the post-secondary institution must periodically inform the pupil, the pupil's parents or guardian, and the pupil's secondary school of the pupil's progress in the courses or programs taken for secondary credit.

Sec. 6. Minnesota Statutes 1988, section 123.3514, subdivision 4c, is amended to read:

Subd. 4c. [LIMIT ON PARTICIPATION.] A pupil who first enrolls in grade 11 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of two academic years. A pupil who first enrolls in grade 12 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of one academic year. If a pupil in grade 11 or 12 first enrolls in a post-secondary course for secondary credit during the school year, the time of participation shall be reduced proportionately. A pupil who has graduated from high school cannot participate in a program under this section. A pupil who has completed course requirements for graduation but who has not received a diploma may participate in the program under this section.

Sec. 7. Minnesota Statutes 1988, section 123.3514, subdivision 5, is amended to read:

Subd. 5. [CREDITS.] A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some for post-secondary credit. A pupil must not audit a course under this section.

A school district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Nine quarter or six semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A school district shall also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district shall, as soon as possible, notify the state board of education which shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a

dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.

The secondary credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each course and secondary credits granted shall be included in the pupil's secondary school record. A pupil must provide the school with a copy of the pupil's grade in each course taken under this section. Upon the request of a pupil, the pupil's secondary school record shall also include evidence of successful completion and credits granted for a course taken for post-secondary credit. In either case, the record shall indicate that the credits were earned at a post-secondary institution.

If a pupil enrolls in a post-secondary institution after leaving secondary school, the post-secondary institution shall award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

Sec. 8. Minnesota Statutes 1988, section 123.3514, subdivision 7, is amended to read:

Subd. 7. [FEES; TEXTBOOKS; MATERIALS.] A post-secondary institution that receives reimbursement for a pupil under subdivision 6 may not charge that pupil for fees, textbooks, materials, or other necessary costs of the course or program in which the pupil is enrolled if the charge would be prohibited under section 120.74, except for equipment purchased by the pupil that becomes the property of the pupil. An institution may require the pupil to pay for fees, textbooks, and materials for a course taken for post-secondary credit.

Sec. 9. Minnesota Statutes 1988, section 123.3514, subdivision 10, is amended to read:

Subd. 10. [LIMIT; STATE OBLIGATION.] The provisions of subdivisions 6, 7, 8, and 9 shall not apply for any post-secondary courses in which a pupil is enrolled in addition to being enrolled full time in that pupil's district or for any post-secondary course in which a pupil is enrolled for post-secondary credit. The pupil is enrolled full time if the pupil attends credit-bearing classes in the high school or high school program for all of the available hours of instruction.

Sec. 10. [126.1995] [SAFETY REQUIREMENT GUIDELINES.]

Subdivision 1. [DEVELOPING AND IMPLEMENTING GUIDELINES.] The department of education, in cooperation with the Minnesota fire marshal's division, shall develop guidelines for school lab safety. The guidelines shall include a list of safety requirements and an explanation of the minimum state and national laws, codes, and standards affecting school lab safety the Minnesota fire marshal considers necessary for schools to implement.

The state department of education shall send the guidelines on school lab safety to district superintendents before September 1, 1989. The district superintendent must ensure that every school lab within the district complies with the school lab safety requirements. Each district superintendent must inform the department by January 1, 1990, of its efforts to comply with the safety requirements. Lack of funding is not an excuse for noncompliance.

Subd. 2. [REPORT TO LEGISLATURE.] The department of education and the state fire marshal shall report to the chairs of the education finance division in the house and senate by February 1, 1990, on district and state compliance with school lab safety requirements.

Sec. 11. Minnesota Statutes 1988, section 126.67, subdivision 8, is amended to read:

Subd. 8. [CAREER INFORMATION; APPROPRIATION.] The department of education, through the Minnesota career information system, may provide career information to school districts and educational systems organizations, employment and training services, human service agencies, libraries, and families. The department may shall collect reasonable fees for subscriptions to necessary to recover all expenditures related to the operation of the Minnesota career information service. Grants may be accepted and used for the improvement or operation of the program.

Money collected from the sale of these products and services is annually appropriated to the department of education for the Minnesota career information system.

Sec. 12. Minnesota Statutes 1988, section 141.35, is amended to read:

141.35 [EXEMPTIONS.]

None of the provisions of sections 141.21 to 141.36 shall apply to the following:

(a) Colleges authorized by the laws of Minnesota or of any other state or foreign country to grant degrees;

(b) Schools of nursing accredited by the state board of nursing or an equivalent public board of another state or foreign country;

(c) Public schools as defined in section 120.05;

(d) Private schools complying with the requirements of section 120.10, subdivision 2;

(e) Private and parochial nonprofit schools exempt from taxation under the constitution of Minnesota;

(f) Courses taught to students in a valid apprenticeship program taught by or required by a trade union;

(g) Schools exclusively engaged in training physically or mentally handicapped persons for the state of Minnesota;

(h) Schools now or hereafter licensed by boards authorized under Minnesota law to issue such licenses;

(i) Schools and educational programs, or training programs, conducted by persons, firms, corporations, or associations, for the training of their own employees, for which no fee is charged the employee;

(j) Schools engaged exclusively in the teaching of purely avocational or recreational, or remedial subjects as determined by the commissioner. Private schools teaching a method or procedure to increase the speed with which a student reads are not within this exemption;

(k) Driver training schools and instructors as defined in section 171.33, subdivisions 1 and 2;

(l) Classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;

(m) Courses of instruction in the fine arts provided by organizations exempt from taxation pursuant to section 290.05 and registered with the Minnesota department of commerce pursuant to chapter 309. "Fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the commissioner may seek the advice and recommendation of the Minnesota board of the arts;

(n) Classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession,

which classes, courses, or programs have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession, and which are offered primarily to a person who currently practices the profession;

(o) Classes, courses, or programs to prepare students for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;

(p) Classes, courses, or programs taught as seminars containing 16 or fewer hours of instruction;

(q) Classes, courses, or programs to prepare persons for careers in modeling or acting; or

(r) Education programs in which one instructor teaches one student.

Sec. 13. Minnesota Statutes 1988, section 354.094, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT CONTRIBUTIONS.] A member granted an extended leave of absence pursuant to section 125.60 or 136.88; ~~except as provided in subdivision 1a or 1b,~~ may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of the leave provided the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave which shall not exceed five years. ~~Except as provided in subdivision 1a or 1b,~~ The state shall not pay employer contributions into the fund for any year for which a member is on extended leave. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before the later of June 30 of each fiscal year for which service credit is received or within 30 days after first notification of the amount due, if requested by the member, is given by the association. No payment is permitted after the following September 30. Payments received after June 30 must include six percent interest from June 30 through the end of the month in which payment is received.

Sec. 14. Minnesota Statutes 1988, section 354.094, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP; RETENTION.] Notwithstanding section 354.49, subdivision 4, clause (3), a member on extended leave whose employee and employer contributions are paid into the fund

pursuant to ~~subdivisions~~ subdivision 1 and 1a shall retain membership in the association for as long as the contributions are paid, under the same terms and conditions as if the member had continued to teach in the district, the community college system or the state university system.

Sec. 15. Minnesota Statutes 1988, section 354.66, subdivision 4, is amended to read:

Subd. 4. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary in this chapter relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position pursuant to this section shall continue to make employee contributions to and to accrue allowable service credit in the retirement fund during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, ~~except as provided in subdivision 4a~~, prior to June 30 each year, or within 30 days after notification by the association of the amount due, whichever is later, the member and the employing board make that portion of the required employer contribution to the retirement fund, in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for the services rendered in the part-time assignment. The employing unit shall make that portion of the required employer contributions to the retirement fund on behalf of the teacher that is based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner described in section 354.43, subdivision 3. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42. Full accrual of allowable service credit and employee contributions for part-time teaching service pursuant to this section and section 354A.094 shall not continue for a period longer than ten years.

Sec. 16. Minnesota Statutes 1988, section 354A.091, subdivision 1, is amended to read:

Subdivision 1. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary of this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, ~~except as provided in subdivision 1a or 1b~~, an elementary, secondary or technical institute teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 125.60, may pay employee contributions to the applicable association and shall be entitled to receive allowable service credit in that association for each year of leave, provided

the member and the employing board make the required employer contributions, in any proportion they may agree upon, to that association during the period of leave which shall not exceed five years. ~~Except as provided in subdivision 1a or 1b~~ The state shall not make an employer contribution on behalf of the teacher. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12 as applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the leave. Payment of the employee and employer contributions authorized pursuant to this section shall be made on or before June 30 of the fiscal year for which service credit is to be received. No allowable service with respect to a year of extended leave of absence shall be credited to a teacher until payment of the required employee and employer contributions has been received by the association.

Sec. 17. Minnesota Statutes 1988, section 354A.091, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP RETENTION.] A teacher on extended leave pursuant to section 125.60 whose employee and employer contributions are made to the applicable teachers retirement fund association pursuant to ~~subdivisions~~ subdivision 1 and 1a shall retain membership in the association for each year during which the contributions are made, under the same terms and conditions as if the teacher had continued to teach in the district.

Sec. 18. Minnesota Statutes 1988, section 354A.094, subdivision 4, is amended to read:

Subd. 4. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary in this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position pursuant to this section shall continue to make employee contributions to and to accrue allowable service credit in the applicable association during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, ~~except as provided in subdivision 4a~~, prior to June 30 each year the member and the employing board make that portion of the required employer contribution to the applicable association in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for services rendered in the part-time assignment. The employer contributions to the applicable association on behalf of the teacher shall be based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner

described in section 354.43, subdivisions 1 and 5. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12. Full membership, accrual of allowable service credit and employee contributions for part-time teaching service by a teacher pursuant to this section and section 354.66 shall not continue for a period longer than ten years.

Sec. 19. [STAFF EXCHANGE PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A staff exchange program for the 1989-1990 and 1990-1991 school years is established to allow local school districts to arrange temporary and voluntary exchanges between members of their kindergarten through grade 12 instructional and administrative staffs. The purpose of the program is to provide participants with an understanding of the educational concerns of other local school districts, including concerns of class organization, curriculum development, instructional practices, and characteristics of the student population.

The educational needs and interests of the host school district and the training, experience, and interests of the participants shall determine the assignment of the participants in the host district. Participants may teach courses, provide counseling and tutorial services, work with teachers to better prepare students for future educational experiences, serve an underserved population in the district, or assist with administrative functions. The assignments participants perform for the host district must be comparable to the assignments the participants perform for the district employing the participants. Participation in the exchange program need not be limited to one school or one school district and may involve other education organizations including education districts and ECSUs.

Subd. 2. [PROGRAM REQUIREMENTS.] All staff exchanges made under this section are subject to the requirements in this subdivision.

(a) A school district employing a participating staff member must not adversely affect the staff member's salary, seniority, or other employment benefits, or otherwise penalize the staff member for participating in the program.

(b) Upon completion or termination of an exchange, a school district employing a participating staff member must permit the staff member to return to the same assignment the staff member performed in the district before the exchange.

(c) A school district employing a participating staff member must continue to provide the staff member's salary and other employment benefits during the period of the exchange.

(d) A participant must be licensed and tenured.

(e) Participation in the program must be voluntary.

(f) The length of participation in the program must be no less than one-half of a school year and no more than one school year, and any premature termination of participation must be upon the mutual agreement of the participant and the participating school districts.

(g) A participant is responsible for transportation to and from the host school district.

This subdivision does not abrogate or change rights of staff members participating in the staff exchange program or the terms of an agreement between the exclusive representative of the school district employees and the school district. Participating school districts may enter into supplementary agreements with the exclusive representative of the school district employees to accomplish the purpose of this section.

Subd. 3. [APPLICATION PROCEDURES.] The school board of a school district must decide by resolution to participate in the staff exchange program. A staff member wishing to participate in the exchange program must submit an application to the school district employing the staff member. The district must, in a timely and appropriate manner, provide to the exclusive bargaining representatives of teachers in the state the number and names of prospective participants within the district, the assignments available within the district, and the length of time for each exchange. The exclusive bargaining representatives are requested to cooperatively participate in the coordination of exchanges to facilitate exchanges across all geographical regions of the state. Prospective participants must contact teachers and districts with whom they are interested in making an exchange. The prospective participants must make all arrangements to accomplish their exchange and the superintendents of the participating districts must approve of the arrangements for the exchange in writing.

Subd. 4. [REPORT.] By January 1, 1991, the school districts participating in the staff exchange program shall report to the commissioner of education on the number and location of staff members participating in the exchange, the assignments of the participants, and other matters of interest, including the advisability of continuing the exchange. The commissioner shall compile the information provided by the districts and present the compiled information to the education committees of the legislature by February 1, 1991.

Sec. 20. [REPORT.]

The commissioner of education shall provide an interim report to the education committees of the legislature by February 1, 1990, describing the experiences of parents, pupils, and school districts with the enrollment options program. The commissioner shall provide a final report to the committees by February 1, 1991, evaluating experiences of parents, pupils, and school districts with the program.

Sec. 21. [REPEALER.]

Minnesota Statutes 1988, section 120.062, subdivision 8, is repealed effective for the 1989-1990 school year.

Sec. 22. [EFFECTIVE DATES.]

Section 19 is effective for the 1989-1990 school year. Sections 1 and 2 are effective for the 1990-1991 school year and thereafter. Section 3 is effective for the 1989-1990 school year and thereafter.

ARTICLE 10

LIBRARIES

Section 1. Minnesota Statutes 1988, section 134.33, subdivision 1, is amended to read:

Subdivision 1. An establishment grant as described in section 134.32, subdivision 2, shall be made to any regional public library system for the first two state fiscal years after a board of county commissioners has contracted to join that system and has agreed that the county will provide the levels of support for public library service specified in this section. In the first year of participation 1990, the county shall provide an amount of support equivalent to ~~3~~ mill times 0.25 percent of the adjusted gross tax capacity of the taxable property of the county as determined by the commissioner of revenue for the second year preceding that calendar year or two-thirds of the per capita amount established under the provisions of section 134.34, subdivision 1, whichever amount is less. In the second year of participation 1991 and in each year thereafter, the county shall provide an amount of support equivalent to ~~4~~ mill times 0.41 percent of the adjusted gross net tax capacity of the taxable property of the county as determined by the commissioner of revenue for the second year preceding that calendar year or the per capita amount established under the provisions of section 134.34, subdivision 1, whichever is less. The minimum level of support shall be certified annually to the county by the department of education. In no event shall the department of education require any county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for an establishment grant. This section shall not be construed to prohibit any county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 2. Minnesota Statutes 1988, section 134.34, subdivision 1, is amended to read:

Subdivision 1. [LOCAL SUPPORT LEVELS.] A regional library basic system support grant shall be made to any regional public library system where there are at least three participating counties and where each participating city and county, except in the first year of participation as provided in section 134.33, is providing for public library service support the lesser of (a) an amount equivalent to ~~.4 mill times~~ 0.33 percent of the adjusted gross tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second year preceding that calendar year in 1990 and an amount equivalent to .41 percent of the net tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second year preceding that calendar year in 1991 and later years or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year ~~1980~~ 1990 as \$3 ~~3.62~~. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to one-half of the percentage by which the total state adjusted gross net tax capacity of property as determined by the commissioner of revenue for the second year preceding that calendar year increases over that total adjusted gross net tax capacity for the third year preceding that calendar year. The minimum level of support shall be certified annually to the participating cities and counties by the department of education. A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the department of education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 3. Minnesota Statutes 1988, section 134.34, subdivision 2, is amended to read:

Subd. 2. [REQUIRED INCREASES; LIMIT.] Notwithstanding the provisions of section 134.33 and subdivision 1 of this section, after the second year of participation by a city or county, the dollar amount of the minimum level of support for that city or county shall not be required to increase by more than ten percent over the dollar amount of the minimum level of support required of it in the previous year. ~~If a participating city or county which has been providing for public library service support in an amount equivalent to .67 mill times the gross tax capacity of the taxable property of that city or county for the year preceding that calendar year would be required to increase the dollar amount of such support by more~~

than ten percent to reach the equivalent of .4 mill times the adjusted gross tax capacity of the taxable property of that participating city or county as determined by the commissioner of revenue for the second year preceding that calendar year or the per capita amount calculated under the provisions of subdivision 1, it shall only be required to increase the dollar amount of such support by ten percent per year until such time as it reaches an amount equivalent to .4 mill times the adjusted gross tax capacity of that taxable property as determined by the commissioner of revenue for the second year preceding that calendar year or the per capita amount calculated under the provisions of subdivision 1.

Sec. 4. Minnesota Statutes 1988, section 134.34, subdivision 3, is amended to read:

Subd. 3. [REGIONAL DESIGNATION.] Regional library basic system support grants shall be made only to those regional public library systems officially designated by the state board of education as the appropriate agency to strengthen, improve and promote public library services in the participating areas. The state board of education shall designate no more than one such regional public library system located entirely within any single development region existing under sections 462.381 to 462.396 462.398 or chapter 473.

Sec. 5. Minnesota Statutes 1988, section 134.34, subdivision 4, is amended to read:

Subd. 4. [MAINTENANCE OF EFFORT.] A regional library basic system support grant shall not be made to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the preceding year. This subdivision shall not apply to participating cities or counties where the adjusted gross or net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted gross or net tax capacity.

Sec. 6. Minnesota Statutes 1988, section 134.35, subdivision 5, is amended to read:

Subd. 5. [SEVENTEEN AND ONE-HALF PERCENT.] Seventeen and one-half percent of the available grant funds shall be distributed to regional public library systems which contain counties whose adjusted gross or net tax capacity per capita were below the state average adjusted gross or net tax capacity per capita for the second year preceding the fiscal year for which the grant is made. Each system's entitlement shall be calculated as follows:

(a) subtract the adjusted gross or net tax capacity per capita for each eligible county or participating portion of a county from the statewide average adjusted gross or net tax capacity per capita;

(b) multiply the difference obtained in clause (a) for each eligible county or participating portion of a county by the population of that eligible county or participating portion of a county;

(c) for each regional public library system, determine the sum of the results of the computation in clause (b) for all eligible counties or portions thereof in that system;

(d) determine the sum of the result of the computation in clause (b) for all eligible counties or portions thereof in all regional public library systems in the state;

(e) for each system, divide the result of the computation in clause (c) by the result of the computation in clause (d) to obtain the allocation factor for that system;

(f) multiply the allocation factor for each system as determined in clause (e) times the amount of the remaining grant funds to determine each system's dollar allocation pursuant to this subdivision.

Sec. 7. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [BASIC SUPPORT GRANTS.] For basic support grants under Minnesota Statutes, sections 134.32 to 134.35:

\$5,179,000 1990

\$5,215,000 1991

The 1990 appropriation includes \$747,000 for 1989 and \$4,432,000 for 1990.

The 1991 appropriation includes \$783,000 for 1990 and \$4,432,000 for 1991.

Subd. 3. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants to multicounty, multitype library systems under Minnesota Statutes, sections 134.353 and 134.354:

\$234,000 1990

\$240,000 1991

The 1990 appropriation includes \$34,000 for 1989 and \$200,000 for 1990.

The 1991 appropriation includes \$36,000 for 1990 and \$204,000 for 1991.

Subd. 4. [STATE AGENCY ON-LINE SYSTEM.] For the ongoing cost of operating a computer library catalog system in state agency libraries:

\$46,000 1990

This appropriation is available until June 30, 1991.

Subd. 5. [MATERIALS FOR LIBRARIANS.] To update materials on library information and services available to librarians through the department of education:

\$20,000 1990

This appropriation is available until June 30, 1991.

Sec. 8. [REPEALERS.]

Subdivision 1. [JULY 1, 1989.] Minnesota Statutes, section 134.34, subdivision 5, is repealed July 1, 1989.

Subd. 2. [JULY 1, 1991.] Minnesota Statutes, section 134.33, subdivision 1, is repealed July 1, 1991.

ARTICLE 11

EDUCATION AGENCY SERVICES

Section 1. Minnesota Statutes 1988, section 121.935, subdivision 6, is amended to read:

Subd. 6. [FEES.] Regional management information centers may charge fees to affiliated districts for the cost of services provided to the district and the district's proportionate share of outstanding regional debt. If a district uses a state approved alternative finance system for processing its detailed transactions or transfers to another region, the district is liable for its contracted proportionate share of the outstanding regional debt. The district is not liable for any additional outstanding regional debt that occurs after written notice is given to transfer or use an alternative finance system. ~~In no~~

event shall the annual fee of a district participating in a state pilot program of an alternative financial management information system exceed the annual fee chargeable to the district in the absence of the pilot program. A regional management information center must not charge a district for transferring the district's summary financial data and essential data elements to the state. The regional management information center may charge the district for any service it provides to, or performs on behalf of, a district to render the data in the proper format for reporting to the state.

Sec. 2. Minnesota Statutes 1988, section 123.58, subdivision 9, is amended to read:

Subd. 9. [FINANCIAL SUPPORT FOR THE EDUCATIONAL COOPERATIVE SERVICE UNITS.] (a) Financial support for ECSU programs and services shall be provided by participating local school districts and nonpublic school administrative units with private, state and federal financial support supplementing as available. The ECSU board of directors may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district and nonpublic school administrative unit its proportionate share of any and all expenses. This share shall be based upon the extent of participation by each district or nonpublic school administrative unit and shall be in the form of a service fee. Each participating district and nonpublic school administrative unit shall remit its assessment to the ECSU board as provided in the ECSU bylaws. The assessments shall be paid within the maximum levy limitations of each participating district. No participating school district or nonpublic school administrative unit shall have any additional liability for the debts or obligations of the ECSU except that assessment which has been certified as its proportionate share or any other liability the school district or nonpublic school administrative unit agrees to assume.

(b) Any property acquired by the ECSU board is public property to be used for essential public and governmental purposes which shall be exempt from all taxes and special assessments levied by a city, county, state or political subdivision thereof. If the ECSU is dissolved, its property must be distributed to the member public school districts at the time of the dissolution.

(c) A school district or nonpublic school administrative unit may elect to withdraw from participation in the ECSU by a majority vote of its full board membership and upon compliance with the applicable withdrawal provisions of the ECSU organizational agreement. Upon receipt of the withdrawal resolution reciting the necessary facts, the ECSU board shall file a certified copy with the state board of education. The withdrawal shall be effective on the June 30 following receipt by the board of directors of written notification of the withdrawal at least six months prior to June 30. Notwithstand-

ing the withdrawal, the proportionate share of any expenses already certified to the withdrawing school district or nonpublic school administrative unit for the ECSU shall be paid to the ECSU board.

(d) The ECSU is a public corporation and agency and its board of directors may make application for, accept and expend private, state and federal funds that are available for programs of educational benefit approved by the state board of education in accordance with rules adopted by the state board of education pursuant to chapter 14. The state board of education shall not distribute special state aid or federal aid directly to an ECSU in lieu of distribution to a school district within the ECSU which would otherwise qualify for and be entitled to this aid without the consent of the school board of that district.

(e) The ECSU is a public corporation and agency and as such, no earnings or interests of the ECSU may inure to the benefit of an individual or private entity.

Sec. 3. Minnesota Statutes 1988, section 123.58, is amended by adding a subdivision to read:

Subd. 12. [BORROWING AUTHORITY.] (a) An ECSU may, on behalf of its member public school districts, issue bonds or other obligations as it deems necessary to fulfill its purposes and exercise its powers. The bonds or other obligations may be issued to provide funds in anticipation of the receipt of revenues of the current year, to finance capital expenditures, and to pay the costs and expenses of issuing bonds.

(b) The bonds or other obligations may be payable solely from the revenues of the ECSU to the extent pledged. They may also be secured by a mortgage or deed of trust of part or all of the property of the ECSU. Neither the state nor a member public school district may pledge its faith and credit or taxing power to pay the bonds or other obligations or interest on them.

(c) Bonds or other obligations may be issued or sold at public or private sale and at the price, maturities, interest rates, and in the form determined by the ECSU; except that obligations issued in anticipation of the receipt of revenues may not exceed 50 percent of the revenues to be received during the fiscal year and may not mature later than the anticipated date of receipt of the revenues, but in no event later than three months after the close of the fiscal year.

Sec. 4. Minnesota Statutes 1988, section 126.56, subdivision 4, is amended to read:

Subd. 4. [ELIGIBLE PROGRAMS INSTITUTIONS.] A scholar-

ship may be used only for an eligible program. An eligible program shall be approved by the state board of education. An eligible program shall be sponsored by at an eligible institution. A Minnesota public post-secondary institution is an eligible institution. A private post-secondary institution that is eligible if it:

- (1) is accredited by the North Central Association of Colleges;
- (2) offers at least an associate or baccalaureate degree program approved under section 136A.65, subdivision 1; and
- (3) is located in Minnesota.

An eligible program shall, as its primary purpose, provide academic instruction for student enrichment in curricular areas including, but not limited to, communications, humanities, social studies, social science, science, mathematics, art, or foreign language. The program shall not be offered for credit to post-secondary students. It shall not provide remedial instruction. Additional requirements for eligibility may be established by the state board of education and the higher education coordinating board.

Sec. 5. Minnesota Statutes 1988, section 126.56, is amended by adding a subdivision to read:

Subd. 4a. [ELIGIBLE PROGRAMS.] A scholarship may be used only for an eligible program. To be eligible, a program must:

- (1) provide, as its primary purpose, academic instruction for student enrichment in curricular areas including, but not limited to, communications, humanities, social studies, social science, science, mathematics, art, or foreign languages;
- (2) not be offered for credit to post-secondary students;
- (3) not provide remedial instruction;
- (4) meet any other program requirements established by the state board of education and the higher education coordinating board; and
- (5) be approved by the state board of education.

Sec. 6. [APPROPRIATION.]

Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD.] The sums indicated in this section are appropriated from the general fund to the higher education coordinating board for the fiscal years designated.

Subd. 2. [SUMMER PROGRAM SCHOLARSHIPS.] For scholarship awards for 1990 and 1991 summer programs, according to Minnesota Statutes, section 126.56:

\$214,000 1990

\$214,000 1991

Of this appropriation, the amount required may be used for the higher education coordinating board's cost of administering the program.

Sec. 7. [APPROPRIATIONS.]

Subdivision 1. [BOARD OF TEACHING.] The sums indicated in this section are appropriated from the general fund to the board of teaching for the fiscal years designated. Any unexpended balance from the appropriations in this section in the first year does not cancel and is available for the second year.

Subd. 2. [ASSESSMENT OF TEACHER PERFORMANCE.] For designing an assessment procedure for the plan required in Laws 1985, First Special Session chapter 12, article 8, section 48:

\$166,000 1990

\$166,000 1991

Subd. 3. [EXEMPLARY TEACHER EDUCATION PROGRAM.] For development of exemplary teacher education programs under Minnesota Statutes, section 126.81, and dissemination and replication of program models:

\$135,000 1990

\$135,000 1991

Subd. 4. [TEACHER CENTERS.] For implementation of teacher centers based on plans developed under Laws 1987, chapter 398, article 8, sections 42 and 43, and replication of these plans in other sites:

\$100,000 1990

\$100,000 1991

Sec. 8. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums

indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [TEACHER MENTORSHIP.] For grants to develop mentoring programs in school districts according to Minnesota Statutes, section 125.231:

\$250,000 1990

\$250,000 1991

Any unexpended balance in the first year does not cancel and is available for the second year.

Subd. 3. [ADMINISTRATOR'S ACADEMY.] For the administrator's academy:

\$168,000 1990

\$168,000 1991

\$24,000 must be used each year for the school management assessment center at the University of Minnesota.

Subd. 4. [OFFICE ON TRANSITION SERVICES.] For the inter-agency office on transition service under Minnesota Statutes, section 120.183:

\$80,000 1990

\$80,000 1991

Subd. 5. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] For educational cooperative service units:

\$749,000 1990

\$749,000 1991

The 1990 appropriation includes \$113,000 for 1989 and \$636,000 for 1990.

The 1991 appropriation includes \$113,000 for 1990 and \$636,000 for 1991.

Subd. 6. [MANAGEMENT INFORMATION CENTERS.] For management information centers according to Minnesota Statutes, section 121.935, subdivision 5:

\$3,411,000 1990

\$3,411,000 1991

Subd. 7. [STATE PER ASSISTANCE.] For state assistance for planning, evaluating, and reporting:

\$601,000 1990

\$601,000 1991

Subd. 8. [EDUCATIONAL EFFECTIVENESS.] For educational effectiveness programs according to Minnesota Statutes, sections 121.608 and 121.609:

\$600,000 1990

\$600,000 1991

Subd. 9. [CURRICULUM AND TECHNOLOGY INTEGRATION.] For curriculum and technology integration services:

\$722,000 1990

\$722,000 1991

Subd. 10. [TECHNOLOGY INFORMATION DISSEMINATION.] To collect and disseminate information on emerging uses of technologies in education:

\$20,000 1990

\$20,000 1991

Subd. 11. [COMPREHENSIVE ARTS PLANNING PROGRAM.] For the technical assistance for the comprehensive arts planning program according to Minnesota Statutes, section 129B.21:

\$38,000 1990

\$38,000 1991

Subd. 12. [ACADEMIC EXCELLENCE FOUNDATION.] For the academic excellence foundation under Minnesota Statutes, section 121.612:

\$175,000 1990

\$175,000 1991

Sec. 9. [APPROPRIATION.]

Subdivision 1. [STATE UNIVERSITY BOARD.] The sums indicated in this section are appropriated from the general fund to the state university board for the fiscal years designated.

Subd. 2. [FACULTY EXCHANGE.] For expenses incurred by elementary and secondary teachers participating in the faculty education exchange:

\$25,000 1990

The appropriation is available until June 30, 1991.

Sec. 10. [APPROPRIATION.]

Subdivision 1. [BOARD OF REGENTS.] The sums indicated in this section are appropriated from the general fund to the board of regents of the University of Minnesota for the fiscal years designated.

Subd. 2. [FACULTY EXCHANGE.] For expenses incurred by elementary and secondary teachers participating in the faculty education exchange:

\$25,000 1990

The appropriation is available until June 30, 1991.

Sec. 11. [REPEALER.]

Laws 1988, chapter 718, article 5, section 4, is repealed.

ARTICLE 12

STATE AGENCIES

Section 1. Minnesota Statutes 1988, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the departments of administration; agriculture; commerce; corrections; jobs and training; education; employee relations; trade and economic development; finance; health; human rights; labor and industry; natural resources; office of administrative hearings; public safety; public service; human services; revenue; transportation; and veter-

ans affairs; the housing finance, state planning, and pollution control agencies; the state board of investment; the waste management board; the offices of the secretary of state, state auditor, and state treasurer; the state board of vocational technical education; the school and Minnesota resource center for the arts education; and the Minnesota zoological board.

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

(1) the designation of the position would not be contrary to other law relating specifically to that agency;

(2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;

(3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;

(4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with the governor and the agency head, or the employing constitutional officer;

(6) the position would be at the level of division or bureau director or assistant to the agency head; and

(7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

Sec. 2. Minnesota Statutes 1988, section 128A.09, is amended to read:

128A.09 [SERVICE, SEMINAR, AND CONFERENCE FEES.]

Subdivision 1. [~~DEPOSIT; CREDIT RENTAL INCOME; APPROPRIATION.~~] Fees and Rental income, excluding rent for land and living residences, collected by the academies for services, seminars, and conferences must be deposited in the state treasury and credited to the a revolving fund of the academies. Money in the revolving fund for rental income is annually appropriated to the academies for staff development purposes. Payment from the revolving fund for rental income may be made only according to vouchers authorized by the administrator of the academies.

Subd. 2. [ADMINISTRATOR'S VOUCHERS FEES; APPROPRIATION.] Payment may be made from the revolving fund only according to vouchers authorized by the administrator of the academies. Income from fees for conferences, seminars, nondistrict technical assistance, and production of instructionally-related materials must be deposited in the state treasury and credited to a revolving fund of the academies. Money in the revolving fund for fees from conferences, seminars, nondistrict technical assistance, and production of instructionally-related materials is annually appropriated to the academies to defray expenses of the services conferences, seminars, technical assistance, and conferences production of materials. Payment from the revolving fund for conferences and other fees may be made only according to vouchers authorized by the administrator of the academies.

Sec. 3. Minnesota Statutes 1988, section 129C.10, is amended to read:

129C.10 [MINNESOTA SCHOOL AND RESOURCE CENTER FOR THE ARTS EDUCATION.]

Subdivision 1. [GOVERNANCE.] The board of the Minnesota school and resource center for the arts education shall consist of 15 persons. The members of the board shall be appointed by the governor with the advice and consent of the senate. At least one member must be appointed from each congressional district.

Subd. 2. [TERMS, COMPENSATION, AND OTHER.] The membership terms, compensation, removal of members, and filling of vacancies shall be as provided for in section 15.0575. A member may serve not more than two consecutive terms.

Subd. 3. [POWERS AND DUTIES OF BOARD.] (a) The board has the powers necessary for the care, management, and control of the Minnesota school and resource center for the arts education and all its real and personal property. The powers shall include, but are not limited to, those listed in this subdivision.

(b) The board may employ and discharge necessary employees, and contract for other services to ensure the efficient operation of the school and resource center.

(c) The board may establish a charitable foundation and accept, in trust or otherwise, any gift, grant, bequest, or devise for educational purposes and hold, manage, invest, and dispose of them and the proceeds and income of them according to the terms and conditions of the gift, grant, bequest, or devise and its acceptance.

(d) The board may establish or coordinate evening, continuing

education, extension, and summer programs through the resource center for teachers and pupils.

(e) The board may identify pupils in grades 9 to 12 who have artistic talent, either demonstrated or potential, in dance, literary arts, media arts, music, theater, and visual arts, or in more than one art form.

(f) The board shall educate pupils with artistic talent by providing:

(1) a pilot interdisciplinary academic and arts program for pupils in the 11th and 12th grades, beginning with 135 pupils in the 11th grade in September 1989, and 135 pupils in the 11th grade and 135 pupils in the 12th grade in September 1990;

(2) (1) intensive arts seminars for one or two weeks for 9th and 10th to 12th grade pupils;

(3) (2) summer arts institutes for pupils in grades 9 to 12;

(4) (3) artist mentor and extension programs in regional sites; and

(5) (4) teacher education programs for indirect curriculum delivery.

(g) The board may determine the location for the Minnesota school and resource center for the arts and any additional facilities related to the school, including the authority to lease a temporary facility education and related facilities.

(h) The board must plan for the enrollment of pupils on an equal basis from each congressional district.

(i) (h) The board may establish task forces as needed to advise the board on policies and issues. The task forces expire as provided in section 15.059, subdivision 6.

(j) (i) The board may request the commissioner of education for assistance and services.

(k) (j) The board may enter into contracts with other public and private agencies and institutions for residential and building maintenance services if it determines that these services could be provided more efficiently and less expensively by a contractor than by the board itself. The board may also enter into contracts with public or private agencies and institutions, school districts or combinations of school districts, or educational cooperative service units to provide supplemental educational instruction and services.

(l) The board may provide or contract for services and programs by and for the arts high school, including a school store, operating in connection with the school; theatrical events; and other programs and services that, in the determination of the board, serve the purposes of the arts high school.

(m) (k) The board may provide for transportation of pupils to and from the school and resource center for the arts for all or part of the school year education, as the board considers advisable and subject to its rules. Notwithstanding any other law to the contrary, the board may charge a reasonable fee for transportation of pupils. Every driver providing transportation of pupils under this paragraph must possess all qualifications required by the state board of education. The board may contract for furnishing authorized transportation under rules established by the commissioner of education and may purchase and furnish gasoline to a contract carrier for use in the performance of a contract with the board for transportation of pupils to and from the school and resource center for the arts education. When transportation is provided, scheduling of routes, establishment of the location of bus stops, the manner and method of transportation, the control and discipline of pupils, and any other related matter is within the sole discretion, control, and management of the board.

(n) (l) The board may provide room and board for its pupils.

(o) (m) The board may establish and set fees for services and programs without regard to chapter 14. If the board sets fees not authorized or prohibited by the Minnesota public school fee law, it may do so without complying with the requirements of section 120.75, subdivision 1.

Subd. 3a. [ARTS HIGH SCHOOL RESOURCE CENTER FOR ARTS EDUCATION FUND APPROPRIATION.] There is established in the state treasury an arts high school a resource center for arts education fund. All money collected by the board shall be deposited in the fund. Money in the fund, including interest earned, is annually appropriated to the board for the operation of its services and programs.

Subd. 4. [EMPLOYEES.] (a)(1) The board shall appoint a director of the school and resource center for the arts education who shall serve in the unclassified service.

(2) The board shall employ, upon recommendation of the director, a coordinator of the resource center who shall serve in the unclassified service.

(3) (2) The board shall employ, upon recommendation of the director, up to six department chairs who shall serve in the unclassified service. The chairs shall be licensed teachers unless no

licensure exists for the subject area or discipline for which the chair is hired.

(4) (3) The board may employ other necessary employees, upon recommendation of the director.

(5) (4) The board shall employ, upon recommendation of the director, an executive secretary for the director, who shall serve in the unclassified service.

(b) The employees hired under this subdivision and other necessary employees hired by the board shall be state employees in the executive branch.

Subd. 4a. [ADMISSION AND CURRICULUM REQUIREMENTS GENERALLY.] (a) ~~The board may adopt rules for admission to and discharge from the school and rules regarding the operation of the school and resource center, including transportation of its pupils. Rules covering admission and discharge are governed by chapter 14. Rules regarding the operation of the school are not governed by chapter 14.~~

(b) ~~Proceedings concerning admission to or discharge from the school, a pupil's program at the school, and a pupil's progress at the school are governed by the rules adopted by the board and are not contested cases governed by chapter 14.~~

Subd. 5. [RESOURCE CENTER.] The resource center shall offer programs that are directed at improving arts education in elementary and secondary schools throughout the state. The programs offered shall include at least summer institutes offered to pupils in various regions of the state, in-service workshops for teachers, and leadership development programs for teachers. The board shall establish a resource center advisory council composed of elementary and secondary arts educators, representatives from post-secondary educational institutions, department of education, state arts board, regional arts councils, educational cooperative service units, school district administrators, parents, and other organizations involved in arts education. The advisory council shall include representatives from a variety of arts disciplines and from various areas of the state. The advisory council shall advise the board about the activities of the center. Programs offered through the resource center shall promote and develop arts education programs offered by school districts and arts organizations and shall assist school districts and arts organizations in developing innovative programs. The board may contract with arts organizations to provide programs through the resource center. The advisory council shall advise the board on contracts and programs related to the operation of the resource center.

Subd. 6. [PUBLIC POST-SECONDARY INSTITUTIONS; PRO-

VIDING SPACE.] Public post-secondary institutions shall provide space for programs offered by the Minnesota school and resource center for the arts education at no cost to the Minnesota school and resource center for the arts education to the extent that space is available at the public post-secondary institutions.

Sec. 4. [INSTRUCTION TO REVISOR.]

The revisor of statutes is requested to change the name of Minnesota Statutes, chapter 129C, from "Minnesota School and Resource Center for the Arts" to "Minnesota Resource Center for Arts Education."

Sec. 5. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund, unless otherwise indicated, to the department of education for the fiscal years designated.

The approved complement is:

	1990	1991
State	<u>260.5</u>	<u>260.5</u>
Federal	<u>128.1</u>	<u>129.1</u>
Other	<u>28.1</u>	<u>28.1</u>
Total	<u>416.7</u>	<u>417.7</u>

The commissioner of education, with the approval of the commissioner of finance, may transfer unencumbered balances among the programs during the biennium. Transfers must be reported immediately to the house education finance division and the senate education funding division. During the biennium, the commissioner may transfer money among the various objects of expenditure categories and activities within each program, unless restricted by executive order.

The commissioner of education, with the approval of the commissioner of finance, may transfer complement among funds if necessary. The commissioner must report material changes to the house education finance division and the senate education funding division.

Subd. 2. [EDUCATIONAL SERVICES.]

\$7,447,000 1990

\$7,454,000 1991

\$21,000 each year is from the trunk highway fund.

\$100,000 each year is from the alcohol-impaired driver account.

The federal complement of the community education section is increased by 3.0.

The federal complement of the institutional approval section recognizes a reduction of 0.3 from the 1989 base.

The state complement of the equal educational opportunities section is reduced by 0.5 and the federal complement for the section recognizes a reduction of 1.0 from the 1989 base.

The state complement of the Indian education section is increased by 4.0 and the federal complement recognizes a reduction of 4.0 from the 1989 base.

\$245,000 each year is for the secondary vocational student organization center.

The state complement of the assessment section is increased by 4.5 and the federal complement recognizes a reduction of 2.5 from the 1989 base.

One complement in the curriculum services section is transferred from the public health fund to the general fund.

The federal complement of the curriculum services section is increased by 2.0.

The federal complement of the special education section is increased by 1.0 in 1991.

The state complement includes 2.0 for the office of restructuring and the federal complement includes 3.0 for the office of restructuring.

Subd. 3. [ADMINISTRATION AND FINANCIAL SERVICES.]

\$8,491,000 1990

\$8,496,000 1991

The state complement of the education finance and analysis section is increased by 2.0 for processing pupil enrollment transfers.

The state complement of the education data systems section is

increased by 6.0 in 1990. The federal complement recognizes a reduction of 6.0 from the 1989 base.

\$1,267,000 in 1990 and \$1,270,000 in 1991 are for the education data systems section. \$15,000 each year of these amounts are for the expenses of the ESV computer council. Any unexpended balance remaining in the first year does not cancel and is available for the second year.

The child nutrition section is reduced by \$30,000 each year.

\$14,000 each year is for internal audit.

The commissioner shall maintain no more than five total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, or executive assistant.

The state complement for the executive management section is reduced by 2.0. This reduction includes the position of assistant commissioner for management effectiveness.

The state complement for the administrative support section is increased by 2.5 including 0.5 for affirmative action and 2.0 for publications. The federal complement recognizes a reduction of 3.5 from the 1989 base.

The state complement of the Minnesota academic excellence foundation is increased by 0.5.

\$168,000 each year is for the state board of education. The state complement for the state board is increased by 1.0.

Sec. 6. [FARIBAULT ACADEMIES APPROPRIATION.]

The sums indicated in this section are appropriated to the department of education for the Faribault Academies:

\$7,123,000 1990

\$7,123,000 1991

\$115,000 each year is for an extended year program.

Any unexpended balance in the first year does not cancel and is available for the second year.

The approved complement is:

	1990	1991
State	<u>185.6</u>	<u>185.6</u>
Federal	<u>8.0</u>	<u>8.0</u>
Total	<u>193.6</u>	<u>193.6</u>

The state board of education, with the approval of the commissioner of finance, may transfer complement among funds if necessary. The state board must report material changes to the house education finance division and the senate education funding division.

Sec. 7. [RESOURCE CENTER FOR ARTS EDUCATION APPROPRIATION.]

The sums indicated in this section are appropriated from the general fund to the resource center for arts education for the fiscal years designated:

\$2,708,000 1990

\$2,708,000 1991

Any unexpended balance from the first year does not cancel and is available the second year.

The approved complement is:

	1990	1991
State	<u>15.0</u>	<u>15.0</u>
Total	<u>15.0</u>	<u>15.0</u>

ARTICLE 13

MILL RATE CONVERSIONS

Section 1. Minnesota Statutes 1988, section 124.2131, subdivision 1, is amended to read:

Subdivision 1. [ADJUSTED GROSS TAX CAPACITY.] (a) [COMPUTATION.] The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures referenced in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine an aggregate equalized gross tax capacity and an aggregate equalized net tax capacity for the various strata classes of taxable property in each school district, which tax capacity shall be designated as the adjusted gross tax capacity and the adjusted net tax capacity,

respectively. The department of revenue shall take such steps as are necessary in the performance of that duty and may incur such the expense as is necessary therefor to make the determinations. The commissioner of revenue is authorized to may reimburse any county or governmental official for requested services performed in ascertaining such the adjusted gross tax capacity and the adjusted net tax capacity. On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of adjusted gross tax capacities and adjusted net tax capacities. On or before June 15, annually, the department of revenue shall file its final report on the adjusted gross tax capacities and adjusted net tax capacities established by the previous year's assessment with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of mill tax capacity rates. A copy of the adjusted gross tax capacity report so filed shall be forthwith mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

(b) [METHODOLOGY.] In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for proper execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota administrative procedure act. By January 15, 1985, the commissioner shall report to the chairs of the house tax committee and the senate committee on taxes and tax laws the results of a study which the commissioner shall prepare comparing the 1983 sales ratio study based upon the original 1983 assessment/sales ratio study methodology with the new methodology as provided in clause (b). The 1984 adjusted assessed values which are certified to the commissioner of education shall be computed using the 1983 assessment/sales ratio study methodology unless the 1985 legislature directs otherwise.

(c) [AGRICULTURAL LANDS.] For purposes of determining the adjusted gross tax capacity and adjusted net tax capacity of agricultural lands for the calculation of 1987 adjusted gross tax capacities and thereafter adjusted net tax capacities, the market value of agricultural lands shall be the price for which the property would sell in an arms length transaction.

Sec. 2. Minnesota Statutes 1988, section 124.38, subdivision 7, is amended to read:

Subd. 7. [MAXIMUM EFFORT DEBT SERVICE LEVY.]
"Maximum effort debt service levy" means the lesser of:

(1) A levy in whichever of the following amounts is applicable:

(a) In any school district granted a debt service loan after July 31, 1981 or granted a capital loan which is approved after July 31, 1981, a levy in a total dollar amount computed as 16 mills a gross tax capacity rate of 13.08 percent on the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 16.27 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter;

(b) In any school district granted a debt service loan before August 1, 1981 or granted a capital loan which was approved before August 1, 1981, a levy in a total dollar amount computed as 15 mills a gross tax capacity rate of 12.26 percent on the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 15.26 percent on the net tax capacity for taxes payable in 1991 and thereafter, until and unless the district receives an additional loan; or

(2) A levy in whichever of the following amounts is applicable:

(a) In any school district which received a debt service or capital loan from the state before January 1, 1965, a levy in a total dollar amount computed as 4.10 mills on the market value in each year, unless the district applies or has applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967;

(b) In any school district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, a levy in a total dollar amount computed as 5½ mills on the market value in each year, until and unless the district receives an additional loan;

(c) In any school district granted a debt service or capital loan between July 1, 1969 and July 1, 1975, a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan;

(d) In any school district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted; provided, that the school board in any district affected by the provisions of clause (2)(d) may elect instead to determine the amount of its levy according to the

provisions of clause (1); provided further that if a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2)(d), the liability of the district for the amount of the difference between the amount it levied under clause (2)(d) and the amount it would have levied under clause (1), and for interest on the amount of that difference, shall not be satisfied and discharged pursuant to section 124.43, subdivision 4.

Sec. 3. Minnesota Statutes 1988, section 124.82, subdivision 3, is amended to read:

Subd. 3. [FACILITIES DOWN PAYMENT LEVY REFERENDUM.] A district may levy the tax capacity rate approved by a majority of the electors voting on the question to provide funds for a down payment for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date set by the school board. A referendum for a project not receiving a positive review and comment by the commissioner under section 121.15 must be approved by at least 60 percent of the voters at the election. The referendum may be called by the school board and may be held:

(1) separately, before an election for the issuance of obligations for the project under chapter 475; or

(2) in conjunction with an election for the issuance of obligations for the project under chapter 475; or

(3) notwithstanding section 475.59, as a conjunctive question authorizing both the down payment levy and the issuance of obligations for the project under chapter 475. Any obligations authorized for a project may be issued within five years of the date of the election.

The ballot must provide a general description of the proposed project, state the estimated total cost of the project, state whether the project has received a positive or negative review and comment from the commissioner of education, state the maximum amount of the down payment levy in mills as a percentage of net tax capacity, state the amount that will be raised by that tax capacity rate in the first year it is to be levied, and state the maximum number of years that the levy authorization will apply.

The ballot must contain a textual portion with the information required in this section and a question stating substantially the following:

"Shall the down payment levy proposed by the board of School District No. be approved?"

If approved, the amount provided by the approved tax capacity rate applied to each year's gross the net tax capacity for the year preceding the year the levy is certified may be certified for the number of years approved.

In the event a conjunctive question proposes to authorize both the down payment levy and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.

The district must notify the commissioner of education of the results of the referendum.

Sec. 4. Minnesota Statutes 1988, section 273.1102, subdivision 3, is amended to read:

Subd. 3. [1988 ADJUSTMENT.] ~~For~~ School districts district levy limitations or authorities expressed in terms of mills and adjusted assessed value, ~~their levy limitations in any special law that is not codified in Minnesota Statutes shall be converted by the department of education to "equalized gross tax capacity rates."~~ for taxes payable in 1989 and 1990 and equalized net tax capacity rates for taxes payable in 1991 and thereafter. For purposes of this calculation, the 1987 adjusted assessed values of the district shall be converted to "adjusted gross tax capacities" by multiplying the equalized market values by class of property by the gross tax capacity rates provided in section 273.13. Each county assessor and the city assessors of Minneapolis, Duluth, and St. Cloud shall furnish the commissioner of revenue the 1987 market value for taxes payable in 1988 for any new classes of property established in this article. The commissioner shall use those values, and estimate values where needed, in developing the 1987 tax capacity for each school district under this section. The requirements of section 124.2131, subdivisions 1, paragraph (c), and 2 and 3, shall remain in effect.

Sec. 5. Minnesota Statutes 1988, section 275.011, subdivision 1, is amended to read:

Subdivision 1. The property tax levied for any purpose under a special law that is not codified in Minnesota Statutes or a city charter provision and that is subject to a mill rate limitation imposed by statute or the special law, excluding levies subject to mill rate limitations that use adjusted assessed values determined by the commissioner of revenue under section 124.2131, must not exceed the following amount for the years specified:

(a) for taxes payable in 1988, the product of the applicable mill rate limitation imposed by statute or special law multiplied by the total assessed valuation of all taxable property subject to the tax as

adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

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

(c) for taxes payable in 1990 and subsequent years, the product of (1) the property tax levy limitation for the previous year determined pursuant to this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property subject to the tax for the current assessment year divided by the total market valuation of all taxable property subject to the tax for the previous assessment year.

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

Sec. 6. Minnesota Statutes 1988, section 275.125, subdivision 6e, is amended to read:

Subd. 6e. [DESEGREGATION LEVY.] Each year, school district No. 625, St. Paul, may levy an amount not to exceed one mill a gross tax capacity rate of .8 percent times the adjusted gross tax capacity of the district for taxes payable in 1990 or a net tax capacity rate of 1.02 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

Sec. 7. Minnesota Statutes 1988, section 275.125, subdivision 6h, is amended to read:

Subd. 6h. [MINNEAPOLIS HEALTH INSURANCE SUBSIDY LEVY.] Each year special school district No. 1, Minneapolis, may make an additional levy not to exceed the amount raised by 1 mill a gross tax capacity rate of .08 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of .11 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the property in the district for the preceding year.

In addition, in 1987 the district may levy an amount not to exceed the amount raised by .1 mill times the adjusted gross tax capacity of the property in the district for the preceding year for health insurance subsidies for fiscal year 1988. The proceeds may be used only to subsidize health insurance costs for eligible teachers as provided in this section.

"Eligible teacher" means a retired teacher who was a basic member of the Minneapolis teachers retirement fund association, who retired before May 1, 1974, and who is not eligible to receive the hospital insurance benefits of the federal Medicare program of the Social Security Act without payment of a monthly premium. The district shall notify eligible teachers that a subsidy is available. An eligible teacher may submit to the school district a copy of receipts for health insurance premiums paid during the previous 12-month period. The school district shall disburse the health insurance premium subsidy to each eligible teacher in a timely and efficient manner. An eligible teacher may receive a subsidy up to an amount equal to the lesser of 90 percent of the cost of the eligible teacher's health insurance or up to 90 percent of the cost of the number two qualified plan of health coverage for individual policies made available by the Minnesota comprehensive health association under chapter 62E.

If funds remaining from the previous year's health insurance subsidy levy, minus the previous year's required subsidy amount, are sufficient to pay the estimated current year subsidy, the levy must be discontinued until the remaining funds are estimated by the school board to be insufficient to pay the subsidy.

Sec. 8. Minnesota Statutes, 1988, section 275.125, subdivision 6i, is amended to read:

Subd. 6i. [RULE COMPLIANCE LEVY.] Each year a district that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0200 to 3535.2200, may levy an amount not to exceed one mill a gross tax capacity rate of .8 percent times the adjusted gross tax capacity of the district for taxes payable in 1990 or a net tax capacity rate of 1.02 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. Independent school district No. 625, St. Paul, may levy according to this subdivision and subdivision 6e. Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

Sec. 9. Minnesota Statutes 1988, section 275.125, subdivision 9, is amended to read:

Subd. 9. [LEVY REDUCTIONS; TACONITE.] (1) Reductions in

levies pursuant to subdivision 10, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 298.018; 298.23 to 298.28, except an amount distributed under section 298.28, subdivision 4, paragraph (c), clause (ii); 298.34 to 298.39; 298.391 to 298.396; 298.405; and any law imposing a tax upon severed mineral values, or recognized revenue pursuant to section 477A.15; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section and chapters 124 and 124A by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year less the product of the same dollar amount of the payments or revenue times the ratio of the maximum levy allowed the district under Minnesota Statutes 1986, sections 124A.03, subdivision 2, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a, to the total levy allowed the district under this section and Minnesota Statutes 1986, sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 124A.20, subdivision 2, for levies certified in 1986.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 124A.23, to an amount less than the amount raised by a levy of 12.5 mills a gross tax capacity rate of 10.22 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 12.71 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of that district for the preceding year as determined by the commissioner. The amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2, shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by section 124.244, subdivision 2, and subdivisions 11c, 12, and 12a, and the community education levy authorized by subdivisions 8 and 8b, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to section 124.244, subdivision 2, and subdivisions 11c, 12, and 12a, and for

community education pursuant to subdivisions 8 and 8b. The reduction of the capital expenditure levy and the community education levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections 298.018; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values; and not deducted from general education aid pursuant to section 124A.035, subdivision 5, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the St. Louis county auditor in the following amount by March 15 of each year, the amount required to be subtracted from the previous fiscal year's general education aid pursuant to section 124A.035, subdivision 5, which is in excess of the general education aid earned for that fiscal year. The county auditor shall deposit any amounts received pursuant to this clause in the St. Louis county treasury for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 10. Minnesota Statutes 1988, section 275.125, subdivision 9a, is amended to read:

Subd. 9a. [STATUTORY OPERATING DEBT LEVY.] (1) In 1978 and each year thereafter in which so required by this subdivision, a district shall make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977 and certified and adjusted by the commissioner. This levy shall not be made in more than 20 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall in each year be an amount which is equal to the amount raised by a levy of ~~1.5 mills~~ a gross tax capacity rate of 1.2 percent times the adjusted gross tax capacity of the district for the preceding year for taxes payable in 1990 or a net tax capacity rate of 1.53 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter; provided that in the last year in which the district is required to make this levy, it shall levy an amount not to exceed the amount raised by a levy of ~~1.5 mills~~ a gross tax capacity rate of 1.2 percent times the adjusted gross tax capacity of the district for the preceding year for taxes payable in 1990 or a net tax capacity rate of 1.53 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter. When the sum of the cumulative levies made pursuant to this subdivision and transfers made according to section 121.912, subdivision 4 equals an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(2) The district shall establish a special account in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its

books and records. This account shall reflect the levy authorized pursuant to this subdivision. The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district which is required to levy pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivision 2 in that same year.

(4) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

Sec. 11. Minnesota Statutes 1988, section 275.125, subdivision 9b, is amended to read:

Subd. 9b. [OPERATING DEBT LEVY.] (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be an amount not to exceed the amount raised by a levy of 1.5 mills a gross tax capacity rate of 1.2 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 1.53 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year as determined by the commissioner. However, the total amount of this levy for all years it is made shall not exceed the lesser of (a) the amount of the deficit in the net unappropriated operating funds of the district as of June 30, 1983, or (b) the amount of the aid reduction, according to Laws 1981, Third Special Session chapter 2, article 2, section 2, but excluding clauses (l), (m), (n), (o), and (p), and Laws 1982, Third Special Session chapter 1, article 3, section 6, to the district in fiscal year 1983. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivisions 2 and 2a, in that same year.

Sec. 12. Minnesota Statutes 1988, section 275.125, subdivision 9c, is amended to read:

Subd. 9c. [1985 OPERATING DEBT LEVY.] (1) Each year, a

district may levy to eliminate a deficit in the net unappropriated balance in the general fund of the district, determined as of June 30, 1985, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the amount raised by a levy of 1.5 mills a gross tax capacity rate of 1.2 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 1.53 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year. However, the total amount of this levy for all years it is made shall not exceed the amount of the deficit in the net unappropriated balance in the general fund of the district as of June 30, 1985. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) A district, if eligible, may levy under this subdivision or subdivision 9b but not both.

(3) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(4) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivision 2 in that same year.

Sec. 13. Minnesota Statutes 1988, section 275.125, subdivision 14a, is amended to read:

Subd. 14a. [LEVY FOR LOCAL SHARE OF TECHNICAL INSTITUTE CONSTRUCTION.] (a) The definitions in section 136C.02 apply to this subdivision.

(b) A district maintaining a technical institute may levy for its local share of the cost of construction of facilities for the technical institute as provided in this subdivision.

(c) The construction must be authorized by a specific legislative act pursuant to section 136C.07, subdivision 5, after January 1, 1980. The specific legislative act must require that part of the cost of construction for post-secondary vocational purposes shall be financed by the state and that part of the cost of construction for post-secondary vocational purposes shall be financed by the school district operating the technical institute.

(d) The district may levy an amount equal to the local share of the cost of construction for post-secondary vocational purposes, minus the amount of any unappropriated net balance in the district's post-secondary vocational technical building construction fund. A

district may levy the total amount authorized by this subdivision in one year, or a proportionate amount of the total authorized amount each year for up to three successive years.

(e) By the July 1 before a district certifies the first levy pursuant to this subdivision for the local share of any construction project, at least three weeks published notice of the proposed levy shall be given in the legal newspaper with the largest circulation in the district. The notice shall state the purpose of the proposed levy, the duration of the proposed levy and the amount of the proposed levy in dollars and mills in terms of the tax capacity rate. Upon petition within 20 days after the notice of the greater of (a) 50 voters, or (b) 15 percent of the number of voters who voted in the district at the most recent regular school board election, the board shall call a referendum on the proposed levy. The referendum shall be held on a date set by the school board, but no later than the August 20 before the levy is certified. The question on the ballot shall state the amount of the proposed levy in mills on the district's adjusted gross tax capacity terms of the tax capacity rate and in dollars in the first year of the proposed levy.

(f) For the purposes of this subdivision, "construction" includes the acquisition and betterment of land, buildings and capital improvements for technical institutes.

(g) A district may not levy for the cost of a construction project pursuant to this subdivision if it issues any bonds to finance any costs of the project.

Sec. 14. Laws 1965, chapter 705, as amended by Laws 1975, chapter 261, section 4, and Laws 1980, chapter 609, article 6, section 37, is amended to read:

Sec. 6. The school board, for the purpose of providing moneys for the payment of its severance pay obligations under a plan approved by resolution of the district, in addition to all other powers possessed by the school district and in addition to and in excess of any existing limitation upon the amount it is otherwise authorized by law to levy as taxes, is authorized to levy taxes annually not exceeding in any one year an amount equal to two tenths of one mill upon each dollar of the assessed valuation thereof a gross tax capacity rate of .17 percent for taxes payable in 1990 or a net tax capacity rate of .21 percent for taxes payable in 1991 and thereafter upon all taxable property within the school district which taxes as levied shall be spread upon the tax rolls, and all corrections thereof shall be held by the school district, and allocated therefor to be disbursed and expended by the school district in payment of any public school severance pay obligations and for no other purpose. Disbursements and expenditures previously authorized on behalf of the school district for payment of severance pay obligations shall not be deemed to constitute any part of the cost of the operation and maintenance

of the school district within the meaning of any statutory limitation of any school district expenditures.

The amount of such severance pay allowable or to become payable in respect of any such employment or to any such employee shall not exceed the amount permitted by Minnesota Statutes, Section 465.72.

Sec. 15. Laws 1976, chapter 20, section 4, is amended to read:

Sec. 4. [EXCESS LEVY.] In addition to all other levies permitted by law, in 1976 and each year thereafter, Independent School District No. 625 shall make an additional levy to eliminate its statutory operating debt for the school year ending June 30, 1976 as certified by the legislative auditor pursuant to section 3. Each year the commissioner of education shall certify to the county auditor and Independent School District No. 625 the correct amount of this levy. This levy shall in each year be an amount which is equal to the amount raised by a levy of 1.5 mills a gross tax capacity rate of 1.23 percent times the adjusted assessed valuation gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 1.53 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year as determined by the equalization aid review committee, less any amount necessary for the payment of principal and interest on bonds sold pursuant to section 1. When the cumulative receipts from the levies made pursuant to this section and the earnings in the reserve account established under section 5 equal an amount equal to the statutory operating debt, the levy shall be discontinued.

Sec. 16. Laws 1988, chapter 719, article 5, section 84, is amended to read:

Sec. 84. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the words "assessed value" or "assessed valuation" wherever they appear in Minnesota Statutes to "gross tax capacity" in Minnesota Statutes 1988 and "net tax capacity" in Minnesota Statutes 1989 Supplement and subsequent editions of the statutes except section 275.011, and except in sections of Minnesota Statutes amended in this act. The revisor of statutes shall change the words "mill rate" wherever they appear in Minnesota Statutes to "tax capacity rate" in Minnesota Statutes 1988 and subsequent editions of the statutes except section 275.011.

Sec. 17. [CONVERSION OF EXISTING REFERENDUM LEVIES.]

The department of education shall convert the referendum levy

authority existing under Minnesota Statutes, section 124A.03, for 1988 taxes payable in 1989, for future years, as follows:

The tax capacity rate equals the rate determined by dividing the district's maximum levy under Minnesota Statutes, section 124A.03, for 1988 taxes payable in 1989 by the district's 1987 net tax capacity. A district's maximum levy for all subsequent years for which the levy is authorized equals the amount provided by the tax capacity rate applied to the net tax capacity for the year preceding the year the levy is certified.

However, if a district's levy is limited to a dollar amount, the maximum levy under Minnesota Statutes, section 124A.03, must not exceed the dollar amount.

Sec. 18. [ADDITIONAL CONVERSION PROCEDURES.]

For a referendum levy authorized after December 1, 1988, and before the effective date of article 1, section 5, and section 16 of this article, the department of education shall convert the approved levy amount to the appropriate net tax capacity rate. Levy amounts approved prior to the effective date of this act are validated.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 18 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to education; providing for general education revenue, transportation, special programs, community education, school facilities and equipment, education organization and cooperation, access to education excellence, school breakfast programs, sexual harassment and violence policies, parental involvement programs, libraries, state education agencies and education agency services, providing for limits on open enrollment and post-secondary options; appropriating money; amending Minnesota Statutes 1988, sections 43A.08, subdivision 1a; 120.06, by adding a subdivision; 120.062, subdivisions 4, 6, and by adding a subdivision; 120.17, subdivisions 3, 3b, and by adding a subdivision; 121.88, subdivisions 2 and 5; 121.882, subdivisions 2 and 4; 121.904, subdivision 4a; 121.908, subdivision 5; 121.912, subdivision 1; 121.935, subdivision 6; 122.23, by adding a subdivision; 122.43, subdivision 1; 122.532, subdivision 4; 122.541, subdivision 5; 122.91; 122.92; 122.93, subdivision 2, and by adding subdivisions; 122.94, subdivision 1, and by adding a subdivision; 122.95, subdivision 2, and by adding a subdivision; 123.3514, subdivisions 2, 4, 4c, 5, 7, and 10; 123.39, by adding a subdivision; 123.58, subdivision 9, and by adding a subdivision; 123.702, subdivisions 1, 1a, 2, 3, 4, and by adding subdivisions; 123.703, by adding subdivisions; 123.705, sub-

division 1, and by adding a subdivision; 124.17, subdivision 1b; 124.19, subdivision 5; 124.195, subdivision 8; 124.2131, subdivision 1; 124.223; 124.225; 124.243, subdivision 3, and by adding a subdivision; 124.244, subdivision 2; 124.245, subdivision 3b; 124.26, subdivisions 1c, 7, and by adding a subdivision; 124.261; 124.271, by adding subdivisions; 124.2711, subdivisions 1, 3, 4, and by adding a subdivision; 124.2721; 124.273, subdivisions 1b, 4, 5, 7, and by adding a subdivision; 124.32, subdivisions 1b, 1d, and by adding a subdivision; 124.38, subdivision 7; 124.43, subdivision 1, and by adding a subdivision; 124.494, subdivision 2; 124.573, subdivision 2b, and by adding subdivisions; 124.574, subdivisions 1, 4, and 5; 124.575, subdivision 3; 124.82, subdivision 3; 124.83, subdivisions 3, 4, and 6; 124A.02, by adding a subdivision; 124A.03, subdivision 2; 124A.035, subdivisions 2 and 4; 124A.036, by adding a subdivision; 124A.22, subdivisions 2, 4, and 9; 124A.23, subdivision 1; 124A.28, subdivision 1; 124A.31; 126.151, subdivision 2; 126.23; 126.56, subdivision 4, and by adding a subdivision; 126.67, subdivision 8; 128A.09; 129.121, by adding a subdivision; 129C.10; 134.33, subdivision 1; 134.34, subdivisions 1, 2, 3, and 4; 134.35, subdivision 5; 136D.27, subdivision 1; 136D.74, subdivision 2; 136D.87, subdivision 1; 141.35; 273.1102, subdivision 3; 275.011, subdivision 1; 275.125, subdivisions 5, 5b, 5c, 5e, 6e, 6h, 6i, 8, 8b, 8c, 8e, 9, 9a, 9b, 9c, 11d, 14a, and by adding a subdivision; 354.094, subdivisions 1 and 2; 354.66, subdivision 4; 354A.091, subdivisions 1 and 2; 354A.094, subdivision 4; and 363.06, subdivision 3; Laws 1965, chapter 705, as amended; Laws 1976, chapter 20, section 4; Laws 1988, chapter 718, article 7, section 61, subdivisions 1, 2, and 3; chapter 719, article 5, section 84; proposing coding for new law in Minnesota Statutes, chapters 122; 124; 124A; 126; 127; 275; and 363; repealing Minnesota Statutes 1988, sections 120.062, subdivision 8; 123.702, subdivisions 1a, 5, 6, and 7; 124.217; 124.243, subdivision 4; 124.271, subdivision 26; 129B.11; 129B.48; 134.33, subdivision 1; 134.34, subdivision 5; and 275.125, subdivision 6f; Laws 1988, chapter 718, article 5, section 4.”

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 372 and 654 were read for the second time.

MOTIONS AND RESOLUTIONS

Kalis moved that S. F. No. 852 be recalled from the Committee on Transportation and be re-referred to the Committee on Appropriations. The motion prevailed.

Pappas moved that H. F. No. 222 be returned to its author. The motion prevailed.

Anderson, G., moved that H. F. No. 1747 be returned to its author. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 827:

Stanisus; Munger; Johnson, R.; Rukavina and Marsh.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 11:00 a.m., Monday, May 8, 1989. The motion prevailed.

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Monday, May 8, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

